

CHAPTER 124

SCHOOL TAXES, FUNDS, AIDS

(SEE PREFACE PRECEDING CHAPTER 120)

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124.01 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.01 DEFINITIONS. For purposes of this chapter, the words defined in section 120.02 have the same meaning.

[Ex1959 c 71 art 5 s 1]

124.02 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.02 CERTIFICATION OF ANNUAL TAX. On or before October 10 in each year, the clerk of any district being entirely in one county shall certify the tax levied by the board or annual meeting to the county auditor. In school districts lying in more than one county, the clerk shall certify the tax levied to the auditor of the county in which the administrative offices of the school district are located.

[Ex1959 c 71 art 5 s 2]

124.03 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.03 AGRICULTURAL LAND TAX DIFFERENTIAL RATIO. Subdivision 1. The rate of taxation for school maintenance purposes in districts maintaining a graded elementary or secondary school and for the unorganized territory of counties is limited as follows:

(a) In counties containing 20 or more common districts the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall not exceed by more than ten percent the average rate for school maintenance purposes on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in districts not maintaining graded elementary or secondary schools in the same county.

(b) In counties containing less than 20 common districts the rate on agricul-

tural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall not exceed one-half the rate for school maintenance purposes on non-agricultural lands in the same district or unorganized territory.

(c) In independent districts organized under the reorganization or consolidation statutes or containing at least 18 sections of land the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, and upon personal property having a taxable situs on farms shall not exceed one-half the rate for school maintenance on other taxable property in the same district.

(d) In independent districts organized under the consolidation or reorganization statutes or which contain at least 18 sections of land, and which district contains a village located entirely within the boundaries of the district, and if the assessed valuation of the village does not exceed ten percent of the total assessed valuation of the property within the district, the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in the district shall not exceed the average rate for school maintenance on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in common districts of the county in which the district is located by more than 100 percent.

Subd. 2. The limitation imposed on the tax ratio by this section does not apply to the additional tax levy for maintenance made in excess of either of the following amounts:

(a) In any district formed under the reorganization or consolidation statutes or having an area of at least 18 sections or having acquired the rights and privileges of a consolidated district: The total amount of revenue available to the district, including state aid, that will be raised by a 50 mill levy on all taxable property other than agricultural land, and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, together with the proceeds from the maximum levy on agricultural land and personal property having a taxable situs on farms and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes; and

(b) In any district not included in (a): The total amount of revenue available to the district, including state aid, that will be raised by a 40 mill levy on all taxable property other than agricultural land, and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, together with the proceeds from the maximum levy on agricultural land and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes.

[*Ex1959 c 71 art 5 s 3*]

124.04 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.04 CAPITAL EXPENDITURE TAXING AUTHORITY. Subdivision 1. Subject to statutory limitations on its taxing power and within such limitations, the board of any independent district not located in a city of the first class may levy annually an amount equal to eight mills on each dollar of assessed valuation of the taxable property in the district as adjusted for the preceding year by the equalization aid review committee. The tax so levied shall be collected in the manner provided by law for the collection of other school taxes. The proceeds of the tax may be used to acquire, improve and repair school sites and to erect, equip, repair and improve buildings and fixtures, and the board may establish a fund in which the proceeds of this tax may be accumulated until expended by the board.

Subd. 2. Subject to statutory limitations on its taxing power in accordance with the provisions of subdivision 2 of this section, any common district not located in a city of the first class may levy annually a tax in any amount that does not exceed \$600 or 30 mills on the dollar valuation of the taxable property in the district as adjusted for the preceding year by the equalization aid review committee. The tax levied shall be collected in the manner provided by law for the collection of other school taxes. The proceeds of the tax may be used to acquire, improve and repair school sites and to erect, equip, repair and improve buildings and fixtures, and the board may establish a fund in which the proceeds of this tax may be accumulated until expended by the board.

[*Ex1959 c 71 art 5 s 4*]

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124.05 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.05 DEPOSITORY LAW. Subdivision 1. At the annual organizational meeting in independent districts and at the annual district meeting in common districts or at other times if necessary, the board shall designate one or more national or state banks as official depositories for district money, and thereupon shall require the treasurer to deposit all or part of the district money in such bank or banks. Such designation shall be in writing and set forth all the terms and conditions upon which the deposits are made; signed by the chairman and clerk, and made a part of the minutes of the board. Thereupon such bank or banks shall become legal depositories for district money. If the board shall refuse or fail to designate one or more depositories in accordance with this subdivision, the treasurer shall deposit the funds of the district in accordance with the provisions of subdivision 2 of this section, and shall file a statement of his selection of the depository with the clerk of the district. The treasurer shall not thereafter be liable for the loss of any funds through the insolvency or default of such depository in the absence of negligence on his part in the selection of the depository.

Subd. 2. In the event that the bank selected as a depository is a member of the Federal Deposit Insurance Corporation, the district may deposit an amount not to exceed \$10,000 in the depository without the execution of any bond. In the event that it is desired to deposit more than \$10,000 in any bank, prior to such deposit, the board shall require the bank to deposit a sufficient bond to the district, executed by a corporate surety company authorized to do business in the state in a sum at least equal to the estimated sum to be deposited in excess of \$10,000. The bond shall be approved by the board and filed in the office of the auditor of the county wherein the district may be situated. In lieu of such bond, the depository shall assign to the district treasurer collateral security for deposits, in accordance with Minnesota Statutes, Section 118.01.

Subd. 3. When the board, by unanimous resolution, deems it advisable, it may invest such amount of funds as will not in the opinion of the board be currently needed by the district in any of the bonds of any county, city, town, village, school district, drainage or other district created pursuant to law for public purposes in Minnesota, Iowa, Wisconsin, and North and South Dakota, or in U. S. Treasury Bonds with maturity date not to exceed five years from the time of purchase, U. S. Treasury Bills, U. S. Certificates of Indebtedness, or U. S. Treasury Notes.

Subd. 4. Any board investing funds in such authorized securities shall deposit such securities for safekeeping with the county treasurer of the county wherein such district is located or with any bank maintaining a safekeeping department. Such county treasurer or bank shall give a receipt for each and all of such securities to the board, and such county treasurer or bank shall keep such securities for safekeeping until such time as the board shall adopt a resolution requesting the county treasurer or bank to turn such securities or any of them over to the treasurer of such district.

[*Ex1959 c 71 art 5 s 5*]

124.06 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.06 INSUFFICIENT FUNDS TO PAY WARRANTS. In the event that a district has insufficient funds to pay its usual lawful current obligations, subject to Minnesota Statutes, Section 471.69, the board may enter into agreements with banks or any person to take its orders at any rate of interest not to exceed five percent per annum. Any order drawn after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. Every such warrant shall bear interest at the rate of five percent per annum from the date of such presentment. The treasurer shall serve a written notice upon the payee or his assignee, personally, or by mail, when he is prepared to pay such warrants; such notice may be directed to the payee or his assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No warrant shall draw any interest if such address is not given when the same is unknown to the treasurer, and no warrant shall draw any interest after the service of such notice.

[*Ex1959 c 71 art 5 s 6*]

124.07 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.07 LAND IN SETTLEMENT OF CLAIM AGAINST SURETY. Subdivision

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1. **Power of board to accept.** When any district now has or asserts any claim or judgment against any sureties on the bonds of any depository of its funds for the failure of any such depository to account for or pay over any such funds and the board or other governing body of the district determines that the claim or judgment, or some part thereof, is not collectible in cash, then any such board or governing body may by resolution determine to accept and receive, in complete or partial satisfaction or settlement of any such claim or judgment, lands or interest therein within this state and may acquire the same for and in the name of such district either by deed or deeds of conveyance from the owners, or as purchaser at execution sale or sales under any such judgment.

Subd. 2. **Title to be held by district.** Title to lands or interests so acquired shall be held by the district. Each tract or portion shall be sold by the district as soon as there may be realized the fair value as determined by such board. Any such sale may be authorized by resolution of the board, and may be made for cash, or for part cash and the deferred balance secured by contract for deed or purchase money mortgage, on such terms as the board approves. Conveyances, contracts, or other instruments evidencing any sale shall be executed by the chairman and the clerk of the board. Lands so acquired and held for resale shall be deemed public lands used for exclusively public purposes and as such shall be exempt from taxation.

[*Ex1959 c 71 art 5 s 7*]

124.08 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.08 **NAMING OF AID FUNDS.** For the purpose of aid to public schools, these funds are established:

(1) The school endowment fund, which shall consist of the income from the permanent school fund; and

(2) The school aid fund, which shall consist of the amount transferred from the income tax school fund and other sums appropriated by the legislature for aid to public schools.

