

persons attending or participating in any amateur hockey game, or elementary or secondary school or college athletic event being held on the arena premises.

Sec. 2. This act is effective upon approval by the governing body of the city of South St. Paul, and compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved March 28, 1978.

CHAPTER 667-H.F.No.2192

[Coded in Part]

An act relating to transportation; establishing a rail user loan guarantee program; creating a rail user loan guarantee account; prescribing powers and duties of the commissioner of transportation; appropriating money; amending Minnesota Statutes 1976, Sections 222.50, by adding a subdivision; 362A.01, Subdivision 2; and 474.02, Subdivision 2.

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

Section 1. **[222.55] RAIL USER LOAN GUARANTEE PROGRAM; PURPOSE.** In order to aid rail users in obtaining credit for participation in contracts for rail line rehabilitation, there is established a rail user loan guarantee program to provide state money in guarantee of loans made according to the provisions of sections 1 to 8.

Sec. 2. **[222.56] DEFINITIONS. Subdivision 1.** For purposes of sections 1 to 8 the terms defined in this section have the meanings given.

Subd. 2. "Commissioner" means the commissioner of transportation.

Subd. 3. "Account" means the rail user loan guarantee account created by section 3.

Subd. 4. "Lender" means any state or federally chartered bank, or in the case of revenue bonds issued under chapter 362A or 474, the municipality, county or rural development financing authority.

Subd. 5. "Loan" means a loan or advance of credit to a rail user for participation in contracts for rail line rehabilitation.

Subd. 6. "Personal guarantee" means a personal or corporate obligation to pay the loan.

Subd. 7. "Rail user" has the meaning given that term in section 222.48, subdivision 6.

Sec. 3. **[222.57] RAIL USER LOAN GUARANTEE ACCOUNT.** There is created a
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rail user loan guarantee account in the special revenue fund in the state treasury, which shall be used by the commissioner for carrying out the provisions of sections 1 to 8 with respect to loans insured under section 4.

Sec. 4. [222.58] INSURANCE OF LOANS. Subdivision 1. AUTHORIZATION. The commissioner is authorized, upon application by the lender, to insure any eligible loan as provided in this section and, under such terms as the commissioner may prescribe by rule, to make commitments for insuring such loans prior to the date of their execution or disbursement.

Subd. 2. ELIGIBILITY REQUIREMENTS. A loan is eligible for insurance under this section under the following conditions:

(a) The loan shall be in an original principal amount, bear an interest rate, contain complete amortization provisions, and have a maturity satisfactory under such terms as the commissioner may prescribe by rule.

(b) The proceeds of the loan shall be used solely for participation in contracts for capital investment loans for rail line rehabilitation.

(c) The loan agreement shall contain such terms and provisions with respect to any other matters as the commissioner may, in his discretion, prescribe.

(d) The borrower provides a personal guarantee and collateral for the loan which is acceptable to the commissioner as sufficient security to protect the interests of the state.

Subd. 3. PRESUMPTIVE VALIDITY. Any contract of insurance executed by the commissioner under this section shall be conclusive evidence of the eligibility of the loan for insurance, and the validity of any such contract of insurance properly executed and in the hands of any approved lender shall not be contestable, except for fraud or misrepresentation on the part of the lender.

Subd. 4. PROCEDURES UPON DEFAULT. Except as provided in subdivision 5, the provisions of this subdivision shall apply upon default. Within 90 days of a default on a loan, the lender shall send notice to the borrower stating that the commissioner must be notified if the default continues for another 90 days, and the consequences of that default. The lender shall send a copy of the notice to the commissioner. The lender and the borrower may agree to take any steps reasonable to assure the fulfillment of the loan obligation.

After 180 days from the initial default, if the borrower has not made arrangements to meet his obligation, the lender shall file a claim with the commissioner, identifying the loan and the nature of the default. Upon the lender's assignment, transfer, and delivery to the commissioner, within 210 days of the initial default, all rights and interests arising under the loan and any other security interests securing the loan, the commissioner shall pay to the lender from the account an amount equal to the outstanding unpaid principal indebtedness at the time of default less ten percent, plus interest at six percent per annum from the date of default. The failure of the borrower to make any payment under or as

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provided by any loan insured under this section shall be considered a default under the loan.

Subd. 5. PROCEDURES UPON DEFAULT; REVENUE BOND PROJECTS. If the loan money is obtained by the lender through the issuance of revenue bonds under chapter 362A or 474 the provisions of this subdivision shall apply upon default. If the borrower fails to make any payment under or as provided by the loan agreement and remains in default for a period of 15 days, the trustee designated by the lender shall send a notice of the default to the commissioner and to the borrower. After 90 days from the initial default if the borrower remains in default under the loan agreement, the trustee shall file a claim with the commissioner, identifying the loan and the nature of the default. Within ten days of the assignment, transfer, and delivery to the commissioner of all the lender's rights and interests arising under the loan and any other security interests securing the loan, the commissioner shall pay to the trustee from the account an amount equal to the outstanding unpaid principal indebtedness at the time of the default less ten percent, plus interest at six percent per annum from the date of default.

Subd. 6. REPORT TO LEGISLATURE. On or before January 1 of each year the commissioner shall submit a report to the legislature, as provided in section 3.195, concerning the actions of the commissioner under this section.

Sec. 5. [222.59] INVESTMENT OF FUNDS. Money in the account not needed for the current operations of the commissioner related to insurance under section 4 may be deposited with the state board of investment. The board of investment may invest this money as provided for investment of moneys in the state treasury by section 11.10. All interest and profits accruing from investment of the account's money shall be credited to and be a part of the account, and any loss incurred in the principal of the investments of the account shall be borne by the account.

Sec. 6. [222.60] MAXIMUM AMOUNT OF INSURANCE WHICH MAY BE ISSUED. Subdivision 1. The commissioner shall not at any time issue insurance under section 4 aggregating in excess of an amount equal to the current balance contained in the account multiplied by ten.

Subd. 2. Any insurance properly issued under the provisions of subdivision 1 and otherwise in compliance with the requirements of sections 1 to 8 shall be valid if the current balance contained in the account subsequently falls below the amount specified in subdivision 1.

Sec. 7. [222.61] TEMPORARY RULEMAKING AUTHORITY. The commissioner may exercise temporary rulemaking authority as provided in section 15.0412, subdivision 5, to implement the provisions of sections 1 to 8. The commissioner shall solicit information and opinions from outside his department as provided in section 15.0412, subdivision 6, before adopting these rules. Notwithstanding the provisions of section 15.0412, subdivision 5, rules adopted pursuant to this section shall be effective until permanent rules are adopted pursuant to chapter 15 or until October 1, 1979, whichever occurs first.

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Sec. 8. [222.62] COOPERATION OF OTHER STATE AGENCIES. Upon the request of the commissioner, the commissioner of economic development, the commissioner of banks, and the commissioner of securities shall provide technical assistance and shall otherwise cooperate in carrying out the provisions of sections 1 to 8.

Sec. 9. Minnesota Statutes 1976, Section 222.50, is amended by adding a subdivision to read:

Subd. 6. The commissioner may approve grants from the rail service improvement account for payment of the local share of the cost of any rail line project under the rail service continuation program established by the Railroad Revitalization and Regulatory Reform Act of 1976, Public Law 94-210, Section 803, provided that the amount of any grant shall not exceed the amount of state tax revenue attributable to the project rail line during the last year of operation of the line preceding the year in which the grant is approved.

Sec. 10. Minnesota Statutes 1976, Section 362A.01, Subdivision 2, is amended to read:

Subd. 2. The purposes of a rural development financing authority shall be:

(a) to acquire, construct, improve and equip projects comprising real and personal property within or outside the state, used or useful for processing products of agriculture, including but not limited to assembling, fabricating, manufacturing, mixing, storing, warehousing, distributing, selling or any one or more or all of these processes. For the purpose of sections 362A.01 to 362A.08 the term agriculture shall include forestry and timber production;

(b) to investigate, improve and develop methods of constructing, operating and financing such projects;

(c) to provide for the operation and maintenance of each project under an operating or lease agreement with a person, firm, or corporation considered qualified by experience and financial resources to assure that to the limit of its design and capacity it will make facilities for efficient and economical processing of agricultural products available throughout the term of the agreement to all producers contracting therefor;

(d) to promote agricultural, industrial and scientific research in cooperation with state institutions of higher learning and profit or nonprofit private corporations, associations or foundations;

(e) to assist in promoting new job opportunities through the development of natural resources and the agricultural industry by cooperating with private companies and with agencies of the federal and state governments and with agencies and political subdivisions of other states and of foreign nations to engage in the processing of agricultural products;

(f) to enter into contracts with or to employ financial, management, and production consultants, and scientific and economic specialists to develop and assist in promoting the

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purposes of the authority and to assist in operating, maintaining, constructing and financing authority projects; ~~and~~

(g) to employ a financial management company to assist in organizing, initiating, developing and operating projects for the authority under such terms and conditions as may be agreed upon between the authority and the company and to include any fee charged or to be charged by the company in the total capital costs of each project to be financed; and

(h) to provide financial or other assistance to rail users as defined in section 222.48, subdivision 6, for the purpose of making capital investment loans for rail line rehabilitation.

Sec. 11. Minnesota Statutes 1976, Section 474.02, Subdivision 2, is amended to read:

Subd. 2. "Municipality" means any city and any town described in section 368.01 and any county where the project is located outside the boundaries of a city or a town described in section 368.01. In all cases in which a project involves telephonic communications conducted by or to be conducted by a telephone company, or financial or other assistance to rail users as defined in section 222.48, subdivision 6, for the purpose of making capital investment loans for rail line rehabilitation, "municipality" also means any county.

Sec. 12. **APPROPRIATIONS.** Subdivision 1. The commissioner of transportation may transfer an amount not to exceed \$500,000 from the unencumbered balance in the rail service improvement account to the rail user loan guarantee account to be used solely for insurance of loans as provided in sections 1 to 8. Any amount so transferred is appropriated for the purposes of sections 1 to 8. None of the funds so appropriated shall cancel but shall be available until expended.

Subd. 2. The commissioner of transportation may establish one additional unclassified position for administration of the rail user loan guarantee program. An amount not to exceed \$25,000 is appropriated from the trunk highway fund to establish the position provided by this subdivision and an identical amount is appropriated from the rail service improvement account for transfer by the commissioner of finance to the trunk highway fund to reimburse the trunk highway fund for the amount appropriated for that position. The appropriations and the position provided by this subdivision are contingent upon approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30, and if approved, are available until June 30, 1979.

Sec. 13. **EFFECTIVE DATE.** This act is effective the day following final enactment.

Approved March 28, 1978.

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