

Finance, Taxation, and Special Assessments

CHAPTER 426

FINANCE AND TAXATION

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426.01 VILLAGES UNDER SPECIAL LAWS; RIGHT TO TAX. Any village in this state incorporated by any special law shall have the same right and authority to levy and collect taxes for the use of such village in the sums, rates, and under the same limitations as are by law allowed to and governing villages incorporated under the general laws of this state.

[1899 c. 224 s. 1]

426.02 REPEAL. All acts and parts of acts inconsistent with section 426.01, whether the same be a part of any special charter of any village in this state, or of any special law, are hereby repealed.

[1899 c. 224 s. 2]

426.03 RATE OF TAX LEVY FOR CERTAIN CITIES. Any village or city of the fourth class, whether organized under any general or special statutory law, not operating under a home rule charter, which is limited by law to the levy of a tax for municipal purposes to an amount less than 15 mills on the dollar of the assessed valuation of the taxable property therein, may, by resolution of the village or city council, levy a tax for village or city purposes, as the case may be, upon all the taxable real and personal property of the village or city to an amount not exceeding 15 mills on the dollar of the assessed value of the taxable real and personal property therein; provided, however, that the provisions of this section shall not be construed as reducing the amount of taxes which may be levied by any other village or city for all purposes under existing laws.

[1919 c. 360 s. 1] (1727-1)

426.04 TAXES FOR GENERAL PURPOSES. The governing body of any city of the fourth class in this state is hereby authorized to annually levy taxes against the taxable property in any such city for all general city and municipal purposes, not exceeding 25 mills on the dollar of the assessed valuation of the city. In case the city is operating under any special law or under any form of charter which authorizes the city to levy taxes for general city and municipal purposes in excess of 25 mills on the dollar, these provisions shall not limit any such city.

[1911 c. 318 s. 1] (1727)

426.05 WHEELAGE TAX. Any borough, city, or village may impose a wheelage tax upon motor vehicles using the public streets or highways, provided that:

(1) No wheelage tax imposed by any borough, city, or village shall exceed a sum equal to 20 per cent tax imposed by the state in lieu of all other taxes, except such wheelage tax, upon motor vehicles using the public streets or highways;

(2) No borough, city, or village shall impose a wheelage tax upon the vehicle of any person not a resident of such borough, city, or village, unless such vehicle shall be used principally upon the streets or highways of such borough, city, or village;

(3) No such wheelage tax shall be imposed upon any vehicle used upon the public streets or highways solely for the purpose of selling or peddling the products of the farm or garden occupied and cultivated by the owners of such vehicles.

[1921 c. 454] (1391)

426.06 TREASURER; DUTIES, BOND, ACCOUNTS. The treasurer of each village shall give such bond as the council may require. He shall collect, receipt for, and safely keep all money belonging to the village, and promptly enter, in a book to be provided for the purpose, an account of all money received and disbursed by him as treasurer, showing the sources and objects thereof, with the date of each transaction. He shall pay out no money except upon the written order of the president of the council, attested by the clerk, which orders, being paid and canceled, he shall retain as his vouchers. Such accounts and vouchers shall be exhibited to the council upon its request and he shall deliver to his successor all books, papers, and money belonging to the village. The treasurer in office at the close of the calendar year shall immediately thereafter make out and file with the clerk for public inspection a detailed account of his receipts and disbursements, with the sources and objects of each.

[R. L. s. 717; 1911 c. 352 s. 1; 1941 c. 244 s. 1] (1174)

426.07 CLERK TO PREPARE FINANCIAL STATEMENT. When the village treasurer shall file his annual report in the office of the village clerk the clerk in office at the close of the calendar year shall prepare a detailed statement of the financial affairs of the village for the preceding year, showing all money received, with the sources, and respective amounts thereof; all orders drawn upon the treasurer, to whom and for what purpose; the amount of outstanding and unpaid orders; the amount of money remaining in the treasury; also all other items necessary to accurately show the financial condition of such village. Such statement shall be prepared under the style and form prescribed by the public examiner. He shall file such statement in his office for public inspection and present it to the council not later than January 15. The clerk shall publish the same not later than January 31 in a newspaper published in such village to be selected by the village council and, if there be no such newspaper, he may, with the approval of the village council, publish such statement in a newspaper, of known general circulation in said village, published in a neighboring municipality, otherwise he shall post copies of such statement in three of the most public places in the village. If council proceedings are published monthly or quarterly, showing to whom and for what purpose orders are drawn upon the treasurer, the annual financial statement required by this section may be summarized in such form as the public examiner may prescribe. One copy of such statement, together with an affidavit of publication or posting, shall be furnished promptly to the public examiner and shall be in lieu of the report required by Minnesota Statutes 1941, Section 215.08.

