### SIXTH DAY

St. Paul, Minnesota, Tuesday, January 22, 1985

The Senate met at 3:45 p.m. and was called to order by the President.

Prayer was offered by the Chaplain, Rev. Ken Copley.

The roll was called, and the following Senators answered to their names:

Adkins	Dicklich	Knaak	Nelson	Samuelson
Anderson	Diessner	Knutson	Novak	Schmitz
Belanger	Dieterich	Kroening	Olson	Sieloff
Benson	Frank	Kronebusch	Pehler	Solon
Berg.	Frederick	Laidig	Peterson, C.C.	Storm
Berglin	Frederickson	Langseth	Peterson, D.C.	Stumpf
Bernhagen	Freeman	Lantry	Peterson, D.L.	Taylor.
Bertram	Hughes	Lessard	Peterson, R.W.	Vega
Brataas	Isackson	Luther	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

### MEMBERS EXCUSED

Mrs. McQuaid, Messrs. Petty and Spear were excused from the Session of today. Mr. Novak was excused from the Session of today at 4:20 p.m. Mr. Waldorf was excused from the Session of today at 5:15 p.m.

#### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

Senate Resolution No. 18: A Senate resolution requesting the Farmers Home Administration to amend proposed rules.

Reports the same back with the recommendation that the resolution be amended as follows:

Delete the language of the resolution and insert:

"WHEREAS, the farm economy is under extreme financial stress; and

WHEREAS, the Farmers Home Administration has made loans to many Minnesota farmers; and

WHEREAS, administration of farm loans affects the life and welfare of Minnesota farmers and the farm economy; and

WHEREAS, the Minnesota Senate is concerned about the welfare of Minnesota farmers and the crisis in the farm economy; NOW, THEREFORE.

BE IT RESOLVED that it is the sense of the Senate of the State of Minnesota that the Farmers Home Administration should reexamine its proposed rules for all loan programs to provide that fairness, justice, and equity are given to each farm borrower.

BE IT FURTHER RESOLVED that borrowers should have a right to family living and farm operating expenses until they get a due process notice, hearing, and appeal as provided in existing regulations. It is the sense of the Senate that the proposed regulations 7 C.F.R. Sections 1924.57 and 1962.17 threaten to eliminate these provisions and must be changed.

BE IT FURTHER RESOLVED that the deferral eligibility standards should include a crisis in the farm economy in the proposed regulations 7 C.F.R. Section 1951.44. It is the sense of the Senate that the deferral eligibility related to consideration of a reduction of income should allow consideration of reduced income for five years, and not two years prior to the application date. Reduction of income in a five-year period reflects a better standard for events that affect the farmer.

BE IT FURTHER RESOLVED that borrowers should not be required to ask local creditors, suppliers, and other lienholders to forgive portions of their debt before consideration for deferral. It is the sense of the Senate that the entire rural economy is under stress and this requirement would only aggravate it.

BE IT FURTHER RESOLVED it is the sense of the Senate that the eligibility requirement to obtain a deferral under proposed regulation 7 C.F.R. Section 1951.44(c) should be changed so that a farmer with reasonable records and documentation, farm management practices, and financial management practices can comply with the regulation and be eligible for deferral.

BE IT FURTHER RESOLVED it is the sense of the Senate that a borrower should be allowed to have either a partial debt set aside or a deferral or both under the proposed regulations."

And when so amended the resolution do pass. Amendments adopted. Report adopted.

#### MOTIONS AND RESOLUTIONS

Mr. Moe, R.D. moved that Senate Resolution No. 18 be laid on the table. The motion prevailed.

### SPECIAL ORDER

Pursuant to Rule 10, Mr. Moe, R.D., Chairman of the Subcommittee on

Bill Scheduling, designated S.F. No. 54 a Special Order to be heard immediately.

S.F. No. 54: A bill for an act relating to agriculture; providing a mechanism to aid restructuring existing farm loans; providing an interest reimbursement program to qualified banks; appropriating money.

Mr. Berg moved to amend S.F. No. 54 as follows:

Page 4, after line 13, insert:

"Sec. 7. [ADEQUATE LEGAL REPRESENTATION.]

Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature finds that the attorney general acts as the attorney for the state and its people and has the duty to investigate unfair and unlawful practices in business, commerce, and trade. Due to the emergency in the agricultural economy and the necessity that persons having agricultural real and personal property have their rights adequately represented, the legislature declares that the resources of the attorney general's office be used to represent persons facing repossession, foreclosure, and foreclosure sale.

