

(13) hot water heating and other hot liquid boilers not exceeding a heat input of 750,000 BTU per hour;

(14) hot water supply boilers (water heaters) not exceeding a heat input of 500,000 BTU per hour, a water temperature of 210 degrees Fahrenheit, a nominal water capacity of 120 gallons, or a pressure of 160 p.s.i.g.;

(15) a laundry and dry cleaning press not exceeding five cubic feet of steam volume;

(16) pressure vessels operated full of water or other liquid not materially more hazardous than water, if the vessel's contents' temperature does not exceed 140 degrees Fahrenheit or a pressure of 200 p.s.i.g.; ~~and~~

(17) steam powered turbines at paper-making facilities which are powered by steam generated by municipal steam district facilities at a remote location; and

(18) manually fired boilers for model locomotive, boat, tractor, stationary engine, or antique motor vehicles constructed or maintained only as a hobby for exhibition, educational or historical purposes and not for commercial use, if the boilers have an inside diameter of 12 inches or less, or a grate area of two square feet or less, and are equipped with an American Society of Mechanical Engineers stamped safety valve of adequate size, a water level indicator, and a pressure gauge.

An engineers license is not required for hot water supply boilers.

An engineers license is not required for boilers, steam cookers, steam kettles, steam sterilizers or other steam generators not exceeding 100,000 BTU per hour input, 25 kilowatt, 2-1/2 horsepower or a pressure of 15 p.s.i.g.

Electric boilers not exceeding a maximum working pressure of 50 p.s.i.g., maximum of 30 kilowatt input or three horsepower rating shall be inspected as pressure vessels and shall not require an engineer license to operate.

Presented to the governor May 31, 1991

Signed by the governor June 4, 1991, 8:57 p.m.

CHAPTER 332—H.F.No. 702

An act relating to agriculture; transferring the rural finance authority to the department of agriculture; changing the makeup and certain duties and procedures of the authority; providing for an agricultural development bond program to finance agricultural business enterprises and beginning farmers; appropriating funds; amending Minnesota Statutes 1990, sections 41B.025, subdivisions 1, 3, and 6; 41B.03, subdivision 3; 41B.211; 474A.02, subdivisions

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13a and 23a; 474A.03, subdivision 1; 474A.061, subdivisions 1, 2b, 3, and 4; 474A.091; 474A.14; proposing coding for new law as Minnesota Statutes, chapter 41C.

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

Section 1. Minnesota Statutes 1990, section 41B.025, subdivision 1, is amended to read:

Subdivision 1. **ESTABLISHMENT.** There is created a public body corporate and politic to be known as the "Minnesota rural finance authority," which shall perform the governmental functions and exercise the sovereign powers delegated to it in sections 41B.01 to 41B.23 and chapter 41C in furtherance of the public policies and purposes declared in section 41B.01. The board of the authority consists of the commissioners of agriculture, commerce, trade and economic development, and finance, the state auditor, and ~~three~~ six public members appointed by the governor with the advice and consent of the senate. No public member may reside within the metropolitan area, as defined in section 473.121, subdivision 2. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member is conclusive evidence of the proper appointment of the member.

Sec. 2. Minnesota Statutes 1990, section 41B.025, subdivision 3, is amended to read:

Subd. 3. **CHAIR.** The commissioner of ~~finance~~ agriculture is the chair of the board. The commissioner of ~~agriculture~~ finance is the vice-chair of the board.

Sec. 3. Minnesota Statutes 1990, section 41B.025, subdivision 6, is amended to read:

Subd. 6. **ADMINISTRATIVE CONTROL.** The authority is under the administrative control of the commissioner of ~~finance~~ agriculture.

Sec. 4. Minnesota Statutes 1990, section 41B.03, subdivision 3, is amended to read:

Subd. 3. **ELIGIBILITY FOR BEGINNING FARMER LOANS.** In addition to the requirements under subdivision 1, a prospective borrower for a beginning farm loan in which the authority holds an interest, must:

(1) have sufficient education, training, or experience in the type of farming for which the loan is desired;

(2) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than ~~\$100,000~~ \$200,000 in 1991 and an amount in subsequent years determined by multiplying \$200,000 by the cumulative inflation rate in years subsequent to 1991 as determined by the United States All-Items Consumer Price Index;

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- (3) demonstrate a need for the loan;
- (4) demonstrate an ability to repay the loan;
- (5) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;
- (6) certify that farming will be the principal occupation of the borrower;
- (7) agree to participate in a farm management program approved by the commissioner of agriculture for at least the first five years of the loan, if an approved program is available within 45 miles from the borrower's residence; and
- (8) agree to file an approved soil and water conservation plan with the soil conservation service office in the county where the land is located.

Sec. 5. Minnesota Statutes 1990, section 41B.211, is amended to read:

41B.211 DATA PRIVACY.

Financial information, including credit reports, financial statements, and net worth calculations, received or prepared by the authority regarding any authority loan and the name of each individual who is the recipient of a loan are private data on individuals, under chapter 13, except that information obtained under the agricultural development bond program in sections 6 to 18 may be released as required by federal tax law.

Sec. 6. [41C.01] SHORT TITLE.