[1911 c. 352 s. 2; 1941 c. 244 s. 2; 1945 c. 23 s. 1] (1175)

426.075 CLAIMS, HOW AUDITED AND PAID; INTEREST. No money demand against any village shall be paid until audited and allowed by the council, nor otherwise than by an order drawn upon the treasurer therefor. Such demand shall be made out in items and be verified by an attached affidavit that the claim is just and correct and that no part of it has been paid. The clerk shall endorse thereon the word "Disallowed," if such be the fact, or "Allowed in the sum of \$....." if approved in whole or in part; specifying in the latter case the items rejected. Such accounts and affidavits shall be filed by the clerk, and consecutively numbered throughout the year. Each claim allowed shall also bear the number of the order drawn for its payment, and the clerk shall take and preserve a receipt for each order issued. Orders presented to the treasurer and not paid for want of funds, shall be so marked, and paid in the order of their presentation, and shall bear interest at the rate of not to exceed five per cent from the date of such presentation.

[R. L. s. 738; 1943 c. 512 s. 1] (1222)

426.08 PUBLIC ACCOUNTANTS IN CERTAIN VILLAGES. The council of any village having a population of more than 1,000 and an assessed valuation of taxable property, exclusive of money and credits, of more than \$2,000,000, may employ public accountants on a monthly or yearly basis for the purpose of auditing, examining, and reporting upon the books and records of account of such village. For the purpose of this section public accountants are defined as any individuals who, for a period of five years prior to the date of such employment have been

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actively engaged exclusively in the practice of public accounting. All expenditures for these purposes shall be within the statutory limits upon tax levies in such villages.

[1937 c. 215 ss. 1, 2, 3] (1186-5) (1186-6) (1186-7)

426.09 LOCAL IMPROVEMENT FUND IN CITIES OF SECOND CLASS.

There is hereby created in each city of the second class, for the purpose of facilitating the carrying out of contracts for the making of local improvements, a fund to be known and designated as the local improvement fund, to be constituted and preserved and the moneys therein to be used as hereinafter designated.

The council shall have power, from year to year, to include in its estimate of expenses for the levies of taxes such amounts for this fund as it may deem necessary, subject to all the limitations for the levy of taxes contained in the charter of the city. All moneys which may be collected upon local improvements made, or hereafter to be made, and to be paid for by special assessment shall be paid into this fund. All moneys so transferred, collected, and paid shall constitute this fund and shall be known as the local improvement fund of the city. The fund shall be kept inviolate and no money shall be paid out of this fund for any other purpose by the city treasurer than as hereinafter designated.

All contracts made for local improvements which are to be paid for in whole by special assessments and that portion of all contracts which are to be paid for in part by special assessments under the provisions of the charter of the city, and no other, shall be paid for out of this local improvement fund.

If at any time it shall be found that the moneys in this fund shall not be sufficient to pay all amounts due and earned on any such contracts as the work thereunder progresses, then and in such event the city is hereby authorized and empowered to issue from time to time its certificates of indebtedness in anticipation of the collection of the special assessments for such contracts, in such amounts as may be deemed necessary by its council to pay for contracts and to negotiate and sell these certificates upon the best terms for the city, subject to all the conditions contained in sections 426.09 and 426.10.

The issue of such certificates shall first be authorized by a resolution in writing passed by an affirmative vote of a majority of all the members of the council and approved by the mayor of the city.

If the mayor declines to approve the resolution within five days after its transmission to him, then the same may be passed by the council, notwithstanding his objections thereto, by a two-thirds vote of all its members and shall then have the same force and effect as if approved by the mayor.

This resolution shall designate the number of the certificates so to be issued; the principal sum of each certificate; the time when payable and the purpose for which the money realized thereon is to be paid.

Such certificates shall be numbered consecutively, commencing with number one, without regard to the time of issue, shall be made payable to bearer or to the order of the person or corporation to whom the same may be delivered, as the city council may designate; shall draw interest at a rate not exceeding six per cent per annum, shall be payable at the treasury of the city issuing the same, not later than one year from the date of issue; shall be payable out of the local improvement fund, and no other, of the city, shall be signed by the mayor and attested by the recorder or clerk of the city and shall have imprinted thereon the corporate seal of the city. The clerk or recorder and the treasurer of the city shall each keep an accurate record of all certificates so issued in a book to be kept for that purpose. No certificate shall be sold for less than par value and accrued interest.

