

(2) would not at any time within the five-year period preceding the announcement date with respect to the business combination have been an interested shareholder but for the inadvertent acquisition.

(d) (c) This section does not apply to any business combination of an issuing public corporation with an interested shareholder that was the beneficial owner, directly or indirectly, of ten percent or more of the outstanding shares entitled to vote of the issuing public corporation on June 1, 1987 respect to, proposed by or on behalf of, or pursuant to any written or oral agreement, arrangement, relationship, understanding, or otherwise with any person that would have been an interested shareholder on June 1, 1987, had this section been in effect on this date.

This section applies to any business combination of an issuing public corporation to which it previously did not apply because of provisions in articles or bylaws adopted or approved under paragraph (b), clause (1), (2), or (3), upon an amendment to the articles or bylaws approved by shareholders holding a majority of the outstanding voting power of all shares entitled to vote expressly electing to be subject to this section becoming effective. This section does not apply to any business combination of the corporation with, with respect to, proposed by or on behalf of, or pursuant to any written or oral agreement, arrangement, relationship, understanding, or otherwise with any person that would have been an interested shareholder on the effective date of the amendment if this section had been applicable.

(e) (d) Unless the articles or bylaws approved by the shareholders of the issuing public corporation otherwise provide, this section does not apply to any business combination of an issuing public corporation with, with respect to, proposed by or on behalf of, or pursuant to any agreement, arrangement, or understanding (whether or not in writing) with, any interested shareholder if the interested shareholder's share acquisition date is on or after August 1, 1989 1990, or an affiliate or associate of that interested shareholder.

Sec. 19. REPEALER.

Minnesota Statutes 1987 Supplement, section 302A.673, subdivision 2, is repealed.

Approved April 28, 1988

CHAPTER 693—H.F.No. 2341

An act relating to child support; providing that automatic income withholding does not apply to modification of orders issued prior to the effective date; providing for a motion to implement withholding in certain cases; providing that a court shall stay service of an automatic withholding order if an obligor establishes an escrow account for payment of child

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support or maintenance; amending Minnesota Statutes 1987 Supplement, section 518.613, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 518.

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

Section 1. Minnesota Statutes 1987 Supplement, section 518.613, subdivision 1, is amended to read:

Subdivision 1. **GENERAL.** Notwithstanding any provision of section 518.611, subdivision 2 or 3, to the contrary, whenever an obligation for child support or maintenance is initially determined and ordered ~~or modified~~ by the court in a county in which this section applies, the amount of child support or maintenance ordered by the court must be withheld from the income, regardless of source, of the person obligated to pay the support. ~~For purposes of this section, "modified" does not mean a cost-of-living adjustment without any other modification of the support order.~~

Sec. 2. Minnesota Statutes 1987 Supplement, section 518.613, is amended by adding a subdivision to read:

Subd. 5. MOTION. If a court in a county in which this section applies modifies an obligation for child support or maintenance that was determined prior to the effective date of this section in that county, the obligee or the public authority may move the court for an order requiring automatic withholding under this section. The court shall grant the order if it finds that the obligor has failed to pay the support or maintenance within ten days of the due date at least two times in the three months immediately preceding the date of the motion without good cause.

Sec. 3. **[518.614] ESCROW ACCOUNT; CHILD SUPPORT; MAINTENANCE OBLIGATION.**

Subdivision 1. STAY OF SERVICE. If the court finds there is no arrearage in child support or maintenance as of the date of the court hearing, the court shall stay service of the order under section 518.613, subdivision 2, in a county in which that section applies if the obligor establishes a savings account for a sum equal to two months of the monthly child support or maintenance obligation and provides proof of the establishment to the court and the public authority on or before the day of the court hearing determining the obligation. This sum must be held in a financial institution in an interest-bearing account with only the public authority authorized as drawer of funds. Proof of the establishment must include the financial institution name and address, account number, and the amount of deposit.

Subd. 2. RELEASE OF STAY. Within three working days of receipt of notice of default, the public authority shall direct the financial institution to release to the public authority the sum held under this subdivision when the following conditions are met:

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(1) the obligor fails to pay the support amount to the obligee or the public authority within ten days of the date it is ordered to be paid;

(2) the obligee transmits a notice of default to the public authority and makes application to the public authority for child support and maintenance collection services. The notice must be verified by the obligee and must contain the title of the action, the court file number, the full name and address of the obligee, the name and last known address of the obligor, the obligor's last known employer or other payor of funds, the date of the first unpaid amount, the date of the last unpaid amount, and the total amount unpaid; and

(3) within three working days of receipt of notice from the obligee, the public authority sends a copy of the notice of default and a notice of intent to implement income withholding by mail to the obligor at the address given. The notice of intent shall state that the order establishing the support or maintenance obligation will be served on the obligor's employer or payor of funds unless within 15 days after the mailing of the notice the obligor requests a hearing on the issue of whether payment was in default as of the date of the notice of default and serves notice of the request for hearing on the public authority and the obligee.

Subd. 3. DUTIES OF PUBLIC AUTHORITY. Within three working days of receipt of sums released under subdivision 2, the public authority shall remit to the obligee all amounts not assigned under section 256.74 as current support or maintenance. The public authority shall also serve a copy of the court's order and the provisions of section 518.611 and this section on the obligor's employer or other payor of funds unless within 15 days after mailing of the notice of intent to implement income withholding the obligor requests a hearing on the issue of whether payment was in default as of the date of the notice of default and serves notice of the request for hearing on the public authority and the obligee. The public authority shall instruct the employer or payor of funds pursuant to section 518.611 as to the effective date on which the next support or maintenance payment is due. The withholding process must begin on said date and shall reflect the total credits of principle and interest amounts received from the escrow account.

Subd. 4. HEARING. Within 30 days of the date of the notice of default under subdivision 2, clause (2), the court must hold a hearing requested by the obligor. If the court finds that there was a default, the court shall order the immediate withholding of support or maintenance from the obligor's income. If the court finds that there was no default, the court shall order the reestablishment of the escrow account by either the obligee or obligor and continue the stay of income withholding.

Subd. 5. TERMINATION OF STAY. When the obligation for support of a child or for spousal maintenance ends under the terms of the order or decree establishing the obligation and the sum held under this section has not otherwise been released, the public authority shall release the sum and interest to the obligor when the following conditions are met:

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(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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