

(b) Except as otherwise provided in sections 177.21 to 177.35, every large employer must pay each employee wages at a rate of at least ~~\$4.25~~ \$5.15 an hour beginning September 1, 1997. Every small employer must pay each employee at a rate of at least \$4.90 an hour beginning January 1, 1998.

(c) A large employer must pay each employee at a rate of at least the minimum wage set by this section or federal law without the reduction for training wage or full-time student status allowed under federal law. Notwithstanding paragraph (b), during the first 90 consecutive days of employment, an employer may pay an employee under the age of 20 years a wage of \$4.25 an hour. No employer may take any action to displace any employee, including a partial displacement through a reduction in hours, wages, or employment benefits, in order to hire an employee at the wage authorized in this paragraph.

#### Sec. 2. EFFECTIVE DATE.

Section 1 is effective September 1, 1997.

Presented to the governor August 20, 1997

Signed by the governor August 22, 1997, 10:53 a.m.

### CHAPTER 2—H.F.No. 1

*An act relating to flood relief; appropriating money; authorizing the sale of state bonds; providing for temporary waivers of certain programs and other relief; canceling certain appropriations; amending Minnesota Statutes 1996, sections 41B.04, by adding a subdivision; 41B.043, by adding a subdivision; 103F.105; 268.073, subdivisions 1 and 3; 273.124, subdivision 14; and 462A.202, subdivision 7, and by adding a subdivision; Laws 1997, chapter 105, section 3; Laws 1997, chapter 202, article 1, section 35, as amended; repealing Minnesota Statutes 1996, sections 103F.141, subdivision 2; and Laws 1997, chapter 203, article 3, section 16.*

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

#### Section 1. APPROPRIATIONS.

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund to be spent to acquire and to better publicly owned land and buildings and other public improvements of a capital nature, and from other named funds for flood relief and mitigation projects, as specified in this act, in the area designated under Presidential Declaration of Major Disaster, DR-1175. The appropriations from the bond proceeds fund are available until expended. The appropriations from the other named funds are available until June 30, 1999, unless otherwise specified.

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

**SUMMARY**

PUBLIC SAFETY	\$ 30,000,000
NATURAL RESOURCES	13,900,000
HOUSING FINANCE AGENCY	8,500,000
PUBLIC FACILITIES AUTHORITY	9,000,000
TRADE AND ECONOMIC DEVELOPMENT	8,200,000
AGRICULTURE	1,250,000
STRATEGIC AND LONG-RANGE PLANNING	100,000
REVENUE	600,000
BOND SALES EXPENSES	55,000
ADDITIONAL GENERAL FUND DEBT SERVICE TRANSFER	5,000,000
GENERAL FUND APPROPRIATION REDUCTION	(20,300,000)
TOTAL	\$ 56,305,000
BOND PROCEEDS FUND	55,305,000
PETROLEUM TANK RELEASE CLEANUP FUND	1,000,000

**APPROPRIATIONS**

	\$
Sec. 2. PUBLIC SAFETY	30,000,000

This appropriation is to the commissioner of public safety for the state and local match of public disaster assistance funds under Minnesota Statutes, section 12.221. This appropriation is available to fund 100 percent of the state and local match obligations required for publicly owned capital improvement projects incurred through the receipt of federal public assistance for damages reported.

Sec. 3. NATURAL RESOURCES	13,900,000
---------------------------	------------

Subdivision 1. To the commissioner of natural resources for the purposes specified in this section. For the purposes of this appropriation, the commissioner may waive the grant limit of \$75,000 in Minnesota Statutes, section 103F.161.

Subd. 2. Flood Hazard Mitigation Grants	5,000,000
---	-----------

For the flood hazard mitigation grant program to local government units for publicly owned capital improvements to prevent or alleviate flood damages under Minnesota Statutes, section 103F.161, and for the non-

federal portion of federal hazard mitigation grant program projects.

Subd. 3. Flood Proofing Grants  
to Local Governments

5,000,000

For flood proofing projects for publicly owned buildings and facilities under Minnesota Statutes, section 103F.161.

Subd. 4. Flood Protection

3,000,000

To fund public flood protection and reduction measures under Minnesota Statutes, section 103F.161, including ring dikes, levee repair and rehabilitation, and engineering for permanent projects.

Subd. 5. Flood Damage Reduction Projects

900,000

This is a one-time appropriation from the general fund to fund flood damage reduction projects under Minnesota Statutes, section 103F.161, including the construction of ring dikes.

Sec. 4. HOUSING FINANCE

8,500,000

Subdivision 1. For transfer to the housing development fund for the programs specified in this section.

Subd. 2. Affordable Rental  
Investment Fund

2,000,000

This is a one-time appropriation from the general fund for the affordable rental investment fund under Minnesota Statutes, section 462A.21, subdivision 8b, to be used for rental housing. Notwithstanding Minnesota Statutes, section 462A.21, subdivision 8b, assistance provided from this appropriation for the rehabilitation of existing rental housing may be in the form of forgivable loans. In making forgivable loans from this appropriation, the agency shall determine the circumstances, terms, and conditions under which all or any portion of the grant shall be repaid. This appropriation is available until expended.

Subd. 3. Community Rehabilitation Fund Program	4,500,000
<p>This is a one-time appropriation from the general fund for the community rehabilitation fund program under Minnesota Statutes, section 462A.206. Of this amount, up to \$500,000 is available for grants for damages occurring after June 10, 1997, in an area designated under a presidential declaration of major disaster. This appropriation is available until expended.</p>	
Subd. 4. Rental Housing Loans	2,000,000
<p>This appropriation is for the purpose of making loans for publicly owned permanent rental housing to local units of government under Minnesota Statutes, section 462A.202, subdivision 3a.</p>	
Sec. 5. PUBLIC FACILITIES AUTHORITY	9,000,000
<p>Subdivision 1. To the public facilities authority for the purposes specified in this section.</p>	
Subd. 2. New Housing	5,000,000
<p>Notwithstanding criteria or limitations in Minnesota Statutes, sections 446A.07, 446A.072, and 446A.081, for grants to local units of government for publicly owned storm sewer, wastewater, municipal utility service, and drinking water infrastructure needs for new housing construction.</p>	
Subd. 3. Repair and Replacement	4,000,000
<p>Notwithstanding criteria or limitations in Minnesota Statutes, sections 446A.07, 446A.072, and 446A.081, for grants to local units of government to assist with the cost of repair and replacement of publicly owned storm sewer, wastewater, municipal utility service, and drinking water systems as well as streets and bridges.</p>	
Sec. 6. TRADE AND ECONOMIC DEVELOPMENT	8,200,000
<p>Notwithstanding the requirement in Minnesota Statutes, section 469.169, subdivision</p>	

11, as added by Laws 1997, chapter 231, article 16, section 20, to base allocations to zones in cities on the state's western border on a per capita basis, \$1,200,000 is a one-time appropriation from the general fund to the commissioner of trade and economic development for border city enterprise competitiveness grants under Minnesota Statutes, sections 469.166 to 469.173. Funds shall be allocated to communities with significant business losses that are at risk of losing business tax base due to noncompetitiveness with North Dakota and South Dakota and shall be available to communities for locally administered measures to retain their job base. Allocations made under this paragraph may be used for tax reductions as provided in Minnesota Statutes, section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under Minnesota Statutes, section 469.169, subdivision 7, do not apply to this appropriation. Enterprise zones that receive allocations under this paragraph may continue in effect for purposes of those allocations through December 31, 1998.

\$6,000,000 is a one-time appropriation from the general fund to the Minnesota investment fund for grants to local units of government for locally administered operating loan programs for businesses directly and adversely affected by the floods. Loan criteria and requirements shall be locally established with approval by the department. For the purposes of this appropriation, Minnesota Statutes, sections 116J.8731, subdivisions 3, 4, 5, and 7, and 116J.991, are waived. Businesses that receive grants or loans from this appropriation shall set goals for jobs retained and wages paid within the area designated under Presidential Declaration of Major Disaster, DR-1175.

\$1,000,000 is a one-time appropriation from the petroleum tank release cleanup fund to the commissioner of trade and economic development. Notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, as amended by Laws 1997, chapter 200, article 2, section 4, these funds are to be used for grants to buy out property substantially damaged by a petroleum tank release.

Sec. 7. AGRICULTURE

1,250,000

To the rural finance authority for department of agriculture loans under Minnesota Statutes, chapter 41B, to farmers for capital repairs to agriculture buildings and farm driveways, drainage ditches, and grassed waterways.

Sec. 8. STRATEGIC AND LONG-RANGE PLANNING

100,000

This is a one-time appropriation from the general fund to develop an application for federal empowerment zone and enterprise credits for local communities and not-for-profit organizations.

Sec. 9. REVENUE

600,000

(a) This is a one-time appropriation from the general fund to provide assistance to local governments experiencing a significant loss in property tax base and tax revenues due to the 1997 flood and having difficulty in meeting existing debt service obligations. The appropriation is to be used for the purposes in paragraphs (b) to (d).

(b) \$20,000 is to reimburse local governments for uncollected property taxes designated for existing debt service obligations in jurisdictions where the flood-related market value loss is at least three percent of the jurisdiction's total taxable value.

(c) \$230,000 is to pay the payable 1998 property taxes of properties located in the counties of Big Stone, Chippewa, Clay, Kittson, Lac qui Parle, Marshall, Norman, Polk, Wil-

kin, and Yellow Medicine that are purchased through buy-out programs resulting from the 1997 floods between July 1, 1997, and December 31, 1997. Each jurisdiction that holds title to these properties shall notify the county auditor, and the county auditor shall compile information on net property taxes due on these properties and submit the information in the form of an application to the commissioner of revenue. Based upon the information received, the commissioner shall determine the percentage of the tax that will be reimbursed, if the amounts applied for exceed the appropriation. The commissioner shall make the full or pro rata payments to the county, which shall apportion the payments in the same manner as the taxes due. The remaining payable 1998 tax on each property receiving reimbursement under this paragraph, if any, is abated.

(d) \$350,000 is to be apportioned by the commissioner of revenue among the counties of Big Stone, Chippewa, Clay, Kittson, Lac qui Parle, Marshall, Norman, Polk, Wilkin, and Yellow Medicine to provide reimbursement for abatements granted for taxes payable in 1998 to properties damaged in the 1997 floods that are not described in paragraph (c). The apportionment shall be based upon the amount of flood-related market value loss in each county. Priority shall be given to properties that are not eligible for disaster credit under Minnesota Statutes, section 273.123, subdivisions 1 to 6. Counties shall be reimbursed only for property taxes that are actually abated, not to exceed each county's apportioned amount.

#### Sec. 10. CHILDREN, FAMILIES, AND LEARNING

The commissioner of children, families, and learning may accelerate, by an amount determined by the commissioner, the state aid payment schedule under Minnesota Statutes, section 124.195, for special school district No. 1, Minneapolis, to address damages in-

curred during the July 1997 floods. The amount, as calculated by the commissioner, shall be reduced by any funds paid to the district from claims from property and casualty insurers. The total amount of state aid paid to special school district No. 1, Minneapolis, in fiscal year 1998 shall not exceed the amount the district would have received without the waiver. The school district shall also cooperate with the city on a presidential disaster declaration.

**Sec. 11. BOND SALE EXPENSES**

55,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

**Sec. 12. BOND SALE AUTHORIZATIONS.**

To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$55,305,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

**Sec. 13. LEGISLATIVE INTENT FOR FUTURE BONDING.**

The intent of the governor and legislature is to reduce the economic, social, and environmental impacts of severe flooding by providing flood damage reduction grants for cost-effective flood control projects. To accomplish this purpose, federally authorized flood control projects in the communities of Marshall, Stillwater, Crookston, Warren, and East Grand Forks, as well as flood control projects approved by the department of natural resources in other communities, shall be given consideration for funding in the 1998 capital improvements budget bill.

**Sec. 14. CANCELLATION OF APPROPRIATIONS.**

\$19,700,000 of the \$20,000,000 appropriation to the commissioner of public safety in Laws 1997, chapter 105, section 7, as amended by Laws 1997, chapter 203, article 3, section 16, is canceled and returned to the general fund.

\$600,000 of the \$1,000,000 appropriation to the commissioner of finance in Laws 1997, chapter 105, section 6, is canceled and returned to the general fund.

Sec. 15. Minnesota Statutes 1996, section 41B.04, is amended by adding a subdivision to read:

Subd. 3a. **DEBT-TO-ASSET RATIO.** Notwithstanding Minnesota Rules, part 1653.0031, and other law to the contrary, a person who farms land located in a county that has been the subject of a state or federal disaster declaration may participate in a loan restructuring program under this section even if the person has a debt-to-asset ratio under

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

50 percent. The person must apply to participate in the program within 18 months of the disaster declaration.

Sec. 16. Minnesota Statutes 1996, section 41B.043, is amended by adding a subdivision to read:

Subd. 2a. SNOW OR FLOOD DAMAGE. A prospective borrower applying for a loan participation through an eligible lender may refinance an existing debt in order to repair or replace farm driveways, drainage ditches and tile lines, grassed waterways, or agricultural buildings damaged due to snow or flooding.

Sec. 17. Minnesota Statutes 1996, section 103F.105, is amended to read:

**103F.105 FLOODPLAIN MANAGEMENT POLICY.**

(a) The legislature finds:

(1) a large portion of the state's land resources is subject to recurrent flooding by overflow of streams and other watercourses causing loss of life and property, disruption of commerce and governmental services, unsanitary conditions, and interruption of transportation and communications, all of which are detrimental to the health, safety, welfare, and property of the occupants of flooded lands and the people of this state; and

(2) the public interest necessitates sound land use development as land is a limited and irreplaceable resource, and the floodplains of this state are a land resource to be developed in a manner which will result in minimum loss of life and threat to health, and reduction of private and public economic loss caused by flooding.

(b) It is the policy of this state to reduce flood damages through floodplain management, stressing nonstructural measures such as floodplain zoning and floodproofing, and flood warning practices, and other indemnification programs that reduce public liability and expense for flood damages.

(c) It is the policy of this state:

(1) not to prohibit but to guide development of the floodplains consistent with legislative findings;

(2) to provide state coordination and assistance to local governmental units in floodplain management;

(3) to encourage local governmental units to adopt, enforce and administer sound floodplain management ordinances; and

(4) to provide the commissioner of natural resources with authority necessary to carry out a floodplain management program for the state and to coordinate federal, state, and local floodplain management activities in this state; and

(5) to provide incentives for communities to participate in the national flood insurance program and for citizens of Minnesota to take actions such as purchasing and maintaining flood insurance to reduce future flood damage to private property.

Sec. 18. Minnesota Statutes 1996, section 268.073, subdivision 1, is amended to read:

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

Subdivision 1. **ADDITIONAL BENEFITS; WHEN AVAILABLE.** Additional reemployment insurance benefits are authorized under this section only if the commissioner determines that:

(1) an employer has reduced operations at a facility employing 100 or more individuals for at least six months during the preceding year resulting in the reduction of at least 50 percent of the employer's work force and the layoff of at least 50 employees at that facility, including reductions caused as a result of a major natural disaster declared by the President;

(2) the employer has no expressed plan to resume operations which would lead to the reemployment of those employees at any time in the immediate future; and

(3) the unemployment rate for the county in which the facility is located was ten percent during the month of the reduction or any of the three months preceding or succeeding the reduction.

Sec. 19. Minnesota Statutes 1996, section 268.073, subdivision 3, is amended to read:

Subd. 3. **ELIGIBILITY CONDITIONS.** A claimant is eligible to receive additional benefits under this section for any week during the claimant's benefit year if the commissioner finds that:

(1) the claimant's unemployment is the result of a reduction in operations as provided under subdivision 1;

(2) the claimant is unemployed and meets the eligibility requirements for the receipt of unemployment benefits under section 268.08;

(3) the claimant is not subject to a disqualification for benefits under section 268.09; for the purpose of this subdivision, the disqualifying conditions set forth in section 268.09, and the requalifying requirements thereunder, apply to the receipt of additional benefits under this section;

(4) the claimant has exhausted all rights to regular benefits payable under section 268.07, is not entitled to receive extended benefits under section 268.071, and is not entitled to receive reemployment insurance benefits under any other state or federal law for the week in which the claimant is claiming additional benefits;

(5) the claimant has made a claim for additional benefits with respect to any week the claimant is claiming benefits in accordance with the regulations as the commissioner may prescribe with respect to claims for regular benefits; and

(6) the claimant has worked at least 26 weeks during the claimant's base period in employment a majority of the claimant's wage credits were earned with an employer for whom the commissioner has determined there was a reduction in operations under subdivision 1.

Sec. 20. Minnesota Statutes 1996, section 273.124, subdivision 14, is amended to read:

Subd. 14. **AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

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

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than two townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this subdivision paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4).

(b) Except as provided in paragraph (d), noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than two townships or cities or combination thereof from the homestead.

(c) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(d) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1998, the owner must notify the assessor by December 1, 1997.

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

Sec. 21. Minnesota Statutes 1996, section 462A.202, is amended by adding a subdivision to read:

**Subd. 3a. PERMANENT RENTAL HOUSING.** The agency may make loans, with or without interest, to cities and counties to finance the construction, acquisition, or rehabilitation of affordable, permanent, publicly owned rental housing located in the area designated under Presidential Declaration of Major Disaster, DR-1175. Loans made under this subdivision are subject to the restrictions of subdivision 7.

Sec. 22. Minnesota Statutes 1996, section 462A.202, subdivision 7, is amended to read:

**Subd. 7. RESTRICTIONS.** (a) Except as provided in paragraphs (b), (c), (d), (e), and (f), the city must own the property financed with a loan under this section and use the property for the purposes specified in this section:

(1) the city may sell the property at its fair market value provided it repays the lesser of the net proceeds of the sale or the amount of the loan balance to the agency for deposit in the local government unit housing account; or

(2) the city may use the property for a different purpose provided that the city repays the amount of the original loan.

If the city owns and uses the property for the purposes specified in this section for a 20-year period, the agency shall forgive the loan.

(b) In cases where the property consists of land only, including land on which buildings acquired with a loan under this section are demolished by the city, the city may lease the property for a term not to exceed 99 years to a nonprofit organization to use for the purposes specified in this section.

(c) In cases where the property consists of land and buildings, the city may do the following:

(1) demolish the buildings in whole or in part and use or lease the property under paragraph (b);

(2) sell the buildings to a nonprofit organization to use for the purposes specified in this section. If sold, the city must sell the buildings for fair market value and repay the proceeds of the sale to the agency for deposit in the local government unit housing account;

(3) lease the buildings to a nonprofit organization to use for the purposes specified in this section. If leased, except as provided in paragraph (d), the annual rental must equal the amount of the loan attributable to the cost of the buildings, divided by the number of years of useful life of the buildings as determined in accordance with generally accepted accounting principles. For purposes of determining the required rental, the purchase price of land and buildings must be allocated between them based on standard valuation procedures; or

(4) contract with a nonprofit organization to manage the property.

(d) A city may lease a building to a nonprofit organization for a nominal amount under the following conditions:

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

- (1) the lease does not exceed ten years;
- (2) the city must have the option to cancel the lease with or without cause at the end of any three-year period; and
- (3) the city must determine annually that the property is being used for the purposes specified in this section and that the terms of the lease, including any income limits for residents, are being met.

(e) A city may sell single-family residential housing directly to persons and families of low and moderate income.

(f) A city may lease the buildings to a partnership consisting of a nonprofit organization and a limited partner if the nonprofit organization is the general partner and the financing for the land trust project includes low-income housing tax credits. All conditions for leasing buildings to a nonprofit organization as provided under this subdivision apply to the lease authorized under this paragraph.

(g) The statutory lien created under section 16A.695 may be subordinate to liens created by other sources of financing, at the discretion of the agency.

Sec. 23. Laws 1997, chapter 105, section 3, is amended to read:

**Sec. 3. TEMPORARY WAIVER OF FEES, ASSESSMENTS, OR TAXES.**

Subdivision 1. FEES. Notwithstanding any law to the contrary, for fiscal years 1997 and 1998, an agency, with the approval of the governor, may waive fees that would otherwise be charged for agency services. The waiver of fees must be confined to geographic areas affected by flooding within counties included in a federal disaster declaration and to the minimum periods of times necessary to deal with the emergency situation. The agency must promptly report the reasons for and the impact of any suspended fees to the chairs of the legislative committees that oversee the policy and budgetary affairs of the agency. This section subdivision expires February 1, 1998.

Subd. 2. SOLID WASTE GENERATOR ASSESSMENTS AND SOLID WASTE MANAGEMENT TAXES. Notwithstanding any law to the contrary, the waiver authority provided in subdivision 1 is also extended to the commissioner of revenue in relation to the solid waste generator assessment under Minnesota Statutes, section 116.07, subdivision 10, and the solid waste management taxes under Laws 1997, chapter 231, article 13, for construction debris generated from repair and demolition activities in the area designated under Presidential Declaration of Major Disaster, DR-1175, and disposed of in a waste management facility designated by the commissioner of the pollution control agency. The commissioner of revenue's authority under this subdivision to waive the assessment and tax expires for waste transported to the designated facilities after December 31, 1997, including waste transported to a landfill that is limited by permit exclusively to the disposal of flood debris. The waiver authority granted to the commissioner of revenue is retroactive to April 1, 1997.

Sec. 24. Laws 1997, chapter 202, article 1, section 35, as amended by Laws 1997, chapter 246, section 34, is amended to read:

**Sec. 35. BOND SALE SCHEDULE**

The commissioner of finance shall schedule the sale of state general obligation bonds so

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

that, during the biennium ending June 30, 1999, no more than \$560,457,000 \$565,457,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold, the commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

**Sec. 25. COMMISSIONER OF HOUSING FINANCE; USE OF APPROPRIATION.**

The appropriation in Laws 1997, chapter 200, article 1, section 6, of \$8,118,000 the first year and \$6,493,000 the second year for the affordable rental investment fund may be used for forgivable loans for the rehabilitation of existing rental housing located in the area designated under Presidential Declaration of Major Disaster, DR-1175, notwithstanding Minnesota Statutes, section 462A.21, subdivision 8b. In making forgivable loans from this appropriation, the agency shall determine the circumstances, terms, and conditions under which all or any portion of the grant shall be repaid.

**Sec. 26. ICF/MR OPERATING COSTS.**

Notwithstanding any law to the contrary, for a provider group that includes seven ICFs/MR with a total of 54 licensed beds and was affected significantly by the severe conditions of the winter and spring of 1996-1997, the operating cost payment rate for each of its six facilities located in Polk and Norman counties for the rate year beginning October 1, 1997, shall be the operating cost payment rate in effect for each facility on September 30, 1997.

**Sec. 27. TRANSFER.**

Of the savings generated through the implementation of Laws 1997, chapter 203, article 12, section 18, \$43,700 is transferred to the medical assistance account for the purposes of section 26.

**Sec. 28. CASH FLOW ASSISTANCE.**

Local jurisdictions in the counties of Big Stone, Chippewa, Clay, Kittson, Lac qui Parle, Marshall, Norman, Polk, Wilkin, and Yellow Medicine may apply to the commis-

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

sioner of revenue for accelerated payment of 1998 local government aid under Minnesota Statutes, section 477A.013, or homestead and agricultural credit aid under Minnesota Statutes, section 273.1398, subdivision 2, if necessary for meeting the jurisdiction's cash flow needs. If the request is granted by the commissioner, the payment regularly scheduled to be made on December 26, 1998, shall be made on March 15, 1998.

**Sec. 29. CITY OF CROOKSTON; FLOOD CONTROL DISTRICT.**

Subdivision 1. AUTHORIZATION. The city of Crookston may, by ordinance approved by at least a four-fifths vote of all members of the council, establish a flood control district including part or all of the incorporated area of the city. If the mayor has no vote or votes only in the case of a tie, the mayor is not deemed to be a city council member for purposes of determining a four-fifths majority vote. Subject to the approval of the commissioner of natural resources, the city may undertake flood control improvements, including the acquisition of properties within or adjacent to the flood plain, the demolition or removal of structures or improvements within or adjacent to the flood plain or where necessary to permit the construction or extension of flood control works, and the construction, reconstruction, extension, or maintenance of levees, dikes, and other flood control works. The commissioner of natural resources shall approve or reject the proposed improvements within 30 days of submission of the proposed improvements. If the proposed improvements are rejected, the commissioner must give the reasons for the rejection to the city in writing. Failure of the commissioner to approve or reject the proposed improvements within 30 days of their submission shall be deemed to be an approval of the proposed improvements. The costs of the flood control improvements may be paid for by the city from the flood control fees or levies authorized in subdivision 2, from special assessments or improvement bonds issued under Minnesota Statutes, chapter 429, from federal or state grants, from money appropriated by the city from other sources, or from any combination of those sources.

Subd. 2. SPECIAL SERVICE DISTRICT. The flood control district authorized in subdivision 1 shall be a special service district as provided in Minnesota Statutes, sections 428A.01 to 428A.101, except as otherwise provided in subdivision 1, and with the following exceptions:

(1) the flood control district is exempt from the provisions of Minnesota Statutes, section 428A.08;

(2) the special service charge provided under Minnesota Statutes, sections 428A.02, subdivision 1, and 428A.05, shall be imposed on all property located within the flood control district and not limited to commercial, industrial, and public utility property; and

(3) the charges under this section are limited to a maximum of 20 years.

Subd. 3. LOCAL APPROVAL. This section is effective the day after compliance by the city of Crookston with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 30. FLOOD DAMAGED SCHOOL RECONSTRUCTION.**

In order to expedite school reconstruction of school buildings destroyed by the floodwaters of 1997 that are located within the boundaries of independent school district Nos. 595 and 2854, the school districts may enter into construction contracts, including but not limited to design-build, that the districts determine to be in their best interests.

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

Construction of these educational facilities is emergency construction and not subject to competitive bid requirements of Minnesota Statutes, sections 123.37 and 471.345, or other law or charter or the requirements of Minnesota Statutes, section 16B.335. The department of children, families, and learning shall notify the chairs of the senate finance committees, the house ways and means committee, and the house capital investment committee that the projects have been approved under review and comment and necessary contracts have been executed.

**Sec. 31. SCHOOL FACILITY STORM DAMAGE RELATED BETTERMENT.**

A district may make an additional levy for facility betterment under this section. To make this levy, a district must:

- (1) qualify under Minnesota Statutes, section 124.239, in fiscal year 1998; and
- (2) have had damage to an instructional facility in excess of \$1,000,000 related to storms during the summer of 1997.

The levy must be directly related to the costs of the betterment of the damaged facility and may only be for costs not otherwise paid for by insurance or other proceeds. The total costs related to the levy may not exceed two percent of a district's 1995 adjusted net tax capacity. The project must be approved under Minnesota Statutes, section 121.15, and be a part of the plan under Minnesota Statutes, section 124.239. The district may either bond for the costs under Minnesota Statutes, section 124.239, subdivision 3, or levy under Minnesota Statutes, section 124.239, subdivision 5. The levy may be spread over more than one year. The levy is not eligible for state-aid payments under Minnesota Statutes, section 124.239, subdivision 3a or 5a, 124.83, or 124.95, or any other aid program. A district must consult with and receive approval from the city in which its administrative offices are located prior to making this levy.

**Sec. 32. REPEALER.**

Minnesota Statutes 1996, section 103F.141, subdivision 2; and Laws 1997, chapter 203, article 3, section 16, are repealed.

**Sec. 33. EFFECTIVE DATE.**

Sections 1 to 19, 21, 22, and 24 to 32 are effective on the day following final enactment. Section 20 is effective for taxes levied in 1997, payable in 1998, and thereafter. Section 23 is effective retroactive to April 1, 1997.

Presented to the governor August 20, 1997

Signed by the governor August 22, 1997, 11:13 a.m.

**CHAPTER 3—S.F.No. 2**

*An act relating to employment; regulating public employee and official compensation; amending Minnesota Statutes 1996, sections 3.855, subdivision 3; 15A.081, subdivisions 7b, 8, and 9;*

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