

SESSION LAWS

of the

STATE OF MINNESOTA

ENACTED BY THE SEVENTY-SIXTH LEGISLATURE

AT THE 1989 REGULAR SESSION

JANUARY 3, 1989 TO MAY 22, 1989

CHAPTER 1—H.F.No. 40

An act relating to the financing of local government; providing for computation of debt limits as a percentage of market value; adjusting other debt limits for the conversion to tax capacities; adjusting disparity reduction aid in certain cases; making technical corrections in 1988 tax increment financing law and providing an exception to one of its provisions; amending Minnesota Statutes 1988, sections 124.43, subdivision 1; 275.08, by adding a subdivision; 366.095, subdivision 1; 410.32; 412.301; 469.177, subdivision 1a; 475.53, subdivisions 1, 5, and by adding a subdivision; 641.24; Laws 1988, chapter 719, article 12, section 30.

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

Section 1. Minnesota Statutes 1988, section 124.43, subdivision 1, is amended to read:

Subdivision 1. **REVIEW BY COMMISSIONER.** (a) The commissioner may, after review and a favorable recommendation by the state board of education, recommend to the legislature capital loans to school districts. Proceeds of the loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted.

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(b) Any school board that intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section 121.15 by September 1 of any year, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a positive review and comment pursuant to section 121.15; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist;

(B) the facilities could not be made available through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with another district, or through the purchase or lease of facilities from existing institutions within the area. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) the district's need for the facilities is comparable to needs that comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the state board recommends that a loan not be approved, the commissioner shall not recommend approval of the loan. If the state board recommends that the loan be approved in a reduced amount, the commissioner shall not recommend approval of a loan larger than that recommended by the state board.

(c) As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. These estimates shall assume no growth in gross tax capacity over the term of the loan, shall assume a levy equal to 16 mills times the adjusted gross tax capacity, and shall be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal which may be forgiven after the term of the loan.

(d) No loan shall be recommended for approval for any district exceeding an amount computed as follows:

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(1) The amount requested by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 24 percent of the adjusted gross tax capacity, the following amount:

(i) for the period October 1, 1988, to September 30, 1989, 197 percent of its adjusted gross tax capacity,

(ii) for any 12-month period beginning October 1 of any year after 1988, 245 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(3) Less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or 24 percent of the most recent adjusted gross tax capacity available at the time of application, the following amount:

(i) for the period October 1, 1988, to September 30, 1989, 197 percent of its adjusted gross tax capacity,

(ii) for any 12-month period beginning October 1 of any year after 1988, 245 percent of its adjusted net tax capacity as most recently determined, whichever is less; and

(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause.

Sec. 2. Minnesota Statutes 1988, section 275.08, is amended by adding a subdivision to read:

Subd. 1d. If, after computing each local government's adjusted tax capacity rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds that the total adjusted tax capacity rate of all local governments combined is less than 90 percent of gross tax capacity for taxes payable in 1989 and 90 percent of net tax capacity for taxes payable in 1990 and thereafter, the auditor shall increase each local government's adjusted tax capacity rate proportionately so the total adjusted tax capacity rate of all local governments combined equals 90 percent. The total amount of the increase in tax resulting from the increased tax capacity rates must not exceed the amount of disparity aid allocated to the unique taxing district under section 273.1398. The auditor shall certify to the department of revenue the difference between the disparity aid originally allocated under section 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted tax capacity rate of all local governments combined to 90

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percent. Each local government's disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced accordingly.

Sec. 3. Minnesota Statutes 1988, section 366.095, subdivision 1, is amended to read:

Subdivision 1. **CERTIFICATES OF INDEBTEDNESS.** The town board may issue certificates of indebtedness within the existing debt limits for a town purpose otherwise authorized by law. The certificates shall be payable in not more than five years and shall be issued on the terms and in the manner as the board may determine. If the amount of the certificates to be issued exceeds ~~one~~ 0.25 percent of the ~~gross tax capacity~~ market value of the town, ~~excluding money and credits~~; they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on the certificates as in the case of bonds.

