

1555.3170, 1555.3180, 1555.3190, 1555.3200, 1555.3210, 1555.3220, 1555.3230,
1555.3240, 1555.3250, 1555.3260, 1555.3270, 1555.3280, 1555.3290, 1555.3300,
1555.3310, 1555.3320, 1555.3330, 1555.3340, 1555.3350, 1555.3360, 1555.3370,
1555.3380, 1555.3390, 1555.3400, 1555.3410, 1555.3420, 1555.3430, 1555.3440,
1555.3450, 1555.3460, 1555.3470, 1555.3480, 1555.3490, 1555.3500, 1555.3510,
1555.3520, 1555.3530, 1555.3540, 1555.3550, 1555.3560, 1555.3570, 1555.3580,
1555.3590, 1555.3600, 1555.3610, 1555.3620, 1555.3630, 1555.3640, 1555.3650,
1555.3660, 1555.3680, 1555.3700, 1555.3720, 1555.3730, 1555.3750, 1555.3770,
1555.3780, 1555.3790, 1555.3800, 1555.3830, 1555.3850, 1555.3860, 1555.3870,
1555.3880, 1555.3890, 1555.3900, 1555.3910, 1555.3920, 1555.3990, 1555.4000,
1555.4100, and 1555.4110, are repealed.

(c) Minnesota Rules parts 7402.0100, 7402.0200, 7402.0300, 7402.0400, and 7402.0500, are repealed.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 3, 5, and 6 are effective the day following final enactment. Section 7, paragraphs (a) and (b) are effective July 1, 2000.

Presented to the governor May 11, 2000

Signed by the governor May 15, 2000, 10:42 a.m.

CHAPTER 470—H.F.No. 3534

An act relating to agriculture; changing certain requirements and enforcement procedures for agricultural contracts; amending Minnesota Statutes 1998, sections 17.90, subdivision 4, and by adding subdivisions; and 17.91; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Section 1. Minnesota Statutes 1998, section 17.90, is amended by adding a subdivision to read:

Subd. 1a. **AGRICULTURAL CONTRACT.** "Agricultural contract" means any written contract between a contractor and a producer.

Sec. 2. Minnesota Statutes 1998, section 17.90, is amended by adding a subdivision to read:

Subd. 3a. **LEGIBLE TYPE.** "Legible type" means a typeface at least as large as ten-point modern type, one-point leaded.

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

Sec. 3. Minnesota Statutes 1998, section 17.90, subdivision 4, is amended to read:

Subd. 4. **PRODUCER.** "Producer" means a person who produces or causes to be produced an agricultural commodity in a quantity beyond the person's own family use and:

(1) is able to transfer title to another; or

(2) provides management, labor, machinery, facilities, or any other production input for the production of an agricultural commodity.

Sec. 4. Minnesota Statutes 1998, section 17.91, is amended to read:

17.91 ~~MEDIATION; ARBITRATION REQUIRED LANGUAGE.~~

Subdivision 1. **MEDIATION; ARBITRATION.** A contract for an agricultural commodity between a contractor and a producer must contain language providing for resolution of contract disputes by either mediation or arbitration. If there is a contract dispute, either party may make a written request to the commissioner for mediation or arbitration services as specified in the contract, to facilitate resolution of the dispute.

Subd. 2. **WRITTEN DISCLOSURE OF RISKS.** An agricultural contract must be accompanied by a clear written disclosure setting forth the nature of the material risks faced by the producer if the producer enters into the contract. The statement must meet the plain language requirements of section 17.943. The statement may be in the form of a written statement or checklist and may be developed in cooperation with producers or producer organizations. A contractor may submit a sample material risk disclosure statement to the commissioner for examination. If the commissioner approves of the statement or fails to respond within 30 days of receipt of the statement, the statement will be deemed to comply with this subdivision and with the plain language requirements of section 17.943.

Sec. 5. [17.941] PRODUCER'S RIGHT TO REVIEW.

A producer may cancel an agricultural contract by mailing a written cancellation notice to the contractor within three business days after the producer receives a copy of the signed contract, or before a later cancellation deadline if a later deadline is specified in the contract. The producer's right to cancel, the method by which the producer may cancel, and the deadline for canceling the contract shall be clearly disclosed in every agricultural contract.

Sec. 6. [17.942] COVER SHEET REQUIREMENTS.

Subdivision 1. **MANDATORY COVER PAGE.** An agricultural contract entered into or substantively amended after January 1, 2001, must contain as the first page, or first page of text if it is preceded by a title page or pages, a cover sheet as provided in this section.

Subd. 2. **REQUIREMENTS.** The cover sheet or sheets must comply with section 17.943, and must contain the following:

(1) a brief statement that the document is a legal contract between the contractor and the producer;

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(2) the statement "READ YOUR CONTRACT CAREFULLY. This cover sheet provides only a brief summary of your contract. This is not the contract and only the terms of the actual contract are legally binding. The contract itself sets forth, in detail, the rights and obligations of both you and the contractor. IT IS THEREFORE IMPORTANT THAT YOU READ YOUR CONTRACT CAREFULLY.";

(3) the written disclosure of material risks required by section 17.91, subdivision 2;

(4) a statement detailing, in plain language, the producer's right to review the contract as described in section 17.941; and

(5) an index of the major provisions of the contract and the pages on which they are found, including:

(i) the names of all parties to the contract;

(ii) the definition sections of the contract;

(iii) the provisions governing cancellation, renewal, or amendment of the contract by either party;

(iv) the duties or obligations of each party; and

(v) any provisions subject to change in the contract.

Sec. 7. [17.943] CONTRACT FORMAT.

Subdivision 1. READABILITY. An agricultural contract must be in legible type, appropriately divided and captioned by its various sections, and written in clear and coherent language using words and grammar that are understandable by a person of average intelligence, education, and experience within the industry.

Subd. 2. EXCEPTIONS. Subdivision 1 does not apply to particular words, phrases, provisions, or forms of agreement specifically required, recommended, or endorsed by a state or federal statute, rule, or regulation.

Subd. 3. CUSTOMARILY USED TERMS. An agricultural contract may include technical terms to describe the services or property which are the subject of the contract, if the terms are customarily used by producers in the ordinary course of business in connection with the services or property being described.

Sec. 8. [17.944] REVIEW BY COMMISSIONER.

Subdivision 1. AGRICULTURAL CONTRACTS. For purposes of this section and section 17.943, "agricultural contract" includes, where applicable, the cover sheet as defined in section 17.942, and material risk disclosure statement required by section 17.91, subdivision 2.

Subd. 2. PROCESS OF REVIEW. A contractor may submit an agricultural contract to the commissioner for review as to whether it complies with section 17.943. After reviewing the contract, the commissioner shall:

(1) certify that the contract complies with section 17.943;

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(2) decline to certify that the contract complies with section 17.943 and note objections;

(3) decline to review the contract because the contract's compliance with section 17.943 is subject to pending litigation; or

(4) decline to review the contract because the contract is not subject to section 17.943.

Subd. 3. FACTORS IN DETERMINING READABILITY. In determining whether a contract or cover sheet is readable within the meaning of section 17.943, the commissioner shall consider at least the following factors:

(1) the simplicity of the sentence structure;

(2) the extent to which commonly used and understood words are employed;

(3) the extent to which esoteric legal terms are avoided;

(4) the extent to which references to other sections or provisions of the contract are minimized;

(5) the Flesch scale analysis readability score as outlined in section 72C.09;

(6) the extent to which clear definitions are used in the text of the contract; and

(7) additional factors relevant to the contract being easy to read and understand.

Subd. 4. PROCESS NOT REVIEWABLE. Actions of the commissioner under subdivision 1 are not subject to chapter 14 and are not appealable.

Subd. 5. LIMITED EFFECT OF CERTIFICATION. A contract certified under subdivision 1 is deemed to comply with section 17.943. Certification of a contract under subdivision 1 does not constitute an approval of the contract's legality or legal effect.

If the commissioner certifies a contract or fails to respond within 30 days of receipt of the contract, the contractor will have complied with sections 17.91 and 17.943, and the remedies stated in subdivisions 7 and 8 are not available.

Subd. 6. REVIEW NOT REQUIRED. Failure to submit a contract to the commissioner for review under subdivision 1 does not show a lack of good faith or raise a presumption that the contract violates section 17.943.

Subd. 7. ENFORCEMENT REMEDIES. A violation of section 17.943 is a violation subject to section 8.31, subdivision 1. The remedies in section 8.31, subdivisions 3 and 3a, are limited by section 17.9441.

Subd. 8. REFORMATION. (a) In addition to the remedies provided in section 8.31, a court reviewing an agricultural contract may change the terms of the contract or limit a provision to avoid an unfair result if it finds that:

(1) a material provision of the contract violates section 17.943;

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(2) the violation caused the producer to be substantially confused about any of the rights, obligations, or remedies of the contract; and

(3) the violation has caused or is likely to cause financial detriment to the producer.

(b) If the court reforms or limits a provision of a contract, the court shall also make orders necessary to avoid unjust enrichment. Bringing a claim for relief under this subdivision does not entitle a producer to withhold performance of an otherwise valid contractual obligation. No relief may be granted under this subdivision unless the claim is brought before the obligations of the contract have been fully performed.

Sec. 9. [17.941] LIMITS ON REMEDIES.

Subdivision 1. PENALTIES. In a proceeding in which civil penalties are claimed from a party for a violation of section 17.943, it is a defense to the claim that the party made a good faith and reasonable effort to comply with section 17.943.

Subd. 2. ATTORNEY'S FEES. A party who has made a good faith and reasonable effort to comply with section 17.943 may not be assessed attorney's fees or costs of investigation in an action for violating section 17.943.

Subd. 3. CLASS ACTION ATTORNEY'S FEES. In a class action or series of class actions that arise from the use by a contractor of an agricultural contract found to violate section 17.943, the amount of attorney's fees and costs of investigation assessed against that contractor and in favor of the class or classes may not exceed \$10,000.

Subd. 4. LIMITS ON PRODUCER ACTIONS. Violation of section 17.943 is not a defense to a claim arising from a producer's breach of an agricultural contract. A producer may recover actual damages caused by a violation of section 17.943 only if the violation caused the producer to not understand the rights, obligations, or remedies of the contract.

Subd. 5. STATUTE OF LIMITATIONS. A claim that an agricultural contract violates section 17.943 must be raised within six years of the date the contract is executed by the producer.

Sec. 10. [17.942] APPLICABILITY OF CONTRACT REQUIREMENTS.

The requirements for the written disclosure of material risks under section 17.91, subdivision 2; the three-day review period under section 17.941; the cover sheet requirement under section 17.942; and the contract readability requirements under section 17.943, subdivision 1, do not apply to contracts which provide for:

(1) the sale and purchase of a fixed amount of a commodity for delivery at a set price;

(2) price-later grain contracts;

(3) contracts agreed to between a processor and an accredited bargaining organization under sections 17.691 to 17.703;

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(4) future contracts which involve the sale or purchase of a standardized quantity of a commodity for future delivery on a regulated commodity exchange;

(5) agricultural marketing contracts between a capital stock cooperative and its members under section 308A.205; or

(6) occasional sales between persons who produce or cause to be produced food, feed, or fiber in a quantity beyond their own family use.

Sec. 11. [17.9443] WAIVER OF CONTRACT PROVISIONS IS VOID.

Any provision of an agricultural contract which waives or attempts to waive any provision of sections 17.90 to 17.97 is void.

Sec. 12. EFFECTIVE DATE.

Sections 1 to 11 are effective on January 1, 2001, and apply to agricultural contracts entered into or substantively amended after that date.

Presented to the governor May 11, 2000

Signed by the governor May 15, 2000, 10:52 a.m.

CHAPTER 471—S.F.No. 11

An act relating to domestic abuse; providing for a six-year statute of limitations for causes of action based on domestic abuse; authorizing a joint domestic abuse prosecution unit pilot project in Ramsey county; amending Minnesota Statutes 1998, section 541.05, subdivision 1; Minnesota Statutes 1999 Supplement, section 541.07.

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

Section 1. Minnesota Statutes 1998, section 541.05, subdivision 1, is amended to read:

Subdivision 1. Except where the Uniform Commercial Code otherwise prescribes, the following actions shall be commenced within six years:

(1) Upon a contract or other obligation, express or implied, as to which no other limitation is expressly prescribed;

(2) Upon a liability created by statute, other than those arising upon a penalty or forfeiture or where a shorter period is provided by section 541.07;

(3) For a trespass upon real estate;

(4) For taking, detaining, or injuring personal property, including actions for the specific recovery thereof;

(5) For criminal conversation, or for any other injury to the person or rights of another, not arising on contract, and not hereinafter enumerated;

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