[*Ex1959 c 71 art 5 s 8*]

124.09 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.09 **SCHOOL ENDOWMENT FUND, APPORTIONMENT.** The school endowment fund shall be apportioned semi-annually by the state board, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months, in proportion to the number of pupils between the ages of five and twenty-one years who shall have been in average daily attendance during the preceding year, provided, that apportionment shall not be paid to the district attended for pupils for whom tuition is received by such district.

[*Ex1959 c 71 art 5 s 9*]

124.10 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.10 **AUDITOR'S DUTIES.** Subdivision 1. A copy of the apportionment of the school endowment fund shall be furnished by the state board to the state auditor, who thereupon shall draw his warrants on the state treasury, payable to the several counties, for the amount due each county. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Subd. 2. The county auditor, upon receiving the warrant from the state, shall forthwith apportion the amount thereof to the various districts entitled thereto, and shall at the time of making the March and November tax settlements of each year apportion to the several districts the amount received from liquor licenses, fines, estrays, and other sources belonging to the general school fund, upon the same basis provided for the state apportionment; but no district shall receive any part of the money received from liquor licenses unless all sums paid for such licenses in such district are apportioned to the county school fund. The auditor shall include in such apportionment all amounts received from special state aid to schools not theretofore apportioned.

Subd. 3. The county auditor, on the first Wednesday after such apportionment, shall report to the commissioner on the amount apportioned, the sources from which such money was received, and the total average daily attendance of pupils in the county entitled to apportionment.

[*Ex1959 c 71 art 5 s 10*]

124.11 M.S. 1957 [Renumbered 129.13]

124.11 **DATES OF AID PAYMENTS.** Special state aid shall be paid to districts in September and March based upon information available. In August a final dis-

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tribution for the previous school year shall be made.

[*Ex1959 c 71 art 5 s 11*]

124.12 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.12 MANNER OF PAYMENT OF STATE AIDS. Subdivision 1. The school aid fund and all other sums made available by the legislature as special state aid to schools shall be paid in the following manner:

Subd. 2. On or before October 1 in each year, it shall be the duty of the commissioner to deliver to the state auditor a certificate in duplicate for each class of schools in each county of the state entitled to receive state aid under the provisions of this chapter. Upon the receipt of such certificate, it shall be the duty of the state auditor to draw his warrant upon the state treasurer in favor of the county treasurer for the amount shown by each certificate to be due to the several schools therein enumerated. The state auditor shall transmit such warrants to the auditor together with a copy of the certificate prepared by the commissioner.

Subd. 3. Upon receipt by the auditor of such warrants and the certificate, it shall be the duty of the auditor to credit the several districts with the amounts stated in the certificate, then charging the county treasurer with the aggregate amount so received, and forthwith deliver the warrants to the county treasurer. The funds so credited to the several districts shall be paid to the treasurer thereof in the same manner now provided by law for the payment of school funds to school district treasurers.

[*Ex1959 c 71 art 5 s 12*]

124.13 M.S. 1953 [Repealed, 1957 c 947 art 9 s 9]

124.13 LIMIT ON STATE AID. The total amount of aid paid by the state to any district for any year shall not exceed the total amount expended by the district for education of resident pupils during such year, except aid paid pursuant to Minnesota Statutes, Section 290.62 shall not be withheld when expended for lawful school purposes.

[*Ex1959 c 71 art 5 s 13*]

124.14 SCHOOL AID FUND, DISTRIBUTION; APPROPRIATION. Subdivision 1. The state board shall supervise distribution of the school aid fund in accordance with law. It may make rules and regulations consistent with law for such distribution which will enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for such reports and accounts to it as will assure accurate and lawful apportionment of aids. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district are open to inspection by the public examiner, or the state board.

Subd. 2. Such moneys as are necessary to make the distribution of the school aid fund annually are hereby appropriated from the funds or accounts in the state treasury authorized by law for such purposes.

[*1961 c 562 s 14*]

124.15 REDUCTION OF AID, FOR VIOLATION OF LAW. Subdivision 1. The amount of special state aids to which a district is entitled shall be the amount computed according to statutes. The annual state aid certificate made by the commissioner to the state auditor shall show the amount of any reductions made.

Subd. 2. Whenever the board of the district authorizes or permits within the district violations of law by

(1) Employment in a public school of the district of a teacher who is not qualified.