Sec. 4. Minnesota Statutes 1988, section 410.32, is amended to read:

410.32 CITIES AUTHORIZED TO ISSUE CAPITAL NOTES FOR CERTAIN EQUIPMENT ACQUISITIONS.

Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment having an expected useful life at least as long as the term of the notes. The notes shall be payable in not more than five years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed ~~one-tenth of one~~ 0.03 percent of the ~~gross tax capacity of~~ market value of taxable property in the city for that year. A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds. Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city. Unless prohibited by its charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 5. Minnesota Statutes 1988, section 412.301, is amended to read:

412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.

The council may issue certificates of indebtedness or capital notes subject to

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the city debt limits to purchase public safety equipment, ambulance equipment, road construction or maintenance equipment, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. Such certificates or notes shall be payable in not more than five years and shall be issued on such terms and in such manner as the council may determine. If the amount of the certificates or notes to be issued to finance any such purchase exceeds ~~one~~ 0.25 percent of the ~~gross tax capacity of~~ market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 6. Minnesota Statutes 1988, section 469.177, subdivision 1a, is amended to read:

Subd. 1a. **ORIGINAL TAX CAPACITY RATE.** (a) At the time of the initial certification of the original gross tax capacity for a tax increment financing district, the county auditor shall certify the original tax capacity rate that applies to the district. The original tax capacity rate is the sum of all the tax capacity rates that apply to a property in the district for the taxes payable in the calendar year in which the initial certification of original gross tax capacity is requested under subdivision 1. If the total tax capacity rate applicable to properties in the tax increment financing district varies, the tax capacity rate must be computed by determining the average total tax capacity rate in the district, weighted on the basis of gross tax capacity. The resulting tax capacity rate is the original tax capacity rate for the life of the district.

(b) ~~In the case of districts certified during calendar year 1988, the original tax capacity rate equals the amount calculated under paragraph (a) multiplied by 0.45.~~

Sec. 7. Minnesota Statutes 1988, section 475.53, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** Except as otherwise provided in sections 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of ~~7-1/3~~ two percent of the gross tax capacity market value of taxable property in the municipality.

Sec. 8. Minnesota Statutes 1988, section 475.53, subdivision 5, is amended to read:

Subd. 5. **CERTAIN INDEPENDENT SCHOOL DISTRICTS.** No independent school district located wholly or partly within a city of the first class

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shall issue any obligations unless first authorized by a two-thirds vote of the governing body of such city. No such school district shall issue obligations running more than two years, whenever the aggregate of the outstanding obligations of the district equals or exceeds $2\frac{3}{4}$ 0.7 percent of the ~~gross tax capacity~~ market value of the taxable property within the school district.

Sec. 9. Minnesota Statutes 1988, section 475.53, is amended by adding a subdivision to read:

Subd. 7. ADJUSTMENT OF DEBT LIMITS. If the amount of debt a municipality may incur is limited by special law or city charter to a stated percentage or proportion of assessed value, the limit must be calculated as a percentage or proportion of tax capacity. The percentage or proportion provided in the special law or charter provision must be multiplied by 8.2 to determine the applicable percentage or proportion of gross tax capacity and must be multiplied by 10.2 to determine the applicable percentage or proportion of net tax capacity.

Sec. 10. Minnesota Statutes 1988, section 641.24, is amended to read:

641.24 LEASING.

The county may, by resolution of the county board, enter into a lease agreement with any statutory or home rule charter city situated within the county, or a county housing and redevelopment authority established pursuant to chapter 462 or any special law whereby the city or county housing and redevelopment authority will construct a jail in accordance with plans prepared by or at the request of the county board and approved by the commissioner of corrections and will finance it by the issuance of revenue bonds, and the county may lease the jail site and improvements for a term and upon rentals sufficient to produce revenue for the prompt payment of the bonds and all interest accruing thereon and, upon completion of payment, will acquire title thereto. The real and personal property acquired for the jail shall constitute a project and the lease agreement shall constitute a revenue agreement as contemplated in chapter 474, and all proceedings shall be taken by the city or county housing and redevelopment authority and the county in the manner and with the force and effect provided in chapter 474; provided that:

