(4) the personnel structure and career opportunities within the department;

(5) assistance to local units of government in the development, management, and funding of resource management programs;

(6) possible savings in expenditures for legal services and unemployment compensation that could be achieved through changes in management and organization of the department;

(7) coordination and cooperation within the department; and

(8) the relationship of new programs to present personnel structure and management objectives.

The legislative commission on Minnesota resources must submit a report on the study to the legislature by January 15, 1987.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day after final enactment.

Approved April 9, 1986

CHAPTER 2—H.F.No. 2

An act relating to agriculture; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; providing an additional payment to certain sellers; adjusting certain provisions of the 1986 farm bill relating to mediation, farm business management training, disposal of farm land by corporations and agencies, deficiencies, and interest; appropriating money; amending Minnesota Statutes 1984, sections 41.51; 41.56, subdivision 4b; and 41.57, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 41.61; Laws 1986, chapter 398, article 1, sections 7, subdivisions 2, 8, and by adding subdivisions; 9, subdivision 2, and by adding a subdivision; 11, subdivision 2; 12; 13; 14; article 8, section 1; article 19, section 5, subdivision 1; article 20, section 1; article 23, section 1, subdivision 4; and article 29, section 1, subdivision 7; and proposing coding for new law in Minnesota Statutes, chapters 41 and 583; repealing Laws 1986, chapter 398, article 1, section 7, subdivision 3; article 8; and article 29, section 1, subdivision 6.

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

ARTICLE 1

Section 1. Minnesota Statutes 1984, section 41.51, is amended to read:

41.51 **PURPOSE.**

In order to aid farmers in obtaining credit for the acquisition of farm real estate, there is established a family farm security program ~~which shall~~ to provide state money in guarantee of loans made according to ~~the provisions of Laws 1976, Chapter 210~~ this chapter. The family farm security program established by this chapter, and the issuance of state bonds under section 5, is necessary to develop the state's agricultural resources.

Sec. 2. Minnesota Statutes 1984, section 41.56, subdivision 4b, is amended to read:

Subd. 4b. **PROCEEDS OF SALE.** Proceeds from the sale of a parcel of property obtained by the state ~~pursuant to~~ under this section shall be paid into the state family farm program bond account to the extent that proceeds of bonds issued under section 5, have been expended by the commissioner of agriculture for the purposes specified in section 5. The balance of the sale proceeds shall be paid into the general fund to the extent that funds were disbursed as payment adjustments by the commissioner and into the special account authorized in section 41.61, subdivision 1, to the extent that funds from the special account were disbursed according to the terms of the family farm security loan guarantee and for any insurance premiums or taxes paid on the property. Proceeds in excess of these amounts shall be paid to the lender to the extent that payment to the lender pursuant to the loan guarantee was less than the money due and payable to the lender under the family farm security loan. Proceeds in excess of these amounts shall be paid to cooperating agencies according to the terms of the family farm memorandum of understanding. Additional proceeds, if any, shall be paid into the special account authorized in section 41.61, subdivision 1.

Sec. 3. Minnesota Statutes 1984, section 41.57, is amended by adding a subdivision to read:

Subd. 4. **ADDITIONAL PAYMENT; PRINCIPAL REDUCTION.** (a) The commissioner must annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller sponsored family farm security loan. No payment may be made under this subdivision to a qualified seller, unless the seller agrees to reduce the outstanding principal amount of the loan by three percent effective beginning for the year in which application is made.

(b) The payment amount must be determined as follows:

(1) In order to qualify for a payment, the seller must apply to the commissioner by October 1, 1986. The application must include a copy of the seller's 1985 state income tax return. The commissioner must recompute the seller's total state income tax liability that would be due if the interest and payment

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adjustment amounts were not includable in gross income for state income tax purposes. The commissioner may require the seller to compute these amounts as part of the application. For calendar year 1986 the amount of the payment equals the reduction in state income tax liability that would occur if the interest and payment adjustment were not included in gross income for state tax purposes.

(2) For calendar years beginning with 1987, the additional payment amount must be determined as follows: (A) The calendar year 1986 payment must be divided by the amount of interest and payment adjustment received during calendar year 1986. (B) The resulting quotient must be multiplied by the interest and payment adjustment received for the calendar year, (C) The product determined under clause (B) is the payment for the calendar year.