(2) Noncompliance with a mandatory rule or regulation of general application promulgated by the state board in accordance with statute in the absence of special circumstances making enforcement thereof inequitable, contrary to the best interest of, or imposing an extraordinary hardship on, the district affected, or

(3) Continued performance by the district of a contract made for the rental of rooms for school purposes, or for the free transportation of children to and from school or for the rental of any facility owned or operated by or under the direction of any private organization, which contract has been disapproved where time for review of the determination of disapproval has expired and no proceeding for review is pending, or

(4) Any practice which is a violation of Section 3 of Article VIII of the Constitution of the state of Minnesota, or

(5) Failure to provide reasonably for the school attendance to which a resident

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pupil is entitled under Minnesota Statutes.

The special state aid to which a district is otherwise entitled for any school year shall be reduced in the amount and upon the procedure provided in this section.

Subd. 3. When it appears to the commissioner that one or more of the violations enumerated is occurring in a district, he shall forthwith notify the board of that district in writing thereof. Such notice shall specify the violations, set a reasonable time within which the district shall correct the specified violations, describe the correction required, and advise that if the correction is not made within the time allowed, special state aids to the district will be reduced. The time first allowed for correction may be extended by the commissioner if there is reasonable ground therefor.

Subd. 4. The board to which such notice is given may by a majority vote of the whole board decide to dispute that the specified violation exists or that the time allowed is reasonable or the correction specified is correct, or that the commissioner may reduce aids, in which case written notice of such decision shall be given the commissioner. If the commissioner, after such further investigation as he deems necessary, adheres to his previous notice, such board shall be entitled to a hearing by the state board, in which event a time and place shall be set therefor and notice be given by mail to the board of the district. The state board shall adopt rules governing the proceedings for hearings which shall be designed to give a full and fair hearing and permit interested parties an opportunity to produce evidence relating to the issues involved. Such rules may provide that any question of fact to be determined upon such review may be referred to one or more members of the board or to an employee of the state board acting as a referee to hear evidence and report to the state board the testimony taken. The state board, or any person designated to receive evidence upon a review under this act, shall have the same right to issue subpoenas and administer oaths and parties to the review shall have the same right to subpoenas issued as are accorded with respect to proceedings before the industrial commission. There shall be a stenographic record made of all testimony given and other proceedings during such hearing, and as far as practicable rules governing reception of evidence in courts shall obtain. The decision of the state board shall be in writing and the controlling facts upon which the decision is made shall be stated in sufficient detail to apprise the parties and the reviewing court the basis and reason of the decision. The decision shall be confined to whether or not the specified violations or any of them existed at the date of the commissioner's first notice, whether such violations as did exist were corrected within the time permitted, and whether such violations require reduction of the state aids under this section.

Subd. 5. If the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides such violation does not exist, or if the state board decides after hearing no violation specified in the commissioner's notice existed at the time thereof, or that such as existed were corrected within the time permitted, there will be no reduction of special state aids payable to such school district; otherwise special state aids payable to the district for the year in which the violation occurred will be reduced as follows: The total amount of special state aids to which the district may be entitled will be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which such violation exists.

Subd. 6. Reductions in special aid under this section shall be from foundation program aid. If there is not sufficient foundation program aid remaining to be paid for the school year in which the violation occurred, the reduction shall be from the other special aids payable to the district for that year in the order in which special state aids are listed in this code. If the violation is for performance of a contract for transportation, which has been disapproved, the primary reduction shall be from transportation aid. If reduction is for several violations one of which is continued performance of such a contract, the transportation aid will be the primary fund for reduction in the proportion that the violation for performance of such a contract bears to the total number of violations involved. If there is not a sufficient amount of special state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be

taken from the special state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year in the order above specified.

Subd. 7. Decision of the state board under this section may be reviewed on certiorari by the district court of the county wherein the district, or any part thereof, is located.