- (1) No tax shall be imposed upon or in lieu of a tax upon the property;
- (2) The approval of the project by the commissioner of commerce shall not be required;
- (3) The department of corrections shall be furnished and shall record such information concerning each project as it may prescribe, in lieu of reports required on other projects to the commissioner of trade and economic development;
- (4) The rentals required to be paid under the lease agreement shall not

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exceed in any year ~~four-tenths~~ one-tenth of one percent of the ~~gross tax capacity~~ market value of property within the county, as last finally equalized before the execution of the agreement;

(5) The county board shall provide for the payment of all rentals due during the term of the lease, in the manner required in section 641.264, subdivision 2;

(6) No mortgage on the jail property shall be granted for the security of the bonds, but compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the county board; and

(7) The county board may sublease any part of the jail property for purposes consistent with the maintenance and operation of a county jail.

Sec. 11. Laws 1988, chapter 719, article 12, section 30, is amended to read:

Sec. 30. EFFECTIVE DATES.

Sections 2, 5, 6, 7, 14, 16, subdivision 4e, 17, and the provisions of section 15 relating to the duration of hazardous substance sites and subdistricts are effective for hazardous substance sites and subdistricts designated and created after the day following final enactment. Except as otherwise specifically provided, sections 1, 3, 4, 8 to 12, 16, and 20 to 23, and the provisions of section 15 applying to soils condition districts are effective for districts and amendments adding geographic area to an existing district for which the request for certification was filed with the county auditor after May 1, 1988. Sections 13, 15, 16, subdivision 4g, 18, 24, and 25, and the provisions of section 21 allowing a change in the fiscal disparities election are effective May 1, 1988, except as otherwise specifically provided. Section 16, subdivision 4e 4i, is effective for districts for which the request for certification is filed with the county ~~before~~ after May 1, 1988, and to all increment collected after January 1, 1990. Sections 26 to 28 are effective upon approval by the city council of the city of Virginia and compliance with Minnesota Statutes, section 645.021. Section 29 is effective the day following final enactment.

Sec. 12. EXCEPTION TO PRIOR PLANNED IMPROVEMENT AMENDMENT.

Notwithstanding Laws 1988, chapter 719, article 12, section 22, if a city granted a site permit or building permit on September 8, 1988, with the intent of forming a tax increment district within three months after that date, whether or not the district was formed within that three-month period, then the original gross tax capacity of the tax increment district which is formed by the city and which includes the parcel or parcels to which the permit relates shall not be increased by the gross tax capacity upon completion of the improvements constructed pursuant to the permit.

Sec. 13. EFFECTIVE DATE.

Sections 1, 3, 4, 5, 7, 8, 9, 10, and 12 are effective the day following final

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enactment. Sections 6 and 11 are effective beginning for tax increment financing districts certified during calendar year 1988. Section 2 is effective the day after final enactment and applies to taxes payable in 1989, and thereafter.

Presented to the governor January 30, 1989

Signed by the governor January 30, 1989, 3:37 p.m.

CHAPTER 2—H.F.No. 1

An act relating to courts; reenacting the statutory provision authorizing six member juries in nonfelony cases; reenacting Minnesota Statutes 1988, section 593.01, subdivision 1.

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

Section 1. REENACTMENT.

Minnesota Statutes 1988, section 593.01, subdivision 1, is reenacted.

Sec. 2. EFFECTIVE DATE.

Section 1 is effective the day following final enactment and applies to crimes committed on or after that date.

Presented to the governor February 8, 1989

Signed by the governor February 8, 1989, 3:59 p.m.

CHAPTER 3—S.F.No. 28

An act relating to probate; providing for adult health care decisions; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 145B.

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

Section 1. [145B.01] CITATION.

This chapter may be cited as the "adult health care decisions act."

Sec. 2. [145B.02] DEFINITIONS.

Subdivision 1. APPLICABILITY. The definitions in this section apply to this chapter.

Subd. 2. DECLARATION. "Declaration" means a writing made according to section 3.

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