- Subd. 2. [ATTORNEY GENERAL TO ALLOCATE PERSONNEL.] Other than the 22 deputy and assistant attorneys general required for the discharge of official duty under section 8.02, that are necessary to discharge the official duties of the attorney general's office, the attorney general shall allocate the remaining staff to adequately represent mortgagors and debtors as provided in subdivision 3. Notwithstanding any other law the attorneys general shall allocate part or all of their time to represent individuals requiring legal representation under subdivision 3.
- Subd. 3. [PERSONS TO BE REPRESENTED BY ATTORNEY GENERAL.] An individual, partnership, or family farm corporation that has a net income of less than \$25,000 per year or that is financially unable to acquire legal representation, and has agricultural real or personal property being repossessed, foreclosed, or sold is entitled to legal representation by the attorney general's office.
- Subd. 4. [LEGAL REPRESENTATION REQUIRED.] Notwithstanding any other law a nonvoluntary sale of real or personal agricultural property may not be made unless the owner of the property is given the opportunity for adequate legal representation. If the owner of the property qualifies for representation by the attorney general's office under subdivision 3, the attorney general must approve the sale and certify that the owner's interests in the property have been adequately represented."

Page 4, after line 21, insert:

"Section 7 is repealed one year after the act becomes effective."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing legal representation by the attorney general's office for certain persons;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 40, as follows:

Those who voted in the affirmative were:

Frederick Knaak Olson Storm Anderson Benson. Frederickson Knutson Peterson, D.L. Taylor Ramstad Isackson Kronebusch Berg Renneke Johnson, D.E. Bernhagen Laidig Kamrath Mehrkens Sieloff Brataas

### Those who voted in the negative were:

Dicklich Kroening Nelson Samuelson Schmitz Diessner Langseth Pehler Belanger Peterson, C.C. Solon Dieterich Lantry Berglin Lessard Peterson, D.C. Stumpf Frank Bertram Peterson, R.W. Chmielewski Luther Vega Freeman Waldorf Dahl Hughes Merriam Pogemiller Moe, D. M. Wegscheid Davis Johnson, D.J. Purfeerst Moe, R. D. Reichgott -Willet DeCramer Jude

The motion did not prevail. So the amendment was not adopted.

Mr. Kamrath moved to amend S.F. No. 54 as follows:

Page 1, line 9, delete "6" and insert "7"

Page 1, line 25, delete "6" and insert "7"

Page 4, after line 13, insert:

## "Sec. 7. [MINNESOTA AGRICULTURAL CRISIS DELEGATION.] :

Subdivision 1. [DUTIES.] To present the seriousness of the agricultural crisis, the objectives of this act, and as a first step to achieve federal action, the state shall immediately send a Minnesota agricultural crisis delegation to Washington, District of Columbia, to meet with congress and the United States department of agriculture to testify to the crisis in rural Minnesota.

- Subd. 2. [MEMBERS.] The Minnesota agricultural crisis delegation shall consist of six citizen farmers and up to four legislators. Of the six citizen farmers, two shall be chosen by each majority caucus and one shall be chosen by each minority caucus of each house of the legislature. The citizen farmers may not be officials, officers, or employees of any farm organization on the statewide level, but may be representatives of county or local subdivisions of a farm organization. The majority and minority caucus may include one legislative member of its caucus in the delegation.
- Subd. 3. [BRIEFING.] The department of agriculture with any help offered by the university of Minnesota extension service shall brief the Minnesota agricultural crisis delegation about the nature and extent of the agricultural crisis before the delegation leaves for Washington, District of Columbia.
- Subd. 4. [REPORT TO LEGISLATIVE COMMITTEES.] After the Minnesota agricultural crisis delegation returns from Washington, District of Columbia, the members shall report to the agriculture and natural resources committee of the senate and the agriculture committee of the house of representatives.
- Subd. 5. [REIMBURSEMENT OF EXPENSES.] The expenses of the citizen farmers of the Minnesota agricultural crisis delegation shall be reimbursed by the legislative coordinating commission in the same amounts as if

the citizen farmers were legislative employees on state business. Each citizen farmer may refuse the reimbursement from the state. For the purposes of this trip, the state may not reimburse expenses of the legislators that are members of the Minnesota agricultural crisis delegation."

Page 4, line 21, after "to" delete "6" and insert "7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for an agricultural crisis delegation; requiring a report to the legislature;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 39, as follows:

Those who voted in the affirmative were:

Storm
Taylor

### Those who voted in the negative were:

Adkins	Diessner	Langseth	Pehler	Schmitz
Berglin	Dieterich	Lantry	Peterson.C.C.	Solon
Bertram	Frank	Lessard	Peterson, D.C.	Stumpf
Chmielewski	Freeman	Luther	Peterson, R.W.	Vega
Dahl	Hughes	Merriam	Pogemiller	Waldorf
Davis	Johnson, D.J.	Moe, D. M.	Purfeerst	Wegscheid
DeCramer.	Jude	Moe, R. D.	Reichgott	∵Willet
Dicklich	Kroening	Nelson	Samuelson	

The motion did not prevail. So the amendment was not adopted.

Mr. Berg moved to amend S.F. No. 54 as follows:

- Page 2, line 24, delete everything before "on" and insert "days after the agreement in section 5, subdivision 1, is signed"
  - Page 3, line 1, delete everything after "commissioner" and insert a period
  - Page 3, delete lines 2 to 4
- Page 3, line 6, delete "of the 120-day period" and insert "after the agreement in subdivision 1 is signed"
  - Page 3, delete lines 15 to 17 and insert:
- "(1) state that the bank has entered an agreement with the commissioner for an interest reimbursement program;"
  - Page 3, line 20, delete "of the"
- Page 3, line 21, delete "120-day foreclosure grace period" and insert "after the agreement under subdivision 1 is signed"
- Page 3, line 33, delete "60 days of the foreclosure grace period" and insert "60-day period after the agreement in subdivision I is signed"

Page 4, after line 13, insert:

## "Sec. 7. [LEGISLATIVE DECLARATION OF EMERGENCY.]

Due to the existing agricultural economic conditions, the legislature declares that a public economic emergency exists and this act is necessary to protect the public welfare and prevent irreparable public harm.

## Sec. 8. [APPLICATION.]

- Subdivision 1. [MORTGAGES HELD BY UNITED STATES.] This act applies to mortgages secured by agricultural production real estate held by the United States or by any agency, department, bureau, or instrumentality of the United States, as security or pledge of the mortgagor, its successors, or assigns.
- Subd. 2. [MORTGAGES HELD AS SECURITY FOR PUBLIC DEBT.] This act applies to mortgages of agricultural production real estate held as security or pledge to secure payment of a public debt or to secure payment of the deposit of public funds.
- Subd. 3. [MORTGAGES HELD BY LENDERS.] This act applies to all other mortgages of agricultural production land that are held by lenders that are in the business of lending money.
- Subd. 4. [SECURITY INTERESTS IN AGRICULTURAL PERSONAL PROPERTY.] This act applies to all security interests in agricultural crops and livestock, and all personal property used for agricultural production.
- Sec. 9. [ONE YEAR REPOSSESSION, FORECLOSURE, AND FORE-CLOSURE SALE MORATORIUM ON AGRICULTURAL REAL ESTATE AND PERSONAL PROPERTY.]
- Subdivision 1. [MORATORIUM.] (a) Agricultural production real estate may not be foreclosed by advertisement, or sold by execution or advertisement under Minnesota Statutes, chapters 580, 581, 582, or 583 for one year after this act becomes effective. Mortgaged real estate may only be sold with the mortgagor's approval or by judicial sale under Minnesota Statutes, chapters 580, 581, 582, and 583.
- (b) Agricultural production crops and livestock, and all personal property used for agricultural production may not be repossessed, foreclosed, or sold at a foreclosure sale for one year after this act becomes effective.
- Subd. 2. [SUPERSEDES CHAPTER 583.] This act supersedes the moratorium provisions of Minnesota Statutes, chapter 583, and other provisions of law that conflict with this act.

# Sec. 10. [APPLICATION TO DISTRICT COURT FOR RELIEF.]

Any mortgagee, mortgagor, or owner in possession of the mortgaged premises, anyone claiming under the mortgage, anyone liable for the mortgage debt, or any party to a security interest in personal property covered under section 9 may at any time after the moratorium under section 9 becomes effective, petition the district court of the county where the foreclosure proceedings are pending, or the district court of the mortgagor's or debtor's residence serving a summons and verified complaint requesting that the repossession foreclosure, or sale become effective. Upon receiving the petition, the court shall order a hearing on the petition. The court may order the repossession, foreclosure, or sale to proceed if the parties to the

mortgage or security interest have had adequate legal representation:

- (1) the parties to the security interest or mortgage agree;
- (2) the mortgaged real estate or secured personal property has no equity; or
- (3) after considering all equitable arguments the court finds that there is no reason for the sale not to be held.