Subd. 8. Any notice to be given the board of a district will be deemed given when a copy thereof is mailed, registered, to the superintendent of the district, if there is a superintendent, and to the clerk of the board of the district, unless it is shown that neither the superintendent nor the clerk in fact received such notice in the ordinary course of mail, in which event time for correction will be accordingly extended by the commissioner so that a reasonable time will be allowed from actual receipt of notice for correction. If notice is sent by the commissioner with respect to a violation which is continued by the district in a succeeding year, no separate notice for that violation for the succeeding year will be required. Proceedings initiated by such notice shall include any continuing violation notwithstanding that a part thereof occurs in a year different from that in which it started. The commissioner may require reasonable proof of the time that a violation ceased for the determination of the amount of aids to be withheld. Costs and disbursements of the review by the district court, exclusive of those incurred in the administrative proceedings, may be taxed against the losing party and in the event taxed against the state shall be paid from the appropriations made to the department for the payment of special state aids.

[*Ex1959 c 71 art 5 s 15*]

124.16 INCREASE IN AID FOR CALAMITY. In any case when pupils are prevented from attending school because of epidemic, calamity or weather, or other justifiable cause, the state board in determining the amount of state aid to be allotted to the district may increase the sum to which the district is otherwise entitled not to exceed ten percent.

[*Ex1959 c 71 art 5 s 16*]

124.17 DEFINITION OF PUPIL UNITS. Subdivision 1. A pupil unit is the denominator used to compute the distribution of state aid. Pupil units for each resident pupil in average daily attendance shall be counted as follows:

(1) In an elementary school, for kindergarten pupils attending sessions throughout the school year approved by the commissioner of education, one-half pupil unit and other elementary pupils, one pupil unit.

(2) In secondary schools, pupils in junior high school or a six-year high school and all other pupils in secondary schools, one and one-half pupil units.

(3) In area vocational-technical schools one and one-half pupil units.

Subd. 2. Average daily attendance means the quotient to be obtained by dividing the number which represents the total of all days which all pupils attend school during the school year by the number of days during the school year while the school is in session.

[*Ex1959 c 71 art 5 s 17; Ex1961 c 77 s 1*]

124.18 CONSOLIDATION; INSTRUCTION BY OTHER DISTRICT. Subdivision 1. **Aid payments in case of alteration of boundaries.** Where two or more districts hereafter unite the state aid shall continue to be paid for the remainder of the school year in which the union was completed as the state aids were paid to the individual districts prior to the union.

Subd. 2. **Tuition.** Every district which provides instruction in other districts and which receives foundation program aid, and the county which pays tuition aid shall pay to the district furnishing elementary and secondary or area vocational-technical school instruction on account of such instruction, the actual cost thereof chargeable to maintenance exclusive of transportation costs.

There shall also be paid for capital outlay and debt service to the district providing such instruction \$10 per pupil unit in average daily attendance for each non-resident pupil unit, except that every district educating non-resident pupils may charge and include in its tuition, for capital outlay and debt service, an amount per pupil unit in average daily attendance based on the amount that the average expenditure for capital outlay and debt service determined by dividing such annual expenditure by the total number of pupil units in average daily attendance in the district exceeds \$10 per pupil unit. If the district has no capital outlay or debt service the district receiving such funds may use them for any purpose for which it is

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authorized to spend money.

[*Ex1959 c 71 art 5 s 18*]

124.19 REQUIREMENTS FOR AID GENERALLY. Subdivision 1. Every district which receives special state aid shall (1) maintain or provide instruction in other districts, in state college laboratory school or in the university laboratory school, at least nine months in a year. The normal school year when school is in session shall be not less than 170 days. A district which holds school for that period and is otherwise qualified is entitled to special state aid as by law provided. If school is held a less period such special state aid shall be reduced in the proportion that school is held bears to 170 days, but districts maintaining less than 170 days of school in session do not lose special state aid if the circumstances causing such loss of school time below 170 days were beyond the control of the board and provided proper evidence has been submitted; provided further, that days devoted to teachers' institutes or other meetings authorized or called by the commissioner may be included as part of the 170 days of school in session, and (2) expend for teachers' salaries not less than 65 percent of the maintenance expenditures exclusive of transportation but when such expenditures exceed \$150 per pupil unit in average daily attendance, such annual teachers' salary expenditures need not exceed 65 percent of the \$150 per pupil unit in average daily attendance exclusive of transportation. When the expenditure for teachers' salaries in a district does not meet these requirements, the special state aid to that district shall be reduced in the proportion that such salaries are reduced below the requirement, and (3) in any city of the first class in this state, operating under a home rule charter and in which city the schools are operated as a part of the city government under a board of education the city council or other governing body thereof is authorized and empowered to amend at any time the budget of said city in reference only to receipts and expenditures made or to be made for education purposes within said city to the extent that if current receipts, during the applicable period of operation of said budget, exceed the amount of the estimate of special state aids set out in said budget, such receipts over the estimate thereof may be spent in the years received for educational purposes.