(c) If for a tax year after 1986 the qualified seller's taxable income has changed substantially, the commissioner may provide by rule that upon reapplication a later tax year will be used to compute the quotient under clause (b)(2)(A).

(d)(1) If the seller elects to receive payments under this subdivision, the buyer's payments of principal and interest under the loan must be recalculated. The revised payment schedule must reflect the three percent reduction in the outstanding principal required by paragraph (a) and must provide for equal payments over the remaining term of the loan. The interest rate on the loan may not be increased.

(2) The state's payment adjustment under subdivision 2 and the amount of the payment under paragraph (b) of this subdivision must be calculated on the basis of the outstanding principal amount of the loan before the reduction required by paragraph (a).

(e) The commissioner may make the payments under this subdivision in the same manner provided for the payment adjustment under subdivision 2.

(f) For purposes of this subdivision, the following terms have the meanings given:

(1) "Gross income" means gross income as defined for purposes of chapter 290.

(2) "Qualified seller" means an individual who sold farm land under a seller sponsored loan after April 1, 1978 and before June 28, 1985, and who is a resident of Minnesota during the calendar year and is subject to the payment of Minnesota income taxes.

Sec. 4. Minnesota Statutes 1985 Supplement, section 41.61, is amended to read:

41.61 **APPROPRIATIONS.**

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **SPECIAL ACCOUNT; STANDING APPROPRIATION.** There is created a special account in the state treasury for the purposes of financing the family farm security program.

The amount needed from time to time to pay lenders for defaulted loans and make other payments authorized by this chapter including insurance premiums, taxes, repairs and maintenance costs, advertising, and other sales expenses on defaulted farms is appropriated from the special account to the commissioner. Money is also appropriated to the commissioner from the special account so that the commissioner may purchase the rights of first lienholders at mortgage foreclosure sales and satisfy certain fixture loans. The sum of all outstanding family farm security loans guaranteed by the commissioner at any time may not exceed $100,000,000. All bond proceeds received in the fund must be used only for the purposes specified in section 5.

Sec. 5. **[41.62] GENERAL OBLIGATION BONDS.**

Subdivision 1. **PROCEDURE.** Upon request of the commissioner of agriculture, the commissioner of finance is authorized to issue general obligation bonds of the state in a principal amount not exceeding $20,000,000 to acquire public lands by providing money to be paid by the commissioner of agriculture from the special account established by section 41.61 to pay lenders for defaulted loans and to purchase the rights of first lienholders at mortgage foreclosure sales. The bonds shall be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, shall be issued and secured as provided in Minnesota Statutes, section 16A.641. The proceeds of the bonds, except any premium and accrued interest, shall be deposited in the special account established in section 41.61 and used solely for the purposes specified above and in section 16A.641, subdivision 8. The premium and accrued interest, if any, shall be deposited in the state family farm security program bond account in the state bond fund. The commissioner shall issue only the amount of bonds as from time to time the commissioner determines are necessary for the purposes specified in this section.

Subd. 2. **TERMS OF BONDS.** The commissioner of finance may fix the terms of the bonds in any manner permitted for bonds of a municipality under chapter 475, and may enter into, on behalf of the state, all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities in chapter 475.

Subd. 3. **SALE OF BONDS.** If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.

Subd. 4. **BOND FUND ACCOUNT.** The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account that shall be designated as the state family farm security program bond account, to record

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receipts and disbursements of money transferred to the fund to pay bonds issued under this section and to record income from the investment of the money. The income shall be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.

Subd. 5. **TRANSFERS, APPROPRIATION.** In addition to the money required to be transferred to the state family farm security program bond account under section 41.56, subdivision 4b, and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the state family farm security program bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the state family farm security program bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the state family farm security program bond account any other money in the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money should not be available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.

Subd. 6. **CONSTITUTIONAL LEVY.** On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the state family farm security program bond account, to pay the entire amount of principal and interest due then or earlier and principal and interest to become due on or before July 1 in the second year thereafter on bonds issued under this section. This tax shall be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivisions 6 and 7. The tax must not be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and shall be credited to the state bond fund, and the principal and interest on the bonds are payable from all the proceeds. As much of the proceeds as is necessary, is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is appropriated.

Subd. 7. **COMPLIANCE WITH FEDERAL LAW.** The commissioner of finance is authorized to covenant and agree with the holders of the bonds issued

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under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.

Subd. 8. **TAXABILITY OF INTEREST.** The bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.

Sec. 6. **FAMILY FARM SECURITY ACT ADDITIONAL INTEREST PAYMENTS.**

$740,000 is appropriated to the commissioner of agriculture from the general fund for the biennium ending June 30, 1987 in order to make the payments required by section 3.

Sec. 7. **APPROPRIATIONS FOR FAMILY FARM SECURITY PROGRAM.**

Subdivision 1. **OPERATING EXPENSES.**

$660,000 in fiscal year 1986 and $2,500,000 in fiscal year 1987 are appropriated to the commissioner of agriculture for transfer to the family farm security account in the special revenue fund created by Minnesota Statutes, section 41.61, subdivision 1, for accrued interest payments and other program expenses.

Notwithstanding the provisions of Laws 1985, First Special Session chapter 10, section 5, subdivision 3, no more than eight new loan guarantees may be approved for the biennium ending June 30, 1987. The participant's interest in a family farm loan guarantee executed before the effective date of this act may be assigned to a new participant.

If the appropriation for 1986 is insufficient, the 1987 appropriation is available for it.

Subd. 2. **GENERAL CONTINGENT.**

$830,000 in fiscal year 1986 is appropriated from the general fund and is added to the appropriation in Laws 1985, First Special Session chapter 13, section 45.

The appropriation represents repayment to the account of advances made in 1986 for the family farm security program.

Sec. 8. **REPEALER.**

Laws 1986, chapter 398, articles 8 and 29, section 1, subdivision 6, are repealed.

Sec. 9. **EFFECTIVE DATE.**

Sections 1 to 8 are effective the day after their final enactment.

ARTICLE 2

Section 1. Laws 1986, chapter 398, article 1, section 7, subdivision 2, is amended to read:

Subd. 2. **AGRICULTURAL PROPERTY.** "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm operation including equipment, crops, livestock, and proceeds of the security. "Agricultural property" ~~shall also~~ does not include ~~agriculturally related businesses as defined by the commission~~ personal property that is subject to a possessory lien under sections 514.18 to 514.22.

Sec. 2. Laws 1986, chapter 398, article 1, section 7, subdivision 8, is amended to read:

Subd. 8. **SERVE.** "Serve" means (1) personal service as in a district court civil action; (2) service by certified mail using return receipt signed by addressee only; or (3) actual delivery of required documents with signed receipt.

Sec. 3. Laws 1986, chapter 398, article 1, section 7, is amended by adding a subdivision to read:

Subd. 7a. **NECESSARY FARM OPERATING EXPENSES.** As used in

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section 12, "necessary farm operating expenses" means a sum or sums adequate to continue, during the mediation period, farm operations begun prior to the notice of default. "Necessary farm operating expenses" does not include expenses for increasing the scale of an on-going farming operation or planting additional crops.

Sec. 4. Laws 1986, chapter 398, article 1, section 7, is amended by adding a subdivision to read:

Subd. 7b. **NECESSARY LIVING EXPENSES.** As used in section 12, "necessary living expenses" means a sum approximately equal to the amount to which the family would be entitled if eligible for payments under section 256.74.

Sec. 5. Laws 1986, chapter 398, article 1, section 9, subdivision 2, is amended to read:

Subd. 2. **DEBTORS.** (a) Except as provided in paragraph (b) the farmer-lender mediation act applies to a debtor who is:

(1) a person operating a family farm as defined in section 500.24, subdivision 2;

(2) a family farm corporation as defined in section 500.24, subdivision 2; or

(3) an authorized farm corporation as defined in section 500.24, subdivision 2~~; or~~

~~(4) an owner of an agriculturally related business.~~

(b) The farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres with less than $20,000 in gross sales of agricultural products the preceding year~~, except for an owner of an agriculturally related business as defined by the director~~.

Sec. 6. Laws 1986, chapter 398, article 1, section 9, is amended by adding a subdivision to read:

Subd. 3. **FINANCIAL INSTITUTION UNDER CEASE AND DESIST ORDER.** Upon the request of an institution, as defined in section 46.23, subdivision 4, the commissioner of commerce may exempt the institution from the farmer-lender mediation act without a hearing or contested case proceeding if:

(1) the institution is subject to a cease and desist order issued under sections 46.23 to 46.33; and

(2) the commissioner determines that exemption is essential to the financial survival of the institution.

The commissioner shall notify the director that the institution is exempt from mediation. The director shall notify the mediator that the institution is exempt. The reason for the exemption is confidential.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 7. Laws 1986, chapter 398, article 1, section 11, subdivision 2, is amended to read:

Subd. 2. **MEDIATION REQUEST.** (a) A debtor must file a mediation request form with the director by 14 days after receiving a mediation notice. The mediation request form must state all known creditors. The director shall make mediation request forms available in the county recorder's and county extension office of each county.

(b) A debtor who fails to file a timely mediation request waives the right to mediation under the farmer-lender mediation act. The director shall notify a creditor stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.

(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the ~~commission~~ director. The mediation request form must indicate that the debtor has not received a mediation notice.

Sec. 8. Laws 1986, chapter 398, article 1, section 12, is amended to read:

Subdivision 1. **OBLIGATION OF GOOD FAITH.** The parties must engage in mediation in good faith. Not participating in good faith includes: (1) a failure on a regular or continuing basis to attend and participate in mediation sessions without cause; (2) failure to provide full information regarding the financial obligations of the parties and other creditors; (3) failure of the creditor to designate a representative to participate in the mediation with ~~adequate~~ authority to make binding commitments within one business day to fully settle, compromise, or otherwise mediate the matter; (4) lack of a written statement of debt restructuring alternatives and a statement of reasons why alternatives are unacceptable to one of the parties; (5) failure of ~~the~~ a creditor to release funds from the sale of farm products to the debtor for necessary living and farm operating expenses; or (6) other similar behavior which evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance, or forgive debt does not, in itself, evidence lack of good faith by the creditor.

Subd. 2. **LACK OF GOOD FAITH AFFIDAVIT; MEDIATOR'S RESPONSIBILITY.** If the mediator determines that either party is not participating in good faith as defined in subdivision 1, the mediator shall file an affidavit indicating the reasons for the finding with the ~~agricultural extension service~~ director and ~~both~~ with parties to the mediation.

Subd. 3. **CREDITOR'S LACK OF GOOD FAITH; COURT SUPERVISED MEDIATION.** If the mediator finds the creditor has not participated in mediation in good faith, the debtor may require court supervised mandatory mediation by filing the affidavit with the district court of the county where the property is located with a request for court supervision of mediation and ~~filing~~ serving a copy of the request ~~with~~ on the creditor. Upon request the court shall require both parties to mediate under the supervision of the court in good faith for a period of not ~~less~~ more than 60 days. All creditor remedies must be suspended during this period. The court may issue orders necessary to effect good faith mediation. Following the ~~60-day~~ mediation period, if the court finds the creditor has not participated in mediation in good faith, the court shall by order suspend the creditor's remedies for an additional period of 180 days. A creditor found by the mediator not to have participated in good faith shall pay attorneys' fees and costs of the debtor requesting court-supervision of mediation or additional suspension of creditor's remedies.

Subd. 4. **DEBTOR LACK OF GOOD FAITH.** A creditor may immediately proceed with creditor's remedies upon receipt of a mediator's affidavit of a debtor's lack of good faith notwithstanding any other requirements of sections 5 to 17.

Sec. 9. Laws 1986, chapter 398, article 1, section 13, is amended to read:

Sec. 13. **[583.28] CREDITOR NOT ATTENDING MEDIATION MEETING.**

Subdivision 1. **FILING AND EFFECT OF CLAIM FORM.** A creditor that is notified of the initial mediation meeting is subject to and bound by a mediation agreement if the creditor does not attend mediation meetings unless the creditor files a claim form. In lieu of attending a mediation meeting, a creditor may file a notice of claim and proof of claim on a claim form with the mediator before the scheduled meeting. By filing a claim form the creditor agrees to be bound by a mediation agreement reached at the mediation meeting unless an objection is filed within the time specified. The mediator must notify the creditors who have filed claim forms of the terms of any agreement ~~reached at the farm mediation board meeting~~.

Subd. 2. **OBJECTIONS TO AGREEMENTS.** A creditor who has filed a claim form may serve a written objection to the terms of the agreement on the mediator and the debtor ~~by~~ within ten days after receiving notice of the agreement. If a creditor files an objection to the terms of an agreement, the mediator ~~may~~ shall meet again with debtors and creditors ~~by~~ within ten days after receiving the objection to ~~attempt to reach~~ mediate a new agreement. Notwithstanding the mediation period under section 11, subdivision 8, if an objection is filed, the mediator ~~may~~ shall call mediation meetings during the ten-day period following receipt of the objection.

Sec. 10. **[583.285] RULES.**

The state court administrator, in consultation with the director of the bureau of mediation services and the director of the University of Minnesota agricultural extension service, shall make rules under chapter 14, to implement the farmer-lender mediation act. The state court administrator may adopt emergency rules.

Sec. 11. Laws 1986, chapter 398, article 1, section 14, is amended to read:

Sec. 14. **[583.29] PRIVATE DATA.**

All data regarding the finances of individual debtors and creditors created, collected, and maintained by the mediators or the ~~debt restructuring commission~~ director are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9.

Sec. 12. Laws 1986, chapter 398, article 29, section 1, subdivision 7, is amended to read:

Subd. 7. ~~**AVTI AND UNIVERSITY OF MINNESOTA TECHNICAL COLLEGES**~~ **FARM BUSINESS MANAGEMENT TRAINING TUITION SUPPLEMENT.** $1,350,000 is appropriated from the general fund to the state board of vocational technical education, for the biennium ending June 30, 1987, for the following services in proportions deemed necessary by the board to ~~the agricultural~~ independent school districts, area vocational technical institutes, and the University of Minnesota two-year technical colleges for:

(1) reduced tuition costs for existing farm business management and small business management programs; and

(2) additional farm business management programs and workshops.

Sec 13. Laws 1986, chapter 398, article 20, section 1, is amended to read:

Subd. 6. **DISPOSAL OF LAND.** A state or federal agency or a corporation, other than a family farm corporation or an authorized farm corporation, when leasing or selling farm land or a farm homestead, must offer or make a good faith effort to offer land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. An offer to lease to the former owner is required only on the first occasion on which the property is leased. An offer to sell to the former owner is required only on the first occasion on which the property is sold. An offer delivered by certified mail to the former owner's last known address is a good faith offer. This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for five years.

The former owner must exercise the right to lease farm land within ~~30~~ ten days after receiving an offer to lease under this subdivision. The former owner must exercise the right to buy farm land within ~~90~~ 60 days after receiving an offer to buy under this subdivision. This subdivision does not apply if the former owner is a bankruptcy estate.

Sec. 14. **REPEALER.**

Laws 1986, chapter 398, article 1, section 7, subdivision 3, is repealed.

Sec. 15. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 3

Section 1. Laws 1986, chapter 398, article 8, section 1, is amended to read:

Section 1. **[41.595] FAMILY FARM SECURITY INTEREST EXCLUSIONS.**

(a) The commissioner shall annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller-sponsored family farm security loan.

(b) The payment amount must be determined as follows:

(1) In order to qualify for a payment, the seller must apply to the commissioner. The application must include a copy of the seller's 1985 state income tax return and any other information that the commissioner requests to verify that the applicant is a qualified seller. The commissioner shall recompute the seller's total state income tax liability that would be due if the interest and payment adjustment amounts were not includable in gross income for state income tax purposes. The commissioner may require the seller to compute these amounts as part of the application. For calendar year 1986 the amount of the payment equals the reduction in state income tax liability that would occur if the interest and payment adjustment were not included in gross income for state tax purposes.

(2) For calendar years beginning with 1987, the additional payment amount must be determined as follows:

(i) The calendar year 1986 payment must be divided by the amount of interest and payment adjustment received during calendar year 1986.

(ii) The resulting quotient must be multiplied by the interest and payment adjustment received for the calendar year.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(iii) The product determined under clause (ii) is the payment for the calendar year.

(c) If for a tax year after 1986 the qualified seller's taxable income has changed substantially, the commissioner may provide by rule that upon reapplication a later tax year will be used to compute the quotient under clause (b)(2)(i).

(d) The commissioner may make the payments under this ~~subdivision~~ <u>section</u> in the same manner provided for the payment adjustment under <u>section 41.57,</u> subdivision 2.

(e) For purposes of this ~~subdivision~~ <u>section</u>, the following terms have the meanings given:

(1) "Gross income" means gross income as defined for purposes of chapter 290.

(2) "Qualified seller" means an individual who sold farm land under a seller-sponsored loan prior to July 1, 1985, and who is a resident of Minnesota during the calendar year and subject to the payment of Minnesota income taxes.

Sec. 2. Laws 1986, chapter 398, article 19, section 5, subdivision 1, is amended to read:

Subdivision 1. **DEFICIENCY ALLOWED.** (a) Except as provided in this section, a person holding a mortgage may obtain a deficiency judgment against the mortgagor if the amount a person holding a mortgage receives from a foreclosure sale is less than:

(1) the amount remaining unpaid on the mortgage under chapter 580; or

(2) the amount of the judgment entered under chapter 581.

(b) Except as provided in ~~subdivision~~ <u>subdivisions</u> 3 <u>and</u> <u>5</u>, the judgment may not be for more than the difference between the amount received from the foreclosure sale less expenses and costs and:

(1) for a foreclosure by advertisement, the total amount that attaches to the sale proceeds under chapter 580; or

(2) for a foreclosure by action, the amount of the judgment entered under chapter 581.

Sec. 3. Laws 1986, chapter 398, article 23, section 1, subdivision 4, is amended to read:

Subd. 4. **COMMISSIONER'S INTEREST INDEX.** "Commissioner's interest index" means an interest rate that is three percent above the current lending rate of the Federal ~~Interest~~ <u>Intermediate</u> Credit Bank to production credit associations as certified each month by the commissioner.

Changes or additions are indicated by <u>underline</u>, deletions by ~~strikeout~~.

Sec. 4. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

Approved April 11, 1986

CHAPTER 3—S.F.No. 1

An act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; providing instructions to the revisor; correcting various legislative enactments; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; establishing a standard for best interests of wards or conservatees; requiring findings regarding best interests; exempting stairways in certain buildings from certain provisions of the uniform fire code; defining the duties and terms of office of the members of the world trade center board; classifying data held by the board; permitting the equipping of school buses with driver-activated student control warning system; creating the labor interpretative center; establishing an advisory council governing policies and program purposes; specifying the crediting of certain investment earnings; clarifying certain appropriations; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 16A.72; 44A.01, subdivision 1; 44A.02; 44A.07, subdivision 1; 46.044, as amended; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 169.44, by adding a subdivision; 169.045, subdivision 7, as amended; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 275.125, subdivision 9, as amended; 298.22, subdivision 3; 299F.011, by adding a subdivision; 327C.07, subdivision 3a; 349.15, as amended; 349.212, subdivision 4, as amended; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 424A.001, subdivision 7, as added; 462A.21, subdivision 8a; 471.992, as amended; 487.191; 494.03; 518B.01, subdivision 2; 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; 525.61; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 16B.61, subdivision 3; 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.013, subdivision 1e, as amended; 168.27, subdivision 11; 248.07, subdivision 7; 256.969, subdivision 2, as amended; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 298.225, subdivision 1, as amended; 298.28, subdivision 1, as amended; 340A.404, subdivision 5; 340A.409, subdivision 1; 340A.410, by adding a subdivision; 340A.412, subdivisions 1 and 9; 340A.415; 340A.702; 340A.802, subdivision 1; 349.212, subdivision 1, as amended; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 524.2-109; 524.2-202; 524.2-205; 525.145; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471;