## Sec. 11. [COMPROMISES.]

If the parties to a security interest or mortgage agree in writing to a compromise settlement, or of composition of the indebtedness, or both, the court has jurisdiction and may, by its order, confirm and approve the settlement or composition, or both.

## Sec. 12. [REDUCTION OF REDEMPTION PERIOD.]

The court may order the redemption period under Minnesota Statutes, section 580.23, to be reduced to compensate for the period of time that the sale was delayed, but the redemption period must not be less than 30 days. If the foreclosure sale is not delayed, the redemption period is as provided in Minnesota Statutes, section 580.23.

## Sec. 13. [COURT MAY REVISE AND ALTER TERMS.]

Upon the application of either party before the expiration of the period before the sale and upon the presentation of evidence that the terms fixed by the court are no longer just and reasonable, the court may revise and alter the terms, in the manner the changed circumstances and conditions require.

## Sec. 14. [HEARING.]

The hearing on the petition must be held within 30 days after the filing of the petition. The resulting order must be made and filed within five days after the hearing. Review by the supreme court may be had by certiorari, if application for the writ is made within 15 days after notice of the order. The writ is returnable within 30 days after the filing of the order.

# Page 4, after line 21, insert:

"Sections 7 to 14 are repealed one year after the act becomes effective but any postponement or other relief ordered by a court continues to be valid for the period ordered by the court."

# Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "declaring a public economic emergency to exist; prohibiting mortgage foreclosure sales for one year; prohibiting repossession, foreclosure, and foreclosure sales of agricultural personal property for one year; providing for an application to the court to allow foreclosure sales; providing for the parties to compromise;"

Mr. Johnson, D.J. moved to amend the Berg amendment to S.F. No. 54 as follows:

# Page 2, after line 16, insert:

"Subd. 5. This act applies to all mortgages on homesteads as defined in Minnesota Statutes, section 510.01."

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Berg amendment, as amended.

The roll was called, and there were yeas 28 and nays 32, as follows:

Those who voted in the affirmative were:

DeCramer. Johnson, D.J. Lessard Renneke Anderson Knaak -Mehrkens Sieloff Dicklich Belanger Olson Storm Benson Frank Knutson Peterson, C.C. Taylor Kroening Frederick Berg Isackson Kronebusch Peterson.D.L. Bernhagen Johnson, D.E. Laidig Purfeerst. Brataas

Those who voted in the negative were:

Lantry Peterson, R.W. Sturring Adkins Dieterich Vega Frederickson Luther Pogemiller -Berglin Wegscheid Merriam Ramstad Bertram Freeman Willet Hughes Moe, R. D. Reichgott Chmielewski Samuelson Dahl Jude Nelson Schmitz Pehler Davis Kamrath Peterson.D.C. Solon Diessner Langseth

The motion did not prevail. So the Berg amendment, as amended, was not adopted.

Mr. Benson moved to amend S.F. No. 54 as follows:

Page 4, after line 13, insert:

"Sec. 7. Minnesota Statutes 1984, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" shall include machinery for the preparation, seeding or cultivation of soil for growing agricultural crops, harvesting and threshing of agricultural products, and certain machinery for dairy, livestock and poultry farms, together with barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations. Irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property, shall be included in the definition of farm machinery. Logging equipment, except chain saws, shall be included in the definition of farm machinery. Repair or replacement parts for farm machinery shall not be are included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines."

Page 4, after line 21, insert:

"Sec. 10. [EFFECTIVE DATE ]

Section 7 is effective for sales occurring after July 31, 1985."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "including replacement parts in the definition of farm machinery for sales tax purposes;"

Page 1, line 5, before the period, insert ''; amending Minnesota Statutes 1984, section 297A.01, subdivision 15"

Mr. Moe, R.D. questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Benson appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 37 and nays 22, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Lantry .	Peterson, C.C.	Solon
Berglin	Frank	Lessard	Peterson, D.C.	Stumpf-
Bertram	Freeman	Luther	Peterson, R. W.	Vega
Chmielewski	Hughes	Merriam	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Moe, D. M.	Purfeerst	Willet
Davis	Jude .	Moe, R. D.	Reichgott	1
DeCramer	Kroening	Nelson :	Samuelson	
Dicklich	Langseth	Pehler	Schmitz	

Those who voted in the negative were:

Anderson Belanger	Brataas Frederick	Kamrath Knaak	Olson Peterson, D.L.	Storm Taylor
Benson	Frederickson:	Knutson	Ramstad	٠.
Berg	Isackson	Laidig	Renneke	
Bernhagen	Johnson, D.E.	Mehrkens	Sieloff .	

The decision of the President was sustained.

S.F. No. 54 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Nelson	Samuelson
Anderson	Diessner	Kronebusch	Olson	Schmitz
Berg	Frank	Laidig	Pehler	Sieloff
Berglin	Frederick	Langseth	Peterson, C.C.	Solon .
Bernhagen	Frederickson	Lantry	Peterson, D.C.	Storm
Bertram	Freeman	Lessard	Peterson, D.L.	Stumpf
Brataas	Hughes	Luther .	Pogemiller	Taylor
Chmielewski	Isackson	Mehrkens	Purfeerst	Vega
Dahl	Johnson, D.E.	Merriam	Ramstad	Wegscheid
Davis	Johnson, D.J.	Moe, D. M.	Reichgott	Willet
DeCramer	Jude	Moe, R. D.	Renneke	

Those who voted in the negative were:

Belanger Benson Dieterich Kämrath Knaak, ...

Knutson

Peterson, R.W.

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. DeCramer moved that Senate Resolution No. 18 be taken from the table. The motion prevailed.

Senate Resolution No. 18: A Senate resolution requesting the Farmers Home Administration to amend proposed rules.

Mr. DeCramer moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

## INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Messrs. Dieterich, Belanger, Novak, Freeman and Mrs. McQuaid introduced—

S.F. No. 161: A bill for an act relating to education; removing revenue equity aid subtraction; repealing Minnesota Statutes 1984, section 124A.037.

Referred to the Committee on Education.

Mr. Bertram introduced-

S.F. No. 162: A bill for an act relating to elections; changing the hours for voting in certain elections in towns; amending Minnesota Statutes 1984, section 204C.05, subdivision 1.

Referred to the Committee on Elections and Ethics.

Messrs. Dicklich and Johnson, D.J. introduced—

S.F. No. 163: A bill for an act relating to taxation; exempting residential use of electricity from the sales tax; amending Minnesota Statutes 1984, section 297A.25, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Dahl, Willet, Ramstad and Mrs. Lantry introduced—

S.F. No. 164: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Referred to the Committee on Finance.

Messrs. Dahl, Willet, Ramstad and Mrs. Lantry introduced—

S.F. No. 165: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Referred to the Committee on Finance.

Mr. Chmielewski introduced-

S.F. No. 166: A bill for an act relating to taxation; sales; exempting retail sales of electricity from the sales tax; imposing an excise tax on sales and use of kilowatt hours of electricity; amending Minnesota Statutes 1984, sections 297A.25, subdivision 1; 297A.35, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 297A.

Referred to the Committee on Taxes and Tax Laws.

Mr. Chmielewski introduced---

S.F. No. 167: A resolution memorializing the Congress of the United States relating to amending the United States Constitution to require a balanced federal budget; applying to Congress to call a constitutional convention.

Referred to the Committee on Finance. Mr. Merriam questioned the reference thereon and, under Rule 35, the resolution was referred to the Committee on Rules and Administration.

Messrs. Dicklich and Pehler introduced-

S.F. No. 168: A bill for an act relating to education; establishing criteria for a post-secondary student to be considered independent of parental support; clarifying the intent of scholarships and grants-in-aid; amending Minnesota Statutes 1984, sections 136A.101, by adding a subdivision; 136A.121, subdivisions 4 and 5; and Laws 1983, chapter 258, section 41.

Referred to the Committee on Education.

Mr. Pehler introduced—

S.F. No. 169: A bill for an act relating to taxation; income; exempting the raising of horses from the farm loss modification; amending Minnesota Statutes 1984, section 290.09, subdivision 29.

Referred to the Committee on Agriculture and Natural Resources.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Thursday, January 24, 1985. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate