

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

**Section 1. [1.51] FLAGS FLOWN AT HALF-STAFF FOLLOWING PUBLIC SAFETY OFFICER DEATH.**

Each American flag and Minnesota flag flown on the grounds of the Capitol area, as described in section 15B.02, must be flown at half-staff following the death of a public safety officer, as defined in section 299A.41, subdivision 4, killed in the line of duty in Minnesota, or the death of Minnesota military personnel killed in the line of duty. The flags must be flown at half-staff for a period of time determined by the governor.

Presented to the governor May 6, 2004

Signed by the governor May 10, 2004, 12:05 p.m.

**CHAPTER 174—H.F.No. 2551**

*An act relating to commerce; regulating safe deposit companies; modifying collateral requirements applicable to depositories of local public funds; regulating dishonored checks; amending Minnesota Statutes 2002, sections 55.15; 604.113, subdivision 2; Minnesota Statutes 2003 Supplement, section 118A.03, subdivision 2.*

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

Section 1. Minnesota Statutes 2002, section 55.15, is amended to read:

**55.15 APPLICATION.**

This chapter shall not be held or construed as limiting, restricting, or in any way affecting the operation or management of safe deposit boxes or vaults, or a safe deposit business, by any savings bank, bank, credit union, or trust company. If any bank, savings bank, credit union, or trust company elects to transact the business of a safe deposit company under the provisions of this chapter, it shall so notify the commissioner of commerce and thereafter the provisions of sections 55.02 and 55.10 to 55.12 shall apply to such safe deposit business and said bank, savings bank, credit union, or trust company shall have the benefit thereof. The provisions of sections 55.03 to 55.08 and the provisions of section 55.095 shall not apply to a bank, savings bank, credit union, or trust company carrying on the business of a safe deposit company.

Sec. 2. Minnesota Statutes 2003 Supplement, section 118A.03, subdivision 2, is amended to read:

Subd. 2. **IN LIEU OF SURETY BOND.** The following are the allowable forms of collateral in lieu of a corporate surety bond:

- (1) United States government treasury bills, treasury notes, treasury bonds;

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(2) issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

(3) general obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;

(4) unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;

(5) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and

(6) time deposits that are fully insured by the ~~Federal Deposit Insurance Corporation~~ any federal agency.

Sec. 3. Minnesota Statutes 2002, section 604.113, subdivision 2, is amended to read:

Subd. 2. **ACTS CONSTITUTING.** Whoever issues any check that is dishonored is liable for the following penalties:

(a) A service charge, not to exceed \$30, may be imposed immediately on any dishonored check by the payee or holder of the check, regardless of mailing a notice of dishonor, if notice of the service charge was conspicuously displayed on the premises when the check was issued. If a law enforcement agency obtains payment of a dishonored check on behalf of the payee or holder, up to the entire amount of the service charge may be retained by the law enforcement agency for its expenses. Only one service charge may be imposed under this paragraph for each dishonored check. The displayed notice must also include a provision notifying the issuer of the check that civil penalties may be imposed for nonpayment.

(b) If the amount of the dishonored check is not paid within 30 days after the payee or holder has mailed notice of dishonor pursuant to section 609.535 and a description of the penalties contained in this subdivision, whoever issued the dishonored check is liable to the payee or holder of the check for:

(1) the amount of the check, the service charge as provided in paragraph (a), plus a civil penalty of up to \$100 or the value of the check, whichever is greater. In determining the amount of the penalty, the court shall consider the amount of the check and the reason for nonpayment. The civil penalty may not be imposed until 30 days following the mailing of the notice of dishonor. A payee or holder of the check may make a written demand for payment of the civil liability by sending a copy of this section and a description of the liability contained in this section to the issuer's last known address. Notice as provided in paragraph (a) must also include notification that

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additional civil penalties will be imposed for dishonored checks for nonpayment after 30 days;

(2) interest at the rate payable on judgments pursuant to section 549.09 on the face amount of the check from the date of dishonor; and

(3) reasonable attorney fees if the aggregate amount of dishonored checks issued by the issuer to all payees within a six-month period is over \$1,250.

(c) This subdivision prevails over any provision of law limiting, prohibiting, or otherwise regulating service charges authorized by this subdivision, but does not nullify charges for dishonored checks, which do not exceed the charges in paragraph (a) or terms or conditions for imposing the charges which have been agreed to by the parties in an express contract.

(d) A sight draft may not be used as a means of collecting the civil penalties provided in this section without prior consent of the issuer.

(e) The issuer of a dishonored check is not liable for the penalties described in paragraph (b) if a pretrial diversion program under section 628.69 has been established in the jurisdiction where the dishonored check was issued, the issuer was accepted into the program, and the issuer successfully completes the program.

Presented to the governor May 6, 2004

Signed by the governor May 10, 2004, 12:10 p.m.

#### CHAPTER 175—S.F.No. 1815

*An act relating to metropolitan government; authorizing the State Board of Investment to invest certain funds or assets of the Metropolitan Council upon request; amending Minnesota Statutes 2002, section 473.13, by adding a subdivision.*

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

Section 1. Minnesota Statutes 2002, section 473.13, is amended by adding a subdivision to read:

**Subd. 5. INVESTING POSTRETIREMENT RESERVES.** The State Board of Investment, when requested by the council, notwithstanding chapter 118A, may invest any funds or assets that the council may hold as a reserve for the payment of potential and estimated postretirement benefits to employees of the council. The reserve of funds or assets by the council for potential and estimated postretirement benefits, and their investment by the State Board of Investment under this subdivision, does not constitute an irrevocable dedication of the funds or assets for such use.

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