(2) establish a central database for all information relating to liens and security interests that are filed at the offices of county recorders and the secretary of state;

(3) provide procedures for entering data into a central database;

(4) allow the offices of all county recorders and the secretary of state's office to add, modify, and delete information in the central database as required by the Uniform Commercial Code;

(5) allow the offices of all county recorders and the secretary of state's office to have access to the central database for review and search capabilities;

(6) allow the offices of all county recorders to have electronic access to the computerized business information records on file with the secretary of state;

(7) require the secretary of state to maintain the central database;

(8) provide security and protection of all information in the central database and monitor the central database to ensure that unauthorized entry is not allowed;

(9) require standardized information for entry into the central database;

(10) prescribe an identification procedure for debtors and secured parties that will enhance lien and financing statement searches; and

(11) prescribe a procedure for phasing-in or converting from the existing filing system to a computerized filing system.

(e) The secretary of state, county recorders, and their employees and agents shall not be liable for any loss or damages arising from errors in or omissions from information entered into the computerized filing system as a result of the electronic transmission of tax lien notices under sections 268.058, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); 272.483; and 272.488, subdivisions 1 and 3.

Sec. 23. **REPEALER.**

Minnesota Statutes 1998, sections 303.07, subdivision 2; 303.14, subdivisions 3, 4, and 5; and 322B.960, subdivision 3, are repealed.

Sec. 24. **EFFECTIVE DATE.**

Sections 5, 6, 7, 10, 11, 13, and 14 are effective January 1, 2001.

Presented to the governor April 11, 2000

Signed by the governor April 14, 2000, 2:54 p.m.

CHAPTER 396—S.F.No. 2968

An act relating to lake improvement districts; modifying provisions relating to lake improvement districts; amending Minnesota Statutes 1998, sections 103B.535; 103B.545,

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

subdivision 1; 103B.551, subdivision 1; 103B.555, subdivision 1; and 103B.571, subdivision 3; Minnesota Statutes 1999 Supplement, section 275.70, subdivision 5.

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

Section 1. Minnesota Statutes 1998, section 103B.535, is amended to read:

103B.535 **ORDER ESTABLISHING DISTRICT.**

An order ~~by the county board or joint county authority~~ establishing a district must state the:

(1) name of the district;

(2) boundaries of the district, which are encouraged to be as consistent as practical with natural hydrologic boundaries;

(3) water and related land resources management programs and services to be undertaken;

(4) manner of financing programs and services; and

(5) number, qualifications, terms of office, and method of election, removal, and filling of vacancies of the board of directors, including a method for property owners not present at the annual meeting to participate in the election of the district board.

Sec. 2. Minnesota Statutes 1998, section 103B.545, subdivision 1, is amended to read:

Subdivision 1. **PETITION.** Twenty-six percent of the property owners within the lake improvement district ~~established~~ proposed by the board or a joint county authority on its own initiative under section 103B.515, by petition under section 103B.521, or by the commissioner under section 103B.531, may petition for a referendum on establishing the district before the effective date of its establishment. After receiving the petition, the county board ~~or~~, joint county authority, or commissioner that proposed establishing the district must issue an order staying the establishment until a referendum vote is taken of all qualified voters and property owners within the proposed lake improvement district.

Sec. 3. Minnesota Statutes 1998, section 103B.551, subdivision 1, is amended to read:

Subdivision 1. **MEMBERSHIP.** After a lake improvement district is established, the county board ~~or~~, joint county authority, or commissioner that established the district shall appoint persons to serve as an initial board of directors for the district. Subsequent board members must be elected by persons owning property in the district at the annual meeting of the district. The number, qualifications, terms of office, and method of election, removal, and filling of vacancies of directors shall be as provided in the order creating the board of directors. The initial and all subsequent boards of directors must include persons owning property within the district, and a majority of the directors must be residents of the district.

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

Sec. 4. Minnesota Statutes 1998, section 103B.555, subdivision 1, is amended to read:

Subdivision 1. **REVENUE.** The county board or joint county authority may undertake projects of improvement consistent with purposes of the district. To finance projects and services of the district, the county board or joint county authority may, only after seeking other sources of funding:

(1) assess the costs of the projects upon benefited property within the district in the manner provided under chapter 429;

(2) impose service charges on the users of lake improvement district services within the district;

(3) issue obligations as provided in section 429.091;

(4) levy an ad valorem tax solely on property within the lake improvement district, to be appropriated and expended solely on projects of special benefit to the district; or

(5) impose or issue any combination of service charges, special assessments, obligations, and taxes.

Sec. 5. Minnesota Statutes 1998, section 103B.571, subdivision 3, is amended to read:

Subd. 3. **AGENDA.** (a) At the annual meeting the district property owners present shall:

(1) elect one or more directors to fill any midterm vacancies in the board of directors;

(2) approve a budget for the fiscal year;

(3) approve or disapprove proposed projects by the district having a cost to the district in excess of $5,000; and

(4) take up and consider other business that comes before them.

(b) At the annual meeting all district property owners, including absent members as provided in the order establishing the district, shall elect one or more directors for board positions with expiring terms.

Sec. 6. Minnesota Statutes 1999 Supplement, section 275.70, subdivision 5, is amended to read:

Subd. 5. **SPECIAL LEVIES.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

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

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota state armory building commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) for unreimbursed expenses related to flooding that occurred during the first half of calendar year 1997, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(6) for local units of government located in an area designated by the Federal Emergency Management Agency pursuant to a major disaster declaration issued for Minnesota by President Clinton after April 1, 1997, and before June 11, 1997, for the amount of tax dollars lost due to abatements authorized under section 273.123, subdivision 7, and Laws 1997, chapter 231, article 2, section 64, to the extent that they are related to the major disaster and to the extent that neither the state or federal government reimburses the local government for the amount lost;

(7) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(8) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 1997, or (ii) it is a new matching requirement that didn't exist prior to 1998;

(9) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the emergency services division of the state department of public safety, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(10) for the amount of tax revenue lost due to abatements authorized under section 273.123, subdivision 7, for damage related to the tornadoes of March 29, 1998, to the extent that neither the state or federal government provides reimbursement for the amount lost;

(11) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(12) to pay an abatement under section 469.1815;

(13) to pay the employer contribution to the local government correctional service retirement plan under section 353E.03, subdivision 2, to the extent that the employer contribution exceeds 5.49 percent of total salary; ~~and~~

(14) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination; and

(15) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.

Sec. 7. **EFFECTIVE DATE.**

Section 6 is effective beginning with taxes levied in 2000, payable in 2001 and thereafter, providing that the levy limits provisions in Minnesota Statutes, sections 275.70 to 275.74 are extended to taxes levied in 2000.

Presented to the governor April 11, 2000

Signed by the governor April 14, 2000, 2:20 p.m.