This chapter shall be called and may be cited as the "Minnesota agricultural development act."

Sec. 7. [41C.02] DEFINITIONS.

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

Subd. 2. AGRICULTURAL BUSINESS ENTERPRISE. "Agricultural business enterprise" means an individual or partnership with a low or moderate net worth who owns or plans to own properties, real or personal, used or useful in connection with the general processing of agricultural products or in the manufacturing, assembly, or fabrication of agricultural or agriculture-related equipment.

Subd. 3. AGRICULTURAL IMPROVEMENTS. "Agricultural improvements" means improvements, buildings, structures, or fixtures suitable for use in farming located on agricultural land, including a single-family dwelling located on agricultural land that is or will be occupied by a beginning farmer and structures attached to or incidental to the use of the dwelling.

Subd. 4. AGRICULTURAL LAND. "Agricultural land" means land suitable for use in farming.

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Subd. 5. AUTHORITY. "Authority" means the Minnesota rural finance authority established in section 41B.025.

Subd. 6. BEGINNING FARMER. "Beginning farmer" means an individual or partnership with a low or moderate net worth who engages in farming or plans to engage in farming.

Subd. 7. BONDS. "Bonds" means bonds, notes, or other evidence of indebtedness issued by the authority under this chapter.

Subd. 8. CONSERVATION FARM EQUIPMENT. "Conservation farm equipment" means the specialized planters, cultivators, and tillage equipment used for reduced tillage or no-till planting of row crops.

Subd. 9. DEPRECIABLE AGRICULTURAL PROPERTY. "Depreciable agricultural property" means personal property suitable for use in farming for which an income tax deduction for depreciation is allowable in computing federal income tax under the Internal Revenue Code of 1986, as amended.

Subd. 10. FARMING. "Farming" means the cultivation of land for the production of agricultural crops, the raising of poultry, the production of eggs, the production of milk, the production of fruit or other horticultural crops, grazing, the production of livestock, aquaculture, hydroponics, the production of forest products, or other activities designated by the authority by rules.

Subd. 11. LENDING INSTITUTION. "Lending institution" includes "eligible lender" as defined in section 41B.02 and individuals.

Subd. 12. LOW OR MODERATE NET WORTH. "Low or moderate net worth" means:

(1) for an individual, an aggregate net worth of the individual and the individual's spouse and minor children of less than \$200,000; or

(2) for a partnership, an aggregate net worth of all partners, including each partner's net capital in the partnership, and each partner's spouse and minor children of less than \$400,000. However, the aggregate net worth of each partner and that partner's spouse and minor children may not exceed \$200,000.

Sec. 8. [41C.03] GUIDING PRINCIPLES.

(a) In the performance of its duties, implementation of its powers, and selection of specific programs and projects to receive its assistance under this chapter, the authority must be guided by the principles in paragraphs (b) to (e).

(b) The authority shall not become an owner of real or depreciable property, except on a temporary basis if it is necessary in order to implement its programs, to protect its investments by means of foreclosure or other means, or to

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facilitate transfer of real or depreciable property for the use of beginning farmers.

(c) The authority shall exercise diligence and care in selection of projects to receive its assistance and shall apply customary and acceptable business and lending standards in selection and subsequent implementation of the projects. The authority may delegate primary responsibility for determination and implementation of the projects to any federal governmental agency that assumes any obligation to repay the loan, either directly or by insurance or guarantee.

(d) The authority shall establish a beginning farmer and agricultural business enterprise loan program to aid in the acquisition of agricultural land and improvements and depreciable agricultural property by beginning farmers and real and personal property for an agricultural business enterprise.

(e) The authority shall develop programs for providing financial assistance to agricultural producers in this state.

Sec. 9. [41C.04] COMBINATION PROGRAMS.

Programs authorized in this chapter may be combined with any other programs authorized in this chapter or under another state or federal program in order to facilitate as far as practicable the acquisition of agricultural land and property by beginning farmers, to facilitate the implementation of permanent soil and water conservation practices and the acquisition of conservation farm equipment, and to encourage the development of agricultural business enterprises.

Sec. 10. [41C.05] AGRICULTURAL DEVELOPMENT BOND BEGINNING FARMER AND AGRICULTURAL BUSINESS ENTERPRISE LOAN PROGRAM.

Subdivision 1. DEVELOPMENT OF PROGRAM. The authority shall develop an agricultural development bond beginning farmer and agricultural business enterprise loan program to facilitate the acquisition of agricultural land and improvements and depreciable agricultural property by beginning farmers and real and personal property by an agricultural business enterprise. The authority shall exercise the powers granted to it in this chapter in order to fulfill the goal of providing financial assistance to beginning farmers and agricultural business enterprises in the acquisition of agricultural land, agricultural improvements, depreciable agricultural property, and real and personal property for an agricultural business enterprise. The authority may participate in and cooperate with programs of the farmers home administration, federal land bank, or any other agency or instrumentality of the federal government or with any program of any other state agency in the administration of the agricultural development bond beginning farmer and agricultural business enterprise loan program and in the making or purchasing of mortgage or secured loans under this chapter.