Subd. 2. When a district employs a teacher or teachers that do not hold a valid teaching certificate, special state aid shall be withheld in the proportion that the number of such teachers is to the total number of teachers employed by the district.

[*Ex1959 c 71 art 5 s 19*]

124.20 AID COMPUTATION FOR SUMMER SCHOOL CLASSES. State aid for summer school classes which are not a part of the regular school term in hospitals, sanatoriums, home instruction programs, in elementary and secondary schools and summer school instruction, in area vocational schools or teachers college laboratory schools or in the university laboratory school shall be paid at a proportionate rate for aids paid during the regular school term.

[*Ex1959 c 71 art 5 s 20*]

124.21 FOUNDATION PROGRAM AID. Subdivision 1. (a) Foundation program aid shall be special state aid for schools as computed under this section.

(b) Current adjusted assessed valuation for the purpose of this act means the adjusted assessed valuation as determined by the equalization aid review committee under the provisions of this section; provided that for the 1959-1960 and 1960-1961 school years and thereafter it shall mean the correct assessed valuation approved by the equalization aid review committee and filed with the commissioner of education in the calendar year 1958 and annually thereafter.

(c) Actual maintenance cost per pupil unit in average daily attendance for the purpose of this section shall mean maintenance cost per pupil unit in average daily attendance exclusive of transportation, expenditures for junior colleges, high school teacher training departments, veterans training program, community services and receipts from the sale of other items sold to the individual pupil by the school such as lunches, paper, workbooks, and other materials used in the instructional program; provided, that for the 1959-1960 school year it shall mean the 1958-1959 maintenance cost per pupil unit in average daily attendance as indicated in this paragraph and for years to follow it shall mean the maintenance cost per pupil unit in average daily attendance in the previous year.

Subd. 2. The maximum amount of foundation program aid, including the amounts payable as apportionment of the school endowment fund and Minnesota Statutes, Section 290.62, which a district or unorganized territory may receive

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shall equal (a) or (b) as calculated under the provisions of this subdivision, whichever is greater, less the maximum foundation program aid payable to the county for resident pupils of the district, computed under the provisions of this subdivision:

(a) Aid shall be paid to a district on the basis of its actual maintenance cost per pupil unit in average daily attendance or \$270 whichever is the lesser for each resident elementary, secondary, and area vocational-technical school pupil unit in average daily attendance less 19 mills times the current adjusted assessed valuation of the district or unorganized territory; provided that for the purpose of this subdivision the current adjusted assessed valuation in any district or unorganized territory which receives refunds under the gross earnings aid law or airport construction aid law shall include the taxable valuation of exempt property used in computing the amount of such refund.

(b) The amount payable under Minnesota Statutes, Section 290.62, plus \$87 for each resident elementary, secondary, and area vocational-technical pupil unit in average daily attendance, which \$87 per pupil unit in average daily attendance shall include the amount payable as apportionment of the school endowment fund.

Subd. 3. The maximum amount of foundation program aid which a county may receive as partial reimbursement for tuition paid shall be the total of the amounts of maximum foundation program aid earned by the attendance in classified secondary or area vocational-technical schools of pupils residing in districts of the county which do not maintain classified secondary schools. For each such district in which (a) in subdivision 2 of this section determines the maximum foundation program aid due, the maximum foundation program aid paid to the county shall be that amount which bears the same ratio to the maximum foundation program aid to which the district is entitled under (a) as the total number of secondary and area vocational-technical pupil units of the district bears to the total number of elementary, secondary, and area vocational-technical pupil units of the district. For each such district in which (b) in subdivision 2 determines the amount of maximum foundation program aid due, the maximum foundation program aid paid to the county shall be \$87 times the total number of secondary and area vocational-technical pupil units of the district, which \$87 per pupil unit shall include the amount payable as apportionment of the school endowment fund.

Subd. 4. The equalization aid review committee, consisting of the commissioner of education, the commissioner of administration, and the commissioner of taxation, is hereby continued and permanently established. The duty of this committee shall be to review the assessed valuation of the districts of the state. When such reviews disclose reasonable evidence that the assessed valuation of any district furnished by any county auditor is not based upon the correct full and true valuation of taxable property in such district, then said committee shall call upon the department of taxation to ascertain the correct full and true value of such property, and adjust such values as required by law to determine the correct assessed valuation. The department of taxation shall take such steps as it may consider necessary in the performance of that duty and may incur such expense as is necessary therefor. On July 1, annually, the department of taxation shall submit its report to said committee for approval or rejection and, if approved, such report shall be filed with the commissioner of education not later than the following January 1, and shall replace, for the school year following the next January 1, the valuation figure provided by any county auditor for the calculation of foundation aid and gross earnings aid. A copy of this report shall be forthwith mailed by certified mail to the clerk of each district involved and to the county auditor and county assessor or supervisor of assessments of the county or counties in which such district is located.

Should any district within 30 days after receipt of a copy of the report filed with the commissioner of education show the equalization aid review committee that an error has been made in the determination of its correct full and true valuation, and the committee agrees that such error has been made, the committee shall redetermine the correct full and true value of such property and adjust such values as required by law to determine the correct assessed valuation of said district and file such redetermination with the commissioner of education. For such purposes, the committee may call upon the department of taxation to assist

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it in determining whether error has, in fact, been made.

[*Ex*1959 c 71 art 5 s 21]

NOTE: See appropriation act for school aids for fiscal years 1962 and 1963, Extra Session Laws 1961, Chapter 89, Section 12.

124.22 TRANSPORTATION AID. Subdivision 1. To receive state aid for transportation, independent districts must contain not less than 18 sections of land or if the district contains at least 12 sections but less than 18 sections of land, it must have been entitled to aid for transportation prior to July 1, 1957, and schools in such districts shall be in session at least nine months in the year. They shall have suitable school houses with the necessary rooms and equipment. For transportation or board of resident pupils in such independent districts, the state shall reimburse such districts at rates to be determined by the state board; provided, that no district shall receive annually more than an average of \$60 per pupil per year transported or boarded, and provided further that such reimbursement shall not exceed 80 percent of the actual total cost thereof including the actual depreciation.

Subd. 2. For assisting in providing for the school attendance of isolated pupils, the state board may assist districts or the county board of education for unorganized territory in any county in providing for the transportation or board of such isolated pupils. To this end, the state board may grant to such districts not to exceed \$72 annually for each pupil transported or boarded. Such reimbursement shall not exceed 80 percent of the total cost thereof provided this limitation does not apply to the county boards of education for unorganized territory.

Subd. 3. In a district or unorganized territory without a secondary school resident pupils including seventh and eighth grade pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to a district having a classified secondary school at the expense of the district of the pupil's residence. The county shall reimburse the district not to exceed one and one-half times the amount of state aid. The county may pay the reasonable cost of such board and lodging or transportation in excess thereof. The state will reimburse the county therefor not to exceed \$48 per pupil per year.

Subd. 4. In a district which does not maintain an area vocational-technical school or vocational classes, a resident pupil when authorized by the board in the district where he resides may attend a classified public area vocational-technical school or vocational classes in a classified secondary school in another district when the resident district does not provide instruction in the vocational course or courses desired by the pupil. When he so attends, the resident district shall provide him board and lodging or transportation between his district and the school attended as provided in subdivision 3 above.

Subd. 5. In a district which closes or has closed its school and transports its elementary pupils to another district and pays tuition for them, the state shall reimburse the district for one-half the expense of transporting the pupils, but not to exceed \$18 per year per pupil.

[*Ex*1959 c 71 art 5 s 22]

124.23 PUPIL AID, SCHOOLS OF AGRICULTURE. For the tuition of the students who have completed the eighth grade, who have not graduated from high school or any state schools of agriculture and who are not over 21 years of age attending the state schools of agriculture the state shall pay to the university of Minnesota, to be applied upon the tuition and laboratory and equipment fees of such pupils for the six months period of the school year an amount not to exceed \$7 per pupil per school month, and in addition thereto, aid for such pupils transported or boarded at the rate of \$5.50 per pupil per month.

The appropriation for the above tuition and transportation shall be paid each year of the biennium out of the balance of the income tax school fund to the university of Minnesota, which in turn shall distribute these funds to each of the state schools of agriculture in proportion to the number of eligible pupils.

[*Ex*1959 c 71 art 5 s 23]

124.24 EMERGENCY AID. Emergