

Public Indebtedness and Borrowing

CHAPTER 475

PUBLIC INDEBTEDNESS

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475.01 SCOPE. The provisions of chapters 475 to 477 are not to be construed as relating to the debt of the state or to current and ordinary public expenses, but only to the authorized indebtedness, payable with interest at future and stated times, of cities, villages, boroughs, counties, towns, and school districts. The terms "municipal corporation", "corporation", and "municipality" embrace any or all bodies of cities, villages, boroughs, counties, towns, and school districts.

[R. L. s. 776] (1934)

475.02 CHARTER POWERS NOT MODIFIED. Nothing in chapters 475 to 477 is to be construed as abrogating any restriction imposed or as modifying or extending any power conferred upon a city, village, or borough by any provisions of its charter relating to corporate indebtedness. Except as so limited, all municipal corporations shall be governed in respect thereto by the provisions of chapters 475 to 477.

[R. L. s. 779] (1937)

475.03 ASSESSED VALUE. The words "assessed value" as used herein shall mean the latest valuation for purposes of taxation, as finally equalized, of all property taxable within the municipality referred to including therein the valuation of money and credits, as defined in Mason's Supplement 1940, Section 2337, as amended, as assessed and equalized for the year 1942.

[R. L. s. 778; 1943 c. 656 s. 30 subd. 3] (1936)

475.04 OBLIGATIONS; DEFINITIONS. As used in sections 475.04 and 475.23 to 475.32 unless the context or subject matter otherwise requires:

(A) The word "municipality" means any city of any class, village, borough, county, town or school district however organized.

(B) The word "obligation" means any bond, certificate of indebtedness, warrant or order, authorized by law, issued by a municipality; provided, that the following obligations are excepted from the provisions of sections 475.04 and 475.23 to 475.32 as to the issuance thereof;

(1) Those issued by any county under any present or future law for road or highway purposes to the extent to which such county shall be entitled to reimbursement out of the truck highway fund of the State of Minnesota.

(2) Those authorized by the electors of any municipality to be issued and sold to the State of Minnesota.

(3) Those issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property especially benefited thereby including those which are the general obligations of the municipality issuing the same, if the municipality is entitled to reimbursement, in whole or in part, from the proceeds of special assessments levied upon property especially benefited by such improvements.

(4) Those maturing in less than one year from their date.

(5) Those issued for the creation or maintenance of a permanent improvement revolving fund.

(6) Those issued for the construction, repair or maintenance of wharfs and docks.

(7) Warrants or orders having no definite or fixed maturity.

(C) The words "gross debt" mean as to any municipality the aggregate of the principal of the following items owing by it:

(1) All obligations as herein defined issued and outstanding, including those excepted from the provisions of sections 475.04 and 475.23 to 475.32 as to the issuance thereof.

(2) Total amount of any unpaid judgments rendered against the municipality.

(D) The words "net debt" mean as to any municipality the amount remaining after deducting from its gross debt the aggregate of the principal of the following items so far as applicable to such municipality.

(1) Obligations issued by any county under any present or future law for road or highway purposes, to the extent to which such county shall be entitled to reimbursement out of the trunk highway fund of the State of Minnesota.

(2) Obligations issued for the acquisition, construction, maintenance, repair or improvement of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof.

(3) Obligations issued for improvements which are payable wholly or partly from collections of special assessments levied on property benefited thereby including those which are the general obligations of the municipality issuing the same, if the municipality is entitled to reimbursement, in whole or in part, from the proceeds of special assessments levied upon property especially benefited by such improvement.

(4) Obligations issued for the creation or maintenance of a permanent improvement revolving fund.

(5) Warrants or orders having no definite or fixed maturity.

(6) Amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those deductible under this subsection "D".

Nothing herein contained shall be construed to change the method, if any, of computing the limit of indebtedness of any municipality as prescribed by the special law or the home rule charter under which it is organized.

[1927 c. 131 s. 1] (1938-3)

475.05 EXEMPTION OF TAX-ANTICIPATED LOANS. Each city of the first class in the state is hereby authorized, in calculating net indebtedness, to deduct from the gross indebtedness thereof, in addition to deductions otherwise authorized by statute, the amount then outstanding of all loans in anticipation of the collection of general ad valorem taxes theretofore levied for city purposes; provided, that the amount to be so deducted shall not exceed 50 per cent of such taxes which are then due and payable and as to which no penalty as to delinquency has attached.

[1933 c. 226] (1935-1)

475.06 LIMIT OF DEBT; EXCESS VOID. Subject to section 475.02, no city of the first class shall hereafter incur or be subject to a net indebtedness in excess of five per cent of its assessed value, nor shall any other municipal corporation, except school district, become so indebted beyond ten per cent of such value; and all contracts and promises made in violation hereof shall be void. If the net indebtedness of any municipality at the time when the Revised Laws take effect, shall exceed the limit herein fixed, or if any village thereafter organized as a city under a home rule charter shall be subject to such excess when so organized, either may

issue and sell new bonds sufficient in amount to refund all or any part of such existing indebtedness, but the same shall not thereby be increased.

[R. L. s. 780] (1938)

475.07 BONDS. Except when otherwise expressly provided by law, all public indebtedness incurred or refunded shall be represented by the bonds of the debtor, corporation, signed by the officers thereunto authorized by resolution of its governing body, and countersigned by the official charged with the keeping of its accounts. Such bonds shall express the amount and terms of payment; and have coupons attached for the several interest payments to be made, which interest shall in no case exceed the annual rate of six per cent, payable half-yearly. The bonds of cities of the first, second, and third classes shall be payable not more than 30 years after their issue, and those of all other municipal corporations not more than 20 years thereafter, and no bonds of either class shall be disposed of for less than their face value, with accrued interest.

[R. L. s. 781] (1939)

475.08. [Superseded]

475.09 DEBT LIMIT INCREASED IN CERTAIN SCHOOL DISTRICTS. When the properties of any school district in this state are made up to the extent of at least 60 per cent in value of property which is exempt from local taxation, because taxes thereon are paid into the state treasury under the provisions of the gross earnings tax law, then such district shall have authority to incur and be subject to a net indebtedness of not more than 40 per cent of its assessed value.

No such school district shall have authority to incur, or be subject to, a net debt, as herein defined, except for the purposes of purchase of land for school purposes and erecting or enlarging necessary school buildings to properly provide for the educational facilities of the district.

All obligations issued under the terms of this section shall be issued pursuant to the existing laws now in force.

[1939 c. 35] (3014-8, 3014-9, 3014-10)

475.091 LIMITATION ON NET INDEBTEDNESS. Subdivision 1. **Certain school districts.** Whenever the properties of any school district in this state, is made up to the extent of at least 25 per cent in value of property which is exempt from local taxation, because taxes thereon are paid into the state treasury, under the provisions of the gross earnings tax law, then such district shall have authority to incur and be subject to a net indebtedness of not more than 30 per cent of its assessed value, as such assessed value is determined under existing laws.

Subd. 2. **Purposes for which debt incurred.** No school district, as herein defined, shall have authority to incur or be subject to a net debt, as herein defined, except for the purposes of purchase of land for school purposes and erecting or enlarging necessary school buildings to properly provide for the educational facilities of the district.

Subd. 3. **Issuance of obligations.** All obligations issued under the terms of this section, shall be issued pursuant to the existing laws now in force.

[1945 c. 18]

475.10 INTEREST RATE ON BONDS IN CITIES OF FIRST CLASS IN EXCESS OF RATE FIXED BY CHARTER. Any city of the first class in this state authorized by the terms of its charter to issue and sell the bonds of the city for any purpose, at a rate of interest limited to less than five per cent per annum, is hereby authorized and empowered, notwithstanding any such charter limitations, to issue and sell, to the amount and in the manner and for the purposes provided for in and by its charter, any city bonds authorized by the terms of its charter, bearing a rate of interest in excess of that limited by its charter, but not exceeding a rate five per cent per annum, payable annually or semiannually. The provisions of this section shall not apply to any act of the legislature heretofore passed authorizing the issue and sale of bonds in which the rate of interest is fixed by the act.

[1915 c. 53 s. 1] (1938-1)

475.11 INTEREST RATES ON MUNICIPAL OBLIGATIONS. Any county, school district, town, city, village, or borough issuing bonds for the purpose of funding or refunding outstanding indebtedness under any applicable law may issue such bonds bearing interest at rates varying from year to year which may be higher in later years than in earlier years, in which case such rates shall be specified

in such bonds, but the highest rate contracted to be so paid shall not exceed the maximum rate authorized by the law under which such bonds are issued. Any agreement to pay interest as herein authorized shall be valid and binding according to its terms. This section shall not be construed as authorizing a provision in any such bonds for the payment of a higher rate of interest after maturity than before. The term "bonds," as herein used, shall include certificates of indebtedness and warrants and any other form of municipal or public obligation having a definite or fixed maturity, whether or not the same be redeemable prior to such maturity date.

[1933 c. 171] (1938-2½)

475.12 REGISTERED BONDS. If the purchaser or holder of negotiable bonds issued by a city shall so request, the council of such city, by a resolution prescribing the method and terms of exchange, may authorize the proper city officers to issue registered bonds in lieu thereof, in such denominations as may be desired. The governing body of any municipal corporation may, by a resolution prescribing the method and terms of registration, authorize the proper officer of such municipal corporation designated in such resolution to register as to the payment of principal only any negotiable bonds heretofore or hereafter issued by such municipal corporation when requested by the purchaser or holder thereof, such registration to be by endorsement on such bonds of a certificate of registration, which shall recite that the principal thereof will be payable only to such person as by such registration appears to be the owner thereof or his legal representatives, and such resolution shall provide for the keeping of a permanent record of bonds so registered. Bonds so registered shall not extend the time of maturity, nor shall the indebtedness of the municipal corporation be by such registration increased.

[R. L. s. 782; 1923 c. 313] (1940)

475.13 [Superseded]

475.14 BOND ISSUES; PURPOSES. When the governing body of any municipality shall have resolved that it is expedient to borrow money, for one or more of the purposes hereinafter named, and to an amount which will not increase its net indebtedness beyond the limit fixed by law, and a proposal so to do, if required by law, shall have been duly submitted to and approved by the voters thereof, the bonds of such corporation may be issued and sold, conformably to the provisions of this chapter, to the amount so authorized, as follows:

(1) In the case of a city, village, or borough, for the acquisition, construction, maintenance, or improvement of any of the public conveniences mentioned in section 475.03, subdivision 3, clause (4); for the purposes of a permanent improvement revolving fund; for the purchase or erection of needful public buildings; for establishing and maintaining garbage crematories, or other means of garbage disposal, hospitals, schools, libraries, museums, and art galleries; for the construction of sewers, subways, streets, sidewalks, pavements, culverts, and parks and parkways; and for changing, controlling, or bridging streams and other waterways within the corporate limits, and constructing and repairing bridges and roads within two miles of the corporate limits thereof; and for the purpose of securing snow removal, street construction and maintenance, and fire equipment;

(2) In the case of counties, for the erection and furnishing of a court-house and jail, or either of them; for the purchase of a poor farm and equipping the same with suitable buildings, tools, and stock; for establishing morgues and hospitals; for laying out, opening, building, and improving public highways in the nature of county roads; for laying out and opening steam traction roads or other special public highways authorized by law; and for the bridging of waters within the county or bordering thereon;

(3) In the case of towns, for the erection and furnishing of a town hall, and for the laying out and opening of town roads, and the building of bridges thereon;

(4) In the case of school districts, whether lying within a city or village or not, for the purchase of sites for schoolhouses, and for defraying the expenses incurred or to be incurred in building, rebuilding, remodeling, repairing and furnishing schoolhouses, teacherages, and school garages, and installing heating, ventilating, and plumbing plants in the same, and equipping schools with libraries, apparatus and other school furniture, and for the purchase of school buses and other equipment essential to the transportation of pupils; and

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(5) In the case of all of the before mentioned municipal corporations, for paying any judgment lawfully rendered against them, or for refunding outstanding bonds or for funding floating indebtedness.

[R. L. s. 784; 1907 c. 297 s. 1; 1909 c. 261 s. 1; 1921 c. 209 s. 2; 1939 c. 223 s. 1; 1945 c. 126 s. 1] (1942)

475.15 SALE OF BONDS. Before any municipal corporation, as defined in section 475.03, subdivision 2, shall sell or enter into any contract for the sale of any bonds or certificates of indebtedness, however authorized, and for whatever purpose issued, unless a different method of sale is specifically provided in the act or charter authorizing the same, at least two weeks' published notice shall be given of a meeting of the governing body to open and consider bids therefor. The time and place of the meeting shall be fixed, and the newspaper in which the notice shall be published, if other than the official newspaper, designated by a resolution or motion duly passed and recorded which may provide for additional notice. At the time and place so fixed, the bids shall be opened, and the offer complying with the terms of such sale, and deemed most favorable, shall be accepted; provided, that the governing body may reject any and all such offers and award the bonds to a lower bidder, or upon like notice, it may invite other bids. Such bonds or certificates shall not be sold or disposed of for less than their face value with accrued interest, except when specifically provided by law. Any officer of any municipality having bonds or certificates of indebtedness for sale which are required by the provisions hereof to be so advertised, that shall enter into or approve any contract or agreement for the sale of such bonds or certificates contrary to the provisions hereof, or tending to prevent competitive bidding therefor, shall be guilty of a misdemeanor.

[R. L. s. 785; 1923 c. 299] (1943)

475.16 SELLING BONDS BY POPULAR SUBSCRIPTION. Any municipality in this state which may hereafter issue any bonds shall have the right to sell and dispose of the same, or any part thereof, by popular subscription from the citizens of the municipality issuing the same, for not less than par and accrued interest. The officers of any such municipality who are charged with the duty of selling such bonds shall have the right, upon giving published notice to that effect in the official newspaper of the municipality, to receive bids from its citizens for such bonds in amounts of \$100, or any multiple thereof, and such officers shall also have the right to receive bids from any source for the whole amount of bonds so to be issued, and when all bids are received to award the bonds to any one or more of such bidders in accordance with what, in their judgment, will be for the best interests of the municipality; provided, that in no case shall any such bonds be sold at less than their par value and accrued interest thereon.

[1907 c. 462 s. 1] (1946)

475.17 CERTAIN MUNICIPALITIES TO SELL EVIDENCES OF PUBLIC INDEBTEDNESS BY POPULAR SUBSCRIPTIONS. The governing body of any city, village, borough, town, county, or school district, however any of the foregoing are organized, is hereby given the power to sell its respective bonds, certificates of indebtedness, warrants, orders, or other forms of evidence of public indebtedness, whether pledging the general obligation of the respective public organizations, or only a certain fund, or both, or otherwise, which sale is otherwise permitted by law, by popular subscription, individual sales, according to the terms of a resolution passed by a majority vote of said governing body, which resolution shall fix the cash selling price, not less than par, the rate of interest, the denominations thereof, the amount of purchase thereof allowed to any one purchaser, the time and place of the actual sale thereof, with limitation that a sale can be made only to persons actually present at the sale without previous reservations permitted, and any other condition or matter relating to the sale. At least one published notice of the public sale shall be given at least ten days prior to the public sale, but a failure to duly publish the notice shall not invalidate the public sale. Where the respective public organization has an official newspaper the notice shall be so given therein.

[1935 c. 121 s. 1] (1944-1)

475.18 DELIVERY; PROCEEDS. Upon payment to the treasurer of the amount offered therefor by the successful bidder, the bonds shall be delivered, and the treasurer shall hold the proceeds thereof as a separate fund for the use named in the resolution under which the vote was taken. If the contemplated improvement be

afterward abandoned, such fund may be devoted to any other public improvement authorized by law, and approved by vote taken in the same manner as the original vote. Any balance remaining after the improvement has been completed and paid for shall become a part of the general fund of the municipality.

[R. L. s. 786] (1944)

475.19 DEFACED BONDS, DUPLICATES. When any bond or other obligation of a municipality shall become so mutilated or defaced as to be unfit for circulation, it may be surrendered and canceled, and a duplicate thereof, and of the unpaid coupons, if any, may be issued to the owner, marked with the word "duplicate" and the date of issue; such marking to be signed by the treasurer then in office. No such duplicate shall issue unless authorized by vote of the governing body of the municipality.

[R. L. s. 791] (1970)

475.20 LOST INSTRUMENTS; INDEMNITY. If any such obligation be destroyed or lost, another, upon a like vote, may be issued to the owner in its place, corresponding with the missing instrument in number, date, amount, and unpaid coupons, signed by the proper officials who are then in office, and marked and dated as provided in section 475.19. In such case the owner shall first give bond to the municipality, in a sum double the amount of the lost obligation, conditioned to save it harmless in the premises, which bond shall be approved by a judge of the district court. A record of all such re-issues and duplicates shall be kept by the treasurer, showing the date of issue and the persons to whom issued.

[R. L. s. 792] (1971)

475.21 TAX LEVY FOR PAYMENT OF BONDS. If the method of levying a tax for the payment of municipal indebtedness and interest be not otherwise provided for, and in all cases of failure on the part of municipal authorities to cause such levy to be made, the county auditor shall add to the other taxes charged upon the property taxable in the municipality an amount sufficient to meet such obligations as they mature, which additional levy shall be extended and collected with the other taxes of the year.

[R. L. s. 787] (1945)

475.22 LIMITATION OF TAX LEVIES; STATEMENT. No school district, county, town, or village shall contract any debt or issue any warrant or order in any calendar year in anticipation of the collection of taxes levied or to be levied for that year in excess of the average amount actually received in tax collections on the levy for the three previous calendar years plus ten per cent thereof. The limitations herein prescribed shall apply to each fund or purpose for which a tax levy has been made by any such municipality. This section shall not apply to any school district, county, town, or village, wherein the mineral valuation, as assessed, exceeds 25 per cent of the assessed valuation of real property in such taxing district. This section shall not apply to any school district in a city of the first class which constitutes one single school district.

As soon as practicable after the beginning of each calendar year, the clerk or other recording officer of any municipality described in this section shall present to the governing body of his municipality a statement of tax collections credited to each fund of his municipality during each of the three previous fiscal years and the yearly average thereof. The auditor of the county shall be required to furnish such information to the clerk upon request.

[1931 c. 159 ss. 1, 2; 1937 c. 180 s. 1] (1938-21, 1938-22)

475.23 AMOUNT OF LIMITATION ON NET INDEBTEDNESS; SPECIAL EXISTING LIMITATIONS NOT INCREASED; ELECTIONS, WHERE REQUIRED. Subdivision 1. **Net debt.** No municipality, except school districts and cities of the first class, shall hereafter incur or be subject to a net debt beyond ten per cent of the last assessed valuation, as finally equalized, of all taxable property therein, including moneys and credits; provided, that municipalities receiving special state aid under the provisions of sections 276.15 to 276.18 may incur, by a vote of the majority of the electors of such municipality an indebtedness not to exceed 20 per cent of such assessed valuation, and no school district shall incur or become subject to a net debt beyond 20 per cent of such assessed valuation. No city of the first class shall be subject to a net debt in excess of five per cent of the full and true valuation, as finally equalized, of all taxable property therein, excluding money and credits, unless the charter of such city contains a provision to the effect that its net

debt may exceed such per cent of the last assessed valuation of all taxable property therein; but if any such charter permits a net debt in excess of five per cent of its assessed valuation including money and credits, such city shall hereafter be subject to a net debt limitation of ten per cent of the full and true value of its taxable real and personal property, excluding money and credits, notwithstanding any limitations contained in its home rule charter or in existing laws. In calculating such net debt, only the obligations set forth and described in Minnesota Statutes 1941, Section 475.03, Subdivision 8, shall be deducted from gross debt. The auditor of the county in which any such city is situated, shall annually at the time of preparing the tax list of the city, determine and compile a statement setting forth for such year the total assessed value and the total full and true value of each class of taxable real and personal property in such city.

Subd. 2. Not to increase limit of debt. No independent school district located wholly or partly within a city of the first class shall have power to issue any bonds or any evidence of indebtedness unless first thereunto authorized by a two-thirds vote of the legislative body of the city within which such school district is situated in whole or in part; and no such school district shall have power to issue bonds or any evidence of indebtedness running more than two years, wherever the aggregate of the outstanding bonds and evidence of indebtedness of such district equals or exceeds three and one-half per cent of the assessed value of the taxable property within such school district. If the net indebtedness of any municipality shall exceed the limit applicable thereto, as provided herein, at the time Laws 1927, Chapter 131, takes effect, but was not in excess of the limit of debt prescribed by law at the time the indebtedness was incurred, such municipality may issue and sell, pursuant to the provisions hereof, obligations to refund any of such indebtedness at the time of the maturity thereof, if there are not sufficient funds to pay the same.

[1927 c. 131 s. 2; 1935 c. 256; 1937 c. 285 s. 1; 1943 c. 480 s. 1; 1945 c. 549 s. 1] (1938-4)

475.24 OBLIGATIONS; MATURITY. All obligations subject to the provisions of sections 475.04 and 475.23 to 475.32 as to the issuance thereof shall be payable serially in annual instalments, as determined by the governing body of the municipality, the first thereof to become due and payable in not more than three years from the date of such obligations, and the last instalment thereof to become due and payable as follows:

(1) Those issued for the acquisition, construction, or extension of sewers or sewer systems and water-works or water systems; for the erection, furnishing, and equipping of schoolhouses, court-houses, jails, hospitals, libraries, museums, art galleries, homes for the poor, or other public buildings, and the purchase of sites therefor; for the construction of concrete or steel span bridges, garbage crematories or disposal plants, and subways; for the acquisition, extension, or improvement of parks, parkways, playgrounds, or any combination thereof, not more than 30 years from their date;

(2) Those issued for the acquisition, construction, or improvement of electric light plants or systems, or combination water and electric light systems, or heating plants and systems, or combination water, electric light and heating plants or systems, not more than 30 years from their date;

(3) Those issued for the purpose of funding or refunding outstanding obligations, not more than 20 years from their date;

(4) Those issued for any other purpose authorized by law, not more than 20 years from their date.

No annual maturing instalments of principal of any issue of such obligations shall be more than two and one-half times the amount of the smallest instalment thereof maturing in any one year.

[1927 c. 131 s. 3] (1938-5)

475.25 OBLIGATIONS; ELECTIONS TO DETERMINE ISSUE. No obligations subject to the provisions of sections 475.04 and 475.23 to 475.32 as to the issuance thereof, except obligations issued to pay judgments lawfully rendered or for refunding obligations at maturity or at their optional or callable dates or to fund outstanding warrants issued prior to September 1, 1927, shall be issued without the approval, first obtained, of the majority of the electors voting on the question of issuing such obligations, excepting that in the case of villages a five-eighths majority must be obtained; provided that in case of a municipality operating under a home rule charter which

permits the issuance of bonds without an election, then nothing herein shall be construed as requiring such municipality to obtain such approval.

A proposition to issue such obligations may be submitted at a general or special election or town or school meeting, in the notice of which election or meeting the purpose and the maximum principal amount of the proposed obligations shall be plainly stated. Such election or meeting shall be called and held in accordance with the provisions of law applicable thereto.