Any and all proceeds realized from the sale of these certificates shall be turned into the local improvement fund, and no other, of the city and neither the certificates nor the proceeds from the sale thereof, nor any part or portion thereof, shall be used for or devoted to any purpose other than that designated in the resolution authorizing their issue; the city recorder and the treasurer of such city shall keep an accurate account of such fund showing in detail all moneys received for and turned into the fund and all expenditures from the same.

No irregularity or informality in the letting of any contract paid for out of the proceeds of these certificates or in the making of any special assessment in anticipation of which such certificates were issued shall affect the liability of the city to redeem the same, but the faith and credit of the city issuing the same is irrevocably pledged for the redemption of the certificates so issued.

The city treasurer shall, immediately after any such certificate shall be redeemed by such city, cancel the same by a writing upon the face thereof showing the date of redemption and the amount and to whom paid and shall affix his signature thereto; and shall, within 24 hours thereafter, transmit the certificate so canceled to the city recorder and take his receipt therefor, who shall immediately make an entry of the redemption and cancelation in his certificate register, and enter such payment in the fund account.

[1921 c. 232 s. 1] (1664-29)

426.10 VIOLATIONS. If the mayor, clerk or recorder, or city treasurer of any city shall, at any time, be guilty of any wilful act, failure, or neglect, the design or necessary effect whereof shall be to violate or evade any provision of section 426.09 relating to the issuing and sale of certificates of indebtedness of the city or to the maintenance of the local improvement fund in the city, or to divert any moneys from this fund to purposes for which these moneys cannot legally and appropriately be used under the provisions of sections 426.09 and 426.10, he shall be deemed guilty of a misdemeanor, and shall be liable to a fine of not more than \$500, or to imprisonment in the county jail not exceeding six months, or to both such fine and imprisonment. No vote or resolution or ordinance of the city council, not expressly or by necessary implication authorized by sections 426.09 and 426.10, shall be held a justification of such act, failure, or neglect.

[1921 c. 232 s. 2] (1664-30)

426.11 BOARD, DEPARTMENT. The terms "board" or "department," as used in sections 426.11 to 426.13, mean and embrace the board of education, the library board, the park board, the board of charities and corrections, and all other boards or departments of every kind and nature expending public funds for the use and benefit of the city.

[1909 c. 374 s. 1] (1444)

426.12 STATEMENTS TO CITY COMPTROLLER; CONTRACTS. It shall be the duty of every board or department, on the first day of each calendar month and at such other times as the city comptroller, in writing, may demand, including such further information as the city comptroller may demand, to furnish the city comptroller with an accurate and complete statement, properly attested by the proper officer, of all its acts, including all the names, addresses, kind of labor, and compensation to be paid to each of its employees and duration thereof, and when any board or department expends, or is about to expend, money for the purchase of any lands, goods, materials, labor, supplies, or anything of value, and enters into a written contract therefor, the board or department shall immediately furnish the city comptroller with a certified duplicate copy thereof; and no contract shall be valid unless countersigned by the city comptroller.

[1909 c. 374 s. 2] (1445)

426.13 ACCESS TO BOOKS, PAPERS. For the purpose of fully complying with sections 426.11 to 426.13, the city comptroller, or any person the city comptroller may designate, shall have full and complete access to all books, papers, documents, statements, or accounts on file or of record with any of these boards or departments, at any and all times and any officer, agent, employee, or other person in charge of any board or department refusing the city comptroller full and complete access to all such books, papers, documents, statements, or accounts shall be guilty of a misdemeanor.

[1909 c. 374 s. 3] (1446)

426.14 DEPUTY COMPTROLLER IN CITIES OF FIRST CLASS. In cities of the first class, the comptroller may appoint and at his pleasure may remove a deputy comptroller, who shall perform such duties as the comptroller may prescribe. During the absence of the comptroller from the city, or his inability for any reason to discharge the duties of his office, the deputy comptroller shall act in his place and stead, and shall have the same powers and duties, and the comptroller and the sureties on his bond shall be liable for the acts of the deputy comptroller the same as if they were done by the comptroller.

[1911 c. 112 s. 1] (1447)

426.15 DEPUTY TREASURER; POWERS AND DUTIES. In all cities of the first class the treasurer may appoint and at his pleasure may remove a deputy treasurer, who shall perform such duties as the treasurer may prescribe. During the absence of the treasurer from the city, or his inability for any reason, to dis-

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charge the duties of his office, the deputy treasurer shall act in his place and stead, and shall have the same powers and duties, and the treasurer and the sureties on his bond shall be liable for the acts of the deputy treasurer the same as if they were done by the treasurer.

[1911 c. 227 s. 1] (1448)

426.16 LIMITATION IN USE OF PROCEEDS OF BONDS. Where bonds have been, or may hereafter be, issued by a city of the first class, which bonds have been authorized by the voters of the city voting upon a proposition providing for the issuance of an aggregate amount of bonds for two or more distinct improvements, with a definite amount provided therein for each improvement, no part of the proceeds of these bonds shall be used until the governing body of the city has, by resolution, determined the projects and the amount of the proceeds of these bonds for these projects under each bond issue.

[1929 c. 126 s. 1] (1630-2½)

426.17 DRAFTS FOR PAYMENT OF EMPLOYEES UPON PAY-ROLLS AND CURRENT BILLS. This section shall apply to any city of the first class now or hereafter operating under a charter adopted pursuant to the Constitution of the State of Minnesota, Article 4, Section 36, which charter authorizes the payment of all employees of such city, including those of any of its boards or departments upon pay-rolls prepared as directed by such charter and ordinances adopted in accordance therewith, and which charter authorizes the governing body of the city to provide by ordinance for the immediate payment by the city treasurer of all current bills incurred by the city for goods, wares, and merchandise, the purchase of which has been duly authorized for the use of the city or any of its departments, and which bills have been approved by the city purchasing agent. The treasurer of any such city may issue drafts drawn on the city, in the manner and subject to the restrictions set forth in this section, for the purpose of saving the expense and inconvenience of issuing numerous city checks on depository banks. The treasurer shall issue such drafts only when there have been delivered to him warrants, orders, pay-rolls, or similar documents, which are sufficient, according to the applicable law or city charter, to authorize him to disburse money to specified parties in specified amounts, and only when there is cash on hand, or on deposit and subject to check in a depository bank, which is legally applicable and actually sufficient to pay the amounts so authorized; but as to any draft actually issued by the city or its treasurer and in the hands of a bona fide holder for value it shall be conclusively presumed that these conditions have been complied with. Each draft shall show on its face the party to whose order and in what amount it is payable and shall contain a word or words sufficient for the treasurer to identify the fund from which payable. Such drafts may be made collectible through, but shall not constitute checks on, a depository bank and may be executed with a mechanical, printed, or lithographed facsimile signature of the treasurer or of an assistant treasurer authorized by the governing body to sign such instruments, and may be prepared on business machines designed for such purpose. No draft issued hereunder shall be in an amount in excess of \$2,500. Such drafts shall be obligations of the city and shall be negotiable in like manner and to the same extent and with like effect as instruments governed by the uniform negotiable instruments act, except as herein otherwise provided.

Upon presentation of any such draft duly endorsed, the treasurer shall pay the same to the payee or transferee, either out of cash on hand available therefor, or by a check on the depository bank, through which the draft was made collectible. No recovery by the city or its treasurer from a depository bank to which any payment shall have been so made shall be allowed on the ground that any draft so paid was not issued by the city or its treasurer or was not in the form or amount as issued by the city or its treasurer, unless the draft shall be returned to the bank before noon of the second business day next following the date of its payment; but this limitation shall not restrict the rights of the city or its treasurer to recover on any other ground from any party, other than a depository bank, any amount improperly or erroneously so paid or from any such depository bank or any other party to the instrument on a draft bearing any forged or other irregular endorsement. Any credit given by a depository bank to any party who shall have transferred such a draft to it for collection shall be conditioned upon final payment.

[1941 c. 260]

426.18 CERTAIN CITIES MAY INVEST IN UNITED STATES BONDS. Any city of the first class now or hereafter having any sum in its possession in any fund under the control of its governing body not required for immediate expenditure may invest any part, or all thereof, in the bonds, or other interest-bearing obligations, of the United States.

Upon authorization by the governing body of any such city, its treasurer may invest such funds as such governing body may direct in any of the securities enumerated.

The powers granted by this section are in addition to any provisions relating to the investment of such funds now contained in the charter of any such city or in any other law of the state.

[1943 c. 350]

426.19 MUNICIPAL LIQUOR STORE PROFITS. Subdivision 1. **Use of.** Any city or village which operates a municipal liquor store from which a revenue is derived in excess of the cost of operation may use and apply such revenue for the construction, operation, repair, and maintenance of sewers and sewage disposal plants and waterworks and water mains, and may irrevocably pledge any part of such revenues to the payment of bonds, warrants, or certificates of indebtedness issued for any of such purposes, including any bonds, warrants, or certificates of indebtedness which would otherwise be payable solely from a limited or special fund.

Subd. 2. **Referendum in certain cases.** Before the pledge of any such revenues to the payment of any such bonds, warrants or certificates of indebtedness shall be made, the governing body shall submit to the voters of the city or village the question of whether such revenues shall be so pledged and such pledge shall not be binding on the city or village until it shall have been approved by a majority of the voters voting on the question at either a general election or a special election called for that purpose.

[1945 c. 273]