Subd. 2. ELIGIBILITY; BEGINNING FARMERS. The authority shall provide in the agricultural development bond beginning farmer and agricultural business enterprise loan program that a mortgage or a contract on behalf of a beginning farmer may be provided if the borrower qualifies under section

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41B.03 and authority rules and under federal tax law governing qualified small issue bonds.

Subd. 3. ELIGIBILITY; AGRICULTURAL BUSINESS ENTERPRISES. (a) The authority shall provide in the agricultural development bond beginning farmer and agricultural business enterprise loan program that a mortgage or contract on behalf of an agricultural business enterprise may be provided if the borrower qualifies under this chapter and rules of the authority and under federal tax law governing qualified small issue bonds.

(b) An agricultural business enterprise is eligible for a program loan in an aggregate amount not exceeding \$250,000.

(c) An agricultural business enterprise is eligible for program loans only for new or expanded operations located in a community with a population of 5,000 or less.

Subd. 4. LOANS AND CONTRACTS FOR BEGINNING FARMERS AND AGRICULTURAL BUSINESS ENTERPRISES. (a) The authority may:

(1) make loans to qualified beginning farmers for the acquisition of agricultural land, agricultural improvements, depreciable agricultural property, and real and personal property for an agricultural business enterprise. Each loan made by the authority under this program and all collateral securing the loan may be assigned as security for the authority's bond.

(2) enter into contracts to purchase agricultural land, agricultural improvements, depreciable agricultural property, and real and personal property for an agricultural business enterprise. Each contract entered into by the authority under this program and all obligations of the authority under the contract shall be assigned to the beginning farmer or agricultural business enterprise without recourse.

(b) Loan documents and contracts entered into by the authority shall contain such terms and conditions of repayment as may be agreed to between the beginning farmer or agricultural business enterprise and the individual or agricultural lender involved, and such terms and conditions as the authority may deem necessary.

(c) Each individual or agricultural lender purchasing a bond from the authority under this program is responsible for making their own independent credit evaluation of the beginning farmer or the agricultural business enterprise involved, and for the creation and perfection of any security interest which they deem necessary for the loan or contract to be made on behalf of the beginning farmer or the agricultural business enterprise.

(d) The authority shall bear no continuing responsibility for repayment of any bond issued under the program other than the assignment of its interests under the loan document made with the proceeds of the bond or the contract entered into in connection with the bond.

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Subd. 5. OTHER TERMS. The authority may provide that loans and contracts made under this program may not be assumed or any interest in the agricultural land or improvements or depreciable agricultural property or real or personal property of an agricultural business enterprise may not be leased, sold, or otherwise conveyed without its prior written consent and may provide a due-on-sale clause with respect to the occurrence of any of the foregoing events without its prior written consent. The authority may provide by rule the grounds for permitted assumptions of loans and contracts or for the leasing, sale, or other conveyance of any interest in the agricultural land or improvements or real or personal property of an agricultural business enterprise. However, the authority shall provide and state in its loan documents and contracts that the interest rate of the loan or contracts shall increase to the then prevailing market rate if the loan or contract is assumed by anyone other than a qualified beginning farmer or agricultural business enterprise. This subdivision controls with respect to a loan or contract made under this program, notwithstanding other law.

Sec. 11. [41C.06] LOAN ALLOCATION.

Not more than 25 percent of the total bond allocation available for beginning farmer and agricultural business enterprise loans may be used for agricultural business enterprise loans. However, any portion of the bond allocation that remains unencumbered on November 1 of each year may be made available for agricultural business enterprise loans.

Sec. 12. [41C.07] BONDS.

Subdivision 1. AUTHORITY. The authority may issue its negotiable bonds in principal amounts which, in the opinion of the authority, are necessary to provide sufficient funds for achievement of its corporate purposes, the payment of interest on its bonds, the establishment of reserves to secure its bonds, and all other expenditures of the authority incident to and necessary or convenient to carry out its purposes and powers. The bonds are investment securities and negotiable instruments within the meaning of and for all purposes of the Uniform Commercial Code.

Subd. 2. PAYMENT OF BONDS. Bonds are payable solely and only out of the money, assets, or revenues of the authority and as provided in the agreement with bondholders pledging any particular money, assets, or revenues. Bonds are not an obligation of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limitations, but are special obligations of the authority payable solely and only from the sources provided in this chapter, and the authority shall not pledge the credit or taxing power of this state or any political subdivision of this state other than the authority or make its debts payable out of any money except that of the authority.

Subd. 3. RESOLUTION OF AUTHORITY. Bonds must be authorized by a resolution of the authority. However, a resolution authorizing the issuance of bonds may delegate to an officer of the authority the power to negotiate and fix

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the details of an issue of bonds by an appropriate certificate of the authorized officer.

Subd. 4. REQUIREMENTS. Bonds must:

(1) state the date and series of the issue, be consecutively numbered and state on their face that they are payable both as to principal and interest solely out of the assets of the authority and do not constitute an indebtedness of this state or any political subdivision of this state other than the authority within the meaning of any constitutional or statutory debt limit; and

(2) be either registered, registered as to principal only, issued in denominations as the authority prescribes, fully negotiable instruments under the laws of this state, signed on behalf of the authority with the manual or facsimile signature of the chair or vice-chair, attested by the manual or facsimile signature of the secretary, have impressed or imprinted on them the seal of the authority or a facsimile of it, be payable as to interest at rates and at times as the authority determines, be payable as to principal at times over a period not to exceed 50 years from the date of issuance, at places and with reserved rights of prior redemption as the authority prescribes, be sold at prices, at public or private sale, and in a manner as the authority prescribes, and the authority may pay all expenses, premiums, and commissions that it considers necessary or advantageous in connection with the issuance and sale, and be issued under and subject to the terms, conditions, and covenants providing for the payment of the principal, redemption premiums, if any, interest and other terms, conditions, covenants, and protective provisions safeguarding payment, not inconsistent with this chapter, as are found to be necessary by the authority for the most advantageous sale.

Subd. 5. REFUNDING. The authority may issue its bonds for the purpose of refunding any bonds of the authority then outstanding, including the payment of any redemption premiums and any interest accrued or to accrue to the date of redemption of the outstanding bonds. Until the proceeds of bonds issued for the purpose of refunding outstanding bonds are applied to the purchase or retirement of outstanding bonds or the redemption of outstanding bonds, the proceeds may be placed in escrow and be invested and reinvested in accordance with the provisions of this chapter. The interest, income, and profits earned or realized on an investment may also be applied to the payment of the outstanding bonds to be refunded by purchase, retirement, or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the authority for use by it in any lawful manner. All refunding bonds shall be issued and secured and are subject to the provisions of this chapter in the same manner and to the same extent as other bonds.

Subd. 6. ANTICIPATION NOTES. The authority may issue negotiable bond anticipation notes and may renew them from time to time, but the maximum maturity of the notes, including renewals, must not exceed ten years from the date of issue of the original notes. Notes are payable from any available

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money of the authority not otherwise pledged or from the proceeds of the sale of bonds in anticipation of which the notes were issued. Notes may be issued for any corporate purpose of the authority. Notes must be issued in the same manner as bonds and notes and the resolution authorizing them may contain any provisions, conditions, or limitations, not inconsistent with the provisions of this subdivision, which the bonds or a bond resolution of the authority may contain. Notes may be sold at public or private sale. In case of default on its notes or violation of any obligations of the authority to the noteholders, the noteholders have all the remedies provided in this chapter for bondholders. Notes are as fully negotiable as bonds of the authority.

Subd. 7. FILING. A copy of each pledge agreement by or to the authority, including without limitation each bond resolution, indenture of trust or similar agreement, or any revisions or supplements to it must be filed with the secretary of state and no further filing or other action under article 9 of the Uniform Commercial Code or any other law of the state is required to perfect the security interest in the collateral or any additions to it or substitutions for it and the lien and trust so created are binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against the pledgor.

Subd. 8. PERSONAL LIABILITY LIMITED. Members of the authority and any person executing its bonds are not liable personally on the bonds or subject to personal liability or accountability by reason of the issuance of the authority's bonds.

Subd. 9. NOTICE. The authority shall publish a notice of intention to issue bonds in a newspaper published and of general circulation in the state. The notice shall include a statement of the maximum amount of bonds proposed to be issued and, in general, what net revenues will be pledged to pay the bonds and interest on them. An action may not be brought questioning the legality of the bonds or the power of the authority to issue the bonds or the legality of any proceedings in connection with the authorization or issuance of the bonds after 60 days from the date of publication of the notice.

Sec. 13. [41C.08] RESERVE FUNDS AND APPROPRIATIONS.

Subdivision 1. AUTHORITY. The authority may create and establish one or more special funds, each to be known as a "bond reserve fund" and shall pay into each bond reserve fund any money appropriated and made available by the state for the purpose of the fund, any proceeds of sale of bonds to the extent provided in the resolutions of the authority authorizing their issuance, and any other money that is available to the authority for the purpose of the fund from any other sources. Money held in a bond reserve fund, except as otherwise provided in this chapter, must be used as required solely for the payment of the principal of bonds secured in whole or in part by the fund or of the sinking fund payments with respect to the bonds, the purchase or redemption of the bonds, the payment of interest on the bonds, or the payments of any redemption premium required to be paid when the bonds are redeemed prior to maturity.

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Subd. 2. **WITHDRAWALS.** Money in a bond reserve fund may not be withdrawn from it in an amount that will reduce the amount of the fund to less than the bond reserve fund requirement established for the fund, as provided in this section, except for the purpose of making payment when due of principal, interest, redemption premiums, and the sinking fund payments with respect to the bonds for the payment of which other money of the authority is not available. Any income or interest earned by, or incremental to, a bond reserve fund due to the investment of it may be transferred by the authority to other funds or accounts of the authority to the extent the transfer does not reduce the amount of that bond reserve fund below the bond reserve fund requirement for it.

Subd. 3. **ISSUANCE OF SECURED BONDS.** The authority may not at any time issue bonds, secured in whole or in part by a bond reserve fund if, upon the issuance of the bonds, the amount in the bond reserve fund will be less than the bond reserve fund requirement for the fund, unless the authority at the time of issuance of the bonds deposits in the fund from the proceeds of the bonds issued or from other sources an amount which, together with the amount then in the fund will not be less than the bond reserve fund requirement for the fund. For the purposes of this section, the term "bond reserve fund requirement" means, as of any particular date of computation, an amount of money required to be on deposit therein in the bond reserve fund, as provided in the resolutions of the authority authorizing the bonds with respect to which the fund is established.

Subd. 4. **REPAYMENT.** Amounts paid over to the authority by the state under this section constitute and must be accounted for as advances by the state to the authority and, subject to the rights of the holders of any bonds of the authority, must be repaid to the state without interest from all available operating revenues of the authority in excess of amounts required for the payment of bonds, the bond reserve fund, and operating expenses.

Subd. 5. **ANNUAL REPORT.** The authority shall cause to be delivered to the finance committees in the legislature within 90 days of the close of its fiscal year its annual report certified by an independent certified public accountant, who may be the accountant or a member of the firm of accountants who regularly audits the books and accounts of the authority selected by the authority. In the event that the principal amount of any bonds deposited in a bond reserve fund is withdrawn for payment of principal or interest thereby reducing the amount of that fund to less than the bond reserve fund requirement, the authority shall immediately notify the legislature of this event and take steps to restore the fund to its bond reserve fund requirement from any amounts available, other than principal of a bond issue, that are not pledged to the payment of other bonds.

Sec. 14. [41C.09] REMEDIES OF BONDHOLDERS.

Subdivision 1. **DEFAULT.** If the authority defaults in the payment of principal or interest on an issue of bonds at maturity or upon call for redemption and the default continues for a period of 30 days or if the authority fails or

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refuses to comply with the provisions of this chapter, or defaults in an agreement made with the holders of an issue of bonds, the holders of 25 percent in aggregate principal amount of bonds of the issue then outstanding, by instrument filed in the office of the clerk of the county in which the principal office of the authority is located and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the bonds for the purposes provided in this section.

Subd. 2. ACTIONS. The authority or any trustee appointed under the indenture under which the bonds are issued may, but upon written request of the holders of 25 percent in aggregate principal amount of the issue of bonds then outstanding shall:

(1) enforce all rights of the bondholders including the right to require the authority to carry out its agreements with the holders and to perform its duties under this chapter;

(2) bring suit upon the bonds;

(3) by action require the authority to account as if it were the trustee of an express trust for the holders;

(4) by action enjoin any acts or things which are unlawful or in violation of the rights of the holders; and

(5) declare all the bonds due and payable and, if all defaults are made good, with the consent of the holders of 25 percent of the aggregate principal amount of the issue of bonds then outstanding, annul the declaration and its consequences.

Subd. 3. TRUSTEE'S POWERS. The trustees may exercise functions specifically set forth or incident to the general representation of bondholders in the enforcement and protection of their rights.

Subd. 4. NOTICE. Before declaring the principal of bonds due and payable, the trustee shall first give 30 days' notice in writing to the governor, to the authority, and to the attorney general of the state.

Subd. 5. JURISDICTION. The district court has jurisdiction of any action by the trustee on behalf of bondholders. The venue of the action is in the county in which the principal office of the authority is located.

The bondholders may, to the extent provided in the resolution to which the bonds were issued or in its agreement with the authority, enforce any of the remedies in subdivision 2, clauses (1) to (5), or the remedies provided in the proceedings or agreements for and on their own behalf.

Sec. 15. [41C.10] BONDS AS LEGAL INVESTMENTS.

Bonds are securities in which public officers, state departments and agen-

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cies, political subdivisions, insurance companies, and other persons carrying on an insurance business, banks, trust companies, savings and loan associations, investment companies, and other persons carrying on a banking business, administrators, executors, guardians, conservators, trustees, and other fiduciaries and other persons authorized to invest in bonds or other obligations of this state may properly and legally invest funds including capital in their control or belonging to them. The bonds are also securities which may be deposited with and may be received by public officers, state departments and agencies, and political subdivisions for any purpose for which the deposit of bonds or other obligations of this state is authorized.

Sec. 16. [41C.11] CONFLICTS OF INTEREST.

Subdivision 1. DISCLOSURE; PROHIBITIONS. If a member or employee of the authority has an interest, either direct or indirect, in a contract to which the authority is or is to be a party or in a mortgage lender requesting a loan from or offering to sell mortgage or secured loans to the authority, the interest must be disclosed to the authority in writing and must be set forth in the minutes of the authority. The member or employee having the interest may not participate in action by the authority with respect to that contract or mortgage lender.

Subd. 2. CERTAIN INTERESTS. This section does not limit the right of a member, officer, or employee of the authority to acquire an interest in bonds or notes or to limit the right of a member or employee other than the executive director to have an interest in a bank or other financial institution in which the funds of the authority are deposited or which is acting as trustee or paying agent under a trust indenture to which the authority is a party.

Subd. 3. EXECUTIVE DIRECTOR'S INTEREST. The executive director may not have an interest in a bank or other financial institution in which the funds of the authority are deposited or which is acting as trustee or paying agent under a trust indenture to which the authority is a party. The executive director may not receive, in addition to fixed salary or compensation, any money or valuable thing, either directly or indirectly, or through any substantial interest in any other corporation or business unit, for negotiating, procuring, recommending, or aiding in any purchase or sale of property or loan made by the authority, nor shall the executive director be pecuniarily interested, either as principal, co-principal, agent, or beneficiary, either directly, indirectly, or through any substantial interest in any other corporation or business unit, in any purchase, sale, or loan.

Sec. 17. [41C.12] APPLICATION AND ORIGINATION FEE.

The authority may impose a reasonable application and origination fee for each loan issued under the beginning farmer and agricultural business enterprise loan program. The origination fee initially shall be set at 1.5 percent and the application fee at \$50. The authority shall review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to the general fund.

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Sec. 18. **[41C.13] RULES.**

The authority may adopt rules for the efficient administration of this chapter. The rules need not be adopted in compliance with chapter 14.

Sec. 19. Minnesota Statutes 1990, section 474A.02, subdivision 13a, is amended to read:

Subd. 13a. **MANUFACTURING SMALL ISSUE POOL.** "Manufacturing Small issue pool" means the amount of the annual volume cap allocated under section 474A.061, that is available for the issuance of small issue bonds to finance manufacturing projects, and the agricultural development bond beginning farmer and agricultural business enterprise loan program authorized in sections 6 to 18.

Sec. 20. Minnesota Statutes 1990, section 474A.02, subdivision 23a, is amended to read:

Subd. 23a. **QUALIFIED BONDS.** "Qualified bonds" means the specific type or types of obligations that are subject to the annual volume cap. Qualified bonds include the following types of obligations as defined in federal tax law:

(a) "public facility bonds" means "exempt facility bonds" as defined in federal tax law, except for residential rental project bonds, which are those obligations issued to finance airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, and qualified hazardous waste facilities;

(b) "residential rental project bonds" which are those obligations issued to finance qualified residential rental projects;

(c) "mortgage bonds";

(d) "small issue bonds" issued to finance manufacturing projects and the acquisition or improvement of agricultural real or personal property under sections 6 to 18;

(e) "student loan bonds";

(f) "redevelopment bonds"; and

(g) "governmental bonds" with a nonqualified amount in excess of \$15,000,000 as set forth in section 141(b)5 of federal tax law.

Sec. 21. Minnesota Statutes 1990, section 474A.03, subdivision 1, is amended to read:

Subdivision 1. **ANNUAL VOLUME CAP UNDER FEDERAL TAX LAW; POOL ALLOCATIONS.** At the beginning of each calendar year after December 31, ~~1990~~ 1991, the commissioner shall determine the aggregate dollar amount of

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the annual volume cap under federal tax law for the calendar year, and of this amount the commissioner shall make the following allocation:

- (1) \$75,000,000 to the ~~manufacturing~~ small issue pool;
- (2) \$46,000,000 to the housing pool;
- (3) \$10,000,000 to the public facilities pool; and
- (4) amounts to be allocated as provided in subdivision 2a.

If the annual volume cap is greater or less than the amount of bonding authority allocated under clauses (1) to (4) and subdivision 2a, paragraph (a), clauses (1) to (3), the allocation must be adjusted so that each adjusted allocation is the same percentage of the annual volume cap as each original allocation is of the total bonding authority originally allocated.

Sec. 22. Minnesota Statutes 1990, section 474A.061, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION.** (a) An issuer may apply for an allocation under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of one percent of the requested allocation before the last Monday in August, or in the amount of two percent of the requested allocation on or after the last Monday in August, and (5) a public purpose scoring worksheet for ~~small issue manufacturing project~~ small issue manufacturing project applications. The issuer must pay the application deposit by check. The Minnesota housing finance agency and the Minnesota rural finance authority may apply for and receive an allocation under this section without submitting an application deposit.

(b) An entitlement issuer may not apply for an allocation from the housing pool or from the public facilities pool unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount of bonding authority carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(c) If an application is rejected under this section, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by a certificate of allocation.

Sec. 23. Minnesota Statutes 1990, section 474A.061, subdivision 2b, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 2b. **MANUFACTURING SMALL ISSUE POOL ALLOCATION.** From the beginning of the calendar year until the last Monday in August, the commissioner shall allocate available bonding authority from the ~~manufacturing~~ small issue pool on Monday of each week to applications received on or before the Monday of the preceding week. The amount of allocation provided to an issuer for a specific manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045. Proposed projects that receive 50 points or more are eligible for all of the proposed allocation. Proposed projects that receive less than 50 points are eligible to receive a proportionally reduced share of the proposed authority.

If there are two or more applications for manufacturing projects from the ~~manufacturing~~ small issue pool and there is insufficient bonding authority to provide allocations for all projects in any one week after all eligible bonding authority has been transferred as provided in section 474A.081, the available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

Sec. 24. Minnesota Statutes 1990, section 474A.061, subdivision 3, is amended to read:

Subd. 3. **ADDITIONAL DEPOSIT.** An issuer which has received an allocation under this section may retain any unused portion of the allocation after the first Tuesday in September only if the issuer has submitted to the department before the first Tuesday in September a letter stating its intent to issue obligations pursuant to the allocation before the end of the calendar year or within the time period permitted by federal tax law and a deposit in addition to that provided under subdivision 1, equal to one percent of the amount of allocation to be retained. The Minnesota housing finance agency and the Minnesota rural finance authority may retain an unused portion of an allocation after the first Tuesday in September without submitting an additional deposit.

Sec. 25. Minnesota Statutes 1990, section 474A.061, subdivision 4, is amended to read:

Subd. 4. **RETURN OF ALLOCATION; DEPOSIT REFUND.** (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 90 days of allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 90-day period since allocation has expired prior to the last Monday in August, the amount of allocation is canceled and returned for reallocation through the pool from which it was originally allocated. If the issuer notifies the department or the 90-day period since allocation has expired on or after the last Monday in August, the amount of allocation is canceled and returned for reallocation through the unified pool. If the issuer notifies the department after the last Monday in November, the amount of allocation is canceled and returned for reallocation to the Minnesota housing finance agency.

New language is indicated by underline, deletions by ~~strikeout~~.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this section within 90 days of allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving allocation; and

(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 90 days of receiving allocation.

No refund shall be available for allocations returned 90 or more days after receiving the allocation. This subdivision does not apply to the Minnesota housing finance agency or the Minnesota rural finance authority.

Sec. 26. Minnesota Statutes 1990, section 474A.091, is amended to read:

474A.091 ALLOCATION OF UNIFIED POOL.

Subdivision 1. **UNIFIED POOL AMOUNT.** On the day after the last Monday in August any bonding authority remaining unallocated from the ~~manufacturing~~ small issue pool, the housing pool, and the public facilities pool is transferred to the unified pool and must be reallocated as provided in this section.

Subd. 2. **APPLICATION.** ~~An issuer~~ Issuers other than the Minnesota rural finance authority may apply for an allocation under this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, (2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter, (3) the type of qualified bonds to be issued, (4) an application deposit in the amount of two percent of the requested allocation, and (5) a public purpose scoring worksheet for ~~small issue manufacturing~~ applications. The issuer must pay the application deposit by check. An entitlement issuer may not apply for an allocation for public facility bonds, residential rental project bonds, or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

The Minnesota housing finance agency may not apply for an allocation for mortgage bonds under this section until after the last Monday in September. Notwithstanding the restrictions imposed on unified pool allocations after October 1 under subdivision 3, paragraph (c)(2), the Minnesota housing finance agency may be awarded allocations for mortgage bonds from the unified pool after October 1. The Minnesota housing finance agency may apply for and

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receive an allocation under this section without submitting an application deposit.

Subd. 3. ALLOCATION PROCEDURE. (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in September through and on the last Monday in November. Applications for allocations must be received by the department by the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) On or before October 1, allocations shall be awarded from the unified pool in the following order of priority:

- (1) applications for small issue bonds;
- (2) applications for residential rental project bonds;
- (3) applications for public facility projects funded by public facility bonds;
- (4) applications for redevelopment bonds;
- (5) applications for mortgage bonds; and
- (6) applications for governmental bonds.

Allocations for residential rental projects may only be made during the first allocation in September. The amount of allocation provided to an issuer for a specific manufacturing project will be based on the number of points received for the proposed project under the scoring system under section 474A.045. Proposed manufacturing projects that receive 50 points or more are eligible for all of the proposed allocation. Proposed manufacturing projects that receive less than 50 points under section 474A.045 are only eligible to receive a proportionally reduced share of the proposed authority. If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first.

(c)(1) On the first Monday in October, \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the manufacturing small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the manufacturing small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds. On the first Monday in October, \$2,500,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the public facilities pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the public facilities pool for that year, whichever is less, is reserved within the unified pool for public facility bonds. If sufficient bonding authority is

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not available to reserve the required amounts for both small issue bonds and public facility bonds, seven-eighths of the remaining available bonding authority is reserved for small issue bonds and one-eighth of the remaining available bonding authority is reserved for public facility bonds.

(2) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

- (i) \$10,000,000 for any one city; or
- (ii) \$20,000,000 for any number of cities in any one county.

An allocation for mortgage bonds may be used for mortgage credit certificates.

After October 1, allocations shall be awarded from the unified pool only for the following types of qualified bonds: small issue bonds, public facility bonds, and residential rental project bonds.

(d) If there is insufficient bonding authority to fund all projects within any qualified bond category, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers. If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted. The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Subd. 4. **MORTGAGE BONDS.** All remaining bonding authority available for allocation under this section on December 1, is allocated to the Minnesota housing finance agency.

Subd. 5. **RETURN OF ALLOCATION; DEPOSIT REFUND.** (a) If an issuer that receives an allocation under this section determines that it will not issue obligations equal to all or a portion of the allocation received under this section within 90 days of the allocation or within the time period permitted by federal tax law, whichever is less, the issuer must notify the department. If the issuer notifies the department or the 90-day period since allocation has expired prior to the last Monday in November, the amount of allocation is canceled and returned for reallocation through the unified pool.

(b) An issuer that returns for reallocation all or a portion of an allocation received under this section within 90 days of the allocation shall receive within 30 days a refund equal to:

(1) one-half of the application deposit for the amount of bonding authority returned within 30 days of receiving the allocation;

(2) one-fourth of the application deposit for the amount of bonding authority returned between 31 and 60 days of receiving the allocation; and

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(3) one-eighth of the application deposit for the amount of bonding authority returned between 61 and 90 days of receiving the allocation.

No refund of the application deposit shall be available for allocations returned on or after the last Monday in November. This subdivision does not apply to the Minnesota housing finance agency, or the Minnesota rural finance authority.

Subd. 6. **FINAL ALLOCATION; CARRYFORWARD.** Any bonding authority remaining unissued by the Minnesota housing finance agency after the last Monday in December is allocated to the department of finance for reallocation for qualified bonds eligible to be carried forward under federal tax law.

Sec. 27. Minnesota Statutes 1990, section 474A.14, is amended to read:

474A.14 NOTICE OF AVAILABLE AUTHORITY.

The department shall publish in the State Register a notice of the amount of bonding authority in the housing, ~~manufacturing~~ small issue, and public facilities pools as soon after January 1 as possible. The department shall publish in the State Register a notice of the amount of bonding authority available for allocation in the unified pool as soon after September 1 as possible.

Sec. 28. APPROPRIATION.

(a) \$300,000 is appropriated from the general fund to the commissioner of agriculture for developing and promoting the agricultural development bond program. \$150,000 is for fiscal year 1992 and \$150,000 is for fiscal year 1993.

(b) The approved complement of the department of agriculture is increased by five general fund positions.

(c) The appropriations to the department of agriculture are increased by \$330,000 for fiscal years 1992 and 1993 for operation of existing programs of the rural finance authority.

(d) The appropriations to the department of finance are reduced by \$330,000 for fiscal years 1992 and 1993.

(e) The approved complement of the department of finance is reduced by three positions.

Sec. 29. AGRICULTURAL DEVELOPMENT BONDS.

Subdivision 1. 1991 UNIFIED POOL RESERVATION. Notwithstanding Minnesota Statutes, section 474A.091, for calendar year 1991, \$5,000,000 must be reserved upon creation of the unified pool for use by the Minnesota rural finance authority for the agricultural development bond beginning farmer and agricultural business enterprise loan program. This reservation remains in effect until the last Monday in November.

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Subd. 2. 1992 SMALL ISSUE POOL RESERVATION. Notwithstanding Minnesota Statutes, section 474A.03, for calendar year 1992, \$10,000,000 must be reserved from the small issue pool for use by the Minnesota rural finance authority for the agricultural development bond beginning farmer and agricultural business enterprise loan program.

Presented to the governor May 31, 1991

Signed by the governor June 4, 1991, 8:57 p.m.

CHAPTER 333—S.F.No. 208

An act relating to transportation; allowing personalized license plates for classic, pioneer, collector, and street rod vehicles; providing for seven-year, in transit license plates for motor vehicle dealers; making technical changes in driver's license law; clarifying procedure for review of driver's license revocation or disqualification under implied consent law; establishing maximum height for rear bumpers of certain semitrailers; allowing certain equipment to be excluded from computing the maximum allowable length of a semitrailer or trailer used in a three-vehicle combination; providing an exception to the length limitation on certain vehicle combinations; limiting maximum weight allowed on certain vehicle tires; conforming state highway weight limitations to federal requirements; imposing a cost-per-mile fee on certain overweight vehicles; defining hazardous materials, commercial motor vehicle, and farm truck; allowing class C driver's license holder to tow when the gross weight of the vehicles is 26,000 pounds or less; restricting exemption for drivers of certain federal vehicles from requirement to possess commercial driver's license; clarifying offenses for which driver may be disqualified from holding commercial driver's license; requiring person whose driver's license has been revoked to pass examination under certain circumstances; permitting qualified driver to obtain limited license following revocation for failure to have vehicle insurance; adding an exemption to the motor carrier act; authorizing a variance for small cargo tanks; establishing the initial motor carrier contact program; adopting federal out-of-service criteria for motor vehicles; authorizing temporary charter carrier permit; amending Minnesota Statutes 1990, sections 168.10, subdivisions 1a, 1b, 1c, and 1d; 168.105, subdivision 3; 168.12, subdivisions 1 and 2a; 168.27, subdivisions 16 and 17; 169.01, subdivision 75, and by adding a subdivision; 169.121, subdivision 8; 169.123, subdivisions 5c and 8; 169.73, subdivision 4a; 169.81, subdivisions 2 and 3; 169.825, subdivisions 8 and 10; 169.86, subdivision 5; 171.01, subdivision 22, and by adding subdivisions; 171.02, subdivisions 1, 2, and by adding a subdivision; 171.03; 171.07, subdivision 3; 171.165, subdivision 3; 171.29, subdivision 1; 171.30, subdivision 1; 221.025; 221.031, by adding a subdivision; 221.033, by adding a subdivision; 221.605, by adding a subdivision; and 297B.035, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 221; repealing Minnesota Statutes 1990, section 169.825, subdivision 10, paragraph (d).

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

Section 1. Minnesota Statutes 1990, section 168.10, subdivision 1a, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.