[1927 c. 131 s. 4] (1938-6)

475.26 TAX LEVY FOR PAYMENT OF OBLIGATIONS; SINKING FUNDS.

The governing body of any municipality hereafter issuing obligations subject to the provisions of sections 475.04 and 475.23 to 475.32 as to the issuance thereof shall, before the issuance thereof, levy for each year, until the principal and interest are paid in full, a direct annual tax in an amount not less than five per cent in excess of the sum required to pay the principal and interest thereof, when and as such principal and interest mature. After such obligations have been delivered to the purchaser thereof, such tax shall be irrevocable until all such indebtedness is paid, and after the issue of such obligation no further action of the governing body of such municipality shall be necessary to authorize the extensions, assessments, and collection of such tax. The recording officer of such municipality shall forthwith furnish a certified copy of such levy to the auditor of each county in which such municipality is situated, together with full information regarding the obligations for which the tax is levied, and such county auditor shall enter the same in the register hereinafter provided for and extend and assess the tax so levied. If such municipality is located wholly within one county, the county auditor thereof shall annually extend and assess the amount of the tax so levied. If the boundaries of such municipality include property situated in more than one county, the auditor of each such county shall annually extend and assess such portion of the tax levied as the assessed value of the taxable property, not including money and credits, located wholly within such municipality in such county, bears to the total assessed value of the taxable property, not including money and credits, within such municipality. Any surplus resulting from the excess levy herein provided for shall be transferred to a sinking fund after such principal and interest for which the tax was levied and collected has been paid; provided that the governing body may, on or before October fifteenth in any year, by appropriate action cause its recording officer to certify to the proper county auditor the amount on hand and available in its treasury from earnings of water-works, public lighting, heating or power plants, or otherwise, including the amount in such sinking fund, which it will use to pay principal or interest, or both, on each specified issue of its obligations, and such county auditor shall reduce such levy for such year, herein provided for, by such amount. The amount of funds so certified shall be set aside by the governing body and used for no other purpose than for the payment of the principal and interest of such obligation. All taxes hereunder shall be collected and remitted to the municipality by such county treasurer in accordance with the provisions of law governing the collection of other taxes and used solely for the payment of such obligation when due.

[1927 c. 131 s. 5] (1938-7)

475.27 COUNTY AUDITOR TO KEEP REGISTER OF OBLIGATIONS ISSUED.

It shall be the duty of the auditor of each county to keep a register in which shall be entered as to each issue of such obligations by any municipality located, in whole or in part, in such county, a record of the aggregate amount authorized, the aggregate amount issued, purpose for which issued, the number, denomination, date and maturity of each, the rate of interest, and time of payment thereof, and place of payment of principal and interest, and the amount of tax levied for the payment thereof in accordance with the provisions hereof.

[1927 c. 131 s. 6] (1938-8)

475.28 CERTIFICATES OF REGISTRATION OF OBLIGATIONS BEFORE DELIVERY TO PURCHASER.

Before any obligation subject to the provisions of sections 475.04 and 475.23 to 475.32, as to the issuance thereof, shall be delivered to the purchaser thereof, the governing body of the municipality issuing the same shall obtain from the county auditor a certificate to the effect that the issue has been entered on his register and that a tax has been levied by the municipality, as required therein; provided, that this section shall not apply to cities of the first class.

[1927 c. 131 s. 7] (1938-9)

475.29 TAX LEVIES NOT LIMITED. Sections 475.04 and 475.23 to 475.32 shall not be construed as limiting the power of a municipality to levy taxes to pay its obligations issued hereunder, but the governing body of every municipality shall have the authority, and it shall be its duty, to levy any taxes necessary to provide revenue to pay such obligations.

[1927 c. 131 s. 8] (1938-10)

475.30 SINKING FUNDS; INVESTMENT OF SURPLUS. Taking care that enough cash is always retained in a sinking fund to provide for the annual payments of principal and interest on the obligations for which such fund was instituted, the surplus, if any, in any sinking fund heretofore or hereafter created in any municipality may be invested under the direction of the governing body, as follows:

(1) In any interest-bearing bond or other evidence of indebtedness of the United States;

(2) In any interest-bearing bond or other evidence of indebtedness of the State of Minnesota;

(3) In any bond certificate of indebtedness, warrant, order or interest-bearing obligation issued pursuant to law by such municipality or by any other municipality in the State of Minnesota; provided that no municipality shall invest any moneys in any sinking fund in its own warrants or orders which have no definite or fixed maturity.

The obligations representing investments under this section may be sold or hypothecated by the governing body at any time, but the money so received shall likewise remain a part of such fund until used for the purpose for which the fund was created.

In the words "sinking fund," as used herein, are included any and all funds or moneys held in the treasury of any municipality which have been appropriated or set aside for the payment of the principal and interest, or either of them, of any of its obligations.

[1927 c. 131 s. 9] (1938-11)

475.31 INCONSISTENT LAWS REPEALED. The provisions of all laws pertaining to the issuance and payment of obligations that are subject to the provisions of sections 475.04 and 475.23 to 475.32, as to the issuance thereof, in so far as these provisions are inconsistent with the provisions of sections 475.04 and 475.23 to 475.32 relating to the issuance or to the payment of bonds shall apply to bonds issued by counties on account of which they shall be entitled to reimbursements out of the trunk highway fund of the state, nor to the refunding of such bonds heretofore or hereafter issued. Except and to the extent of such repeal, all such laws shall continue to be in force and effect. Nothing contained in sections 475.04 and 475.23 to 475.32 shall confer power upon any municipality to issue obligations for any purpose other than those now authorized by law.

In all cases where the issuance of obligations shall have been duly authorized prior to September 1, 1927, the proceedings therein and the issuance of obligations so authorized may be completed under the provisions of law existing prior to the going into effect of sections 475.04 and 475.23 to 475.32, and the provisions of such law shall continue for all purposes of completing such unfinished proceedings and the issuance of such obligations, notwithstanding the amendments and repeals contained in sections 475.04 and 475.23 to 475.32.

[1927 c. 131 s. 11] (1938-13)

475.32 VIOLATION. Any officer of a municipality who shall knowingly fail to comply with any of the provisions of sections 475.04 and 475.23 to 475.31 shall be guilty of a misdemeanor.

[1927 c. 131 s. 10] (1938-12)

475.33 REPORTS OF OUTSTANDING BONDS AND WARRANTS ISSUED BY CITIES, VILLAGES, TOWNS, AND SCHOOL DISTRICTS. On or before February first each year, it shall be the duty of the clerk or recorder of each city or village, and the clerk of each town or school district to report to the auditor of each county in which such municipality or school district is situate, the total amount of outstanding bonds, the purpose for which issued, and the amount of outstanding warrants as of December thirty-first of the preceding year. Such report shall be kept by the auditor of each county in a suitable record. On March first each year, it shall be the duty of the auditor of each county to make report to the public

examiner of such indebtedness as reported to him by the officers of the municipalities, together with the amount and character of all outstanding bonds issued by the county of which he is the auditor.

[1927 c. 163 ss. 1, 2; 1945 c. 187 s. 1] (1938-14, 1938-15)

475.34 REFUNDING BONDS OF MUNICIPAL CORPORATIONS; MUNICIPAL CORPORATION. "Municipal corporation," as used in this section, means any of the corporations enumerated in section 475.01.

No purchaser or owner of bonds already or hereafter issued by a municipal corporation for the purpose of refunding its outstanding bonds or floating indebtedness under any law of this state shall be obligated to inquire into the validity of the debts by such bonds refunded, but the determination by resolution of the governing body of any such municipal corporation to issue its bonds for such purpose shall be conclusive evidence as to such purchaser or owner of the validity of the debts thereby refunded. Nothing in this section shall be construed as authorizing or legalizing the issuing by any municipality of bonds which will increase its net indebtedness beyond the limit fixed by law. As between any municipality and the owner or holder of any bond, warrant, or order of such municipality, nothing in this section shall be construed as validating any such invalid bond, warrant, or order.

[1921 c. 185 ss. 1, 2; 1935 c. 232 s. 2] (1946-1, 1946-2)

475.35 CITIES OF SECOND CLASS MAY ISSUE BONDS FOR SCHOOL BUILDINGS. Subdivision 1. **Application.** In any city of the second class not operating under a home rule charter, the board of education is hereby authorized and empowered to issue and sell bonds of the city to an amount not exceeding \$100,000 for the purpose of providing funds for the erection or replacement of school buildings and to provide equipment, heating, and lighting apparatus and other necessary equipment for the same and to secure additional grounds, if required for a site for such building; provided, such issue shall have been authorized or may be authorized by a vote of a majority of the electors of such city voting upon such proposition providing for the issuance of an aggregate amount of bonds for such purpose within a period of two years just preceding such issuance.

Subdivision 2. **Bonds.** Such bonds shall be of the denomination of \$1,000 each and shall bear interest to be represented by coupons attached thereto at the lowest attainable rate, not to exceed four and one-half per cent per annum, payable semi-annually. The principal thereof shall be made to mature and fall due at such different times and in such amounts as the board may prescribe; provided, that all of the bonds shall be made to mature and fall due at or before five years from the date of issuance thereof. These bonds and the coupons attached thereto shall be signed severally by the president and the clerk of the board and drawn payable to bearer, and shall have the seal of the board affixed thereto.

Subdivision 3. **Not to be sold for less than par.** Such bonds shall not be sold at less than their par value, and the proceeds arising from their sale shall be deposited with the city treasurer and held subject to the order of the board for application to the purposes for which the bonds were issued. The full faith and credit of each such city shall be pledged and all of the taxable property in each such city shall be liable for the payment of the principal and interest of the bonds when issued. No bonds shall be issued under this section if such issue shall make the total indebtedness of the city aggregate more than ten per cent of the assessed valuation of such city according to the last preceding assessment.

Subdivision 4. **Tax levy to retire.** When any of the bonds authorized by this section shall have been issued and sold as herein provided, it shall thereafter be the duty of the board of education to provide for and secure the levy of an annual tax of such amount as may be necessary to pay the principal and interest of such bonds as the same become due, and such annual tax shall be certified, levied, and collected in the same manner as other school taxes are certified, levied, and collected, and when collected shall be paid over to the city treasurer to be applied to the payment of the principal and interest of these bonds and to no other purpose.

[1931 c. 112 ss. 1, 2, 3, 4] (1973½, 1973½a, 1973½b, 1973½c)

475.36-475.38 [Superseded]

475.39 SCHOOL DISTRICT TAX LEVIES FOR PAYMENT OF INTEREST AND CREATION OF SINKING FUNDS FOR BOND ISSUES IN EXCESS OF 15 PER CENT OF ASSESSED VALUATION. At or before the issuance of bonds by a school district which bonds, together with the bonds of the school district then outstanding including bonds issued to the State of Minnesota will be in excess of 15 per cent of its last assessed valuation, the school board shall, by resolution, provide for the levy of an annual tax to pay the interest and create a bond sinking fund, which annual tax shall be not less than an amount sufficient to pay the interest due the following year on all bonds of the school district then outstanding, excluding bonds issued to the State of Minnesota, and an amount not less than four per cent of the face value of the proposed bond issue and all other bonds of the school district then outstanding, excluding bonds issued to the State of Minnesota. A certified copy of the resolution shall be filed with the county auditor, who shall include the levies provided for in the annual tax levies of the school district. The tax levy herein provided for shall be in addition to the tax levy required by section 476.01 to pay the principal and interest of bonds issued to the State of Minnesota. The sinking fund herein provided for shall be invested in accordance with the provisions of section 475.37 or in obligations of the United States.

[1923 c. 195 s. 1] (1958-1)

475.40 APPORTIONMENT OF BONDED INDEBTEDNESS OF DIVIDED TOWN; MAY BRING SUIT TO RECOVER. When heretofore any town in this state has issued its bonds for any lawful purpose, and the proceeds thereof have been used for the benefit of such town as then constituted; and such town has thereafter been divided into one or more additional towns or villages, and one of these towns or villages has paid the bonds so issued with interest, or any part thereof or either of the same, the total amount so paid, together with interest thereon from the time of payment, shall constitute and be valid and subsisting debt against all such towns and villages, forming a part of the original town at the time of the issuance of the same; and the amount thereof that each such town or village shall be liable for, shall be the proportion to the total amount so paid which the assessed valuation of all property in each such town or village, as fixed by the state board of equalization next preceding the time of the payment of the bonds and interest thereon bears to the assessed valuation of all property as then likewise equalized, in the entire territory comprising the town at the time of the issuance of the bonds. Nothing herein contained shall affect in any manner any action or proceeding now pending in any of the courts of this state in relation to any bonds so issued.

Any town which has paid any of these bonds or interest may maintain an action in any of the courts of this state to recover from any town or village the portion of the same for which the town or village is liable.

[1907 c. 273 ss. 1, 2] (1951, 1952)

475.41 DIVISION OF BONDED INDEBTEDNESS OF TOWNS AND VILLAGES. In any case where any town and village are jointly liable for the payment of any bonded indebtedness, or where all the property of any town or village is liable to taxation for the payment of any such indebtedness, any such town or village, at the time of the maturity of such bonds, may assume and pay such proportion of the entire bonded indebtedness as the amount of the last assessment of real and personal property situate in such town or village bears to the total assessed valuation of both such town and village; provided, that if either such town or village deems such assessment to be inequitable, the town board or village council, as the case may be, or a majority of either, may demand, in writing, that the commissioner of taxation appoint a disinterested assessor, not a resident of either such town or village, to make a reassessment of all the real and personal property situate in both such town and village, and thereupon it shall be the duty of such commissioner to appoint such assessor, and the valuation and assessment so made by such assessor shall govern in the division of the bonded indebtedness as between such town and such village.

[1909 c. 254 s. 1] (1953)

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475.42 BONDS FOR INDEBTEDNESS ASSUMED. Any town or village jointly liable for any such indebtedness shall have authority to issue its bonds for the payment of the amount of the total bonded indebtedness for which it may be liable ascertained as provided in section 475.41.

[1909 c. 254 s. 2] (1954)

475.43 LAWS AS TO OUTSTANDING BONDS CONTINUED. Notwithstanding the repeal by the Revised Laws of statutes relating to bonds theretofore issued by any municipality, the obligations of such municipalities thereunder, and the duties of all public officers in any way relating thereto, shall continue in respect to such bonds until the same are fully paid.

[R. L. s. 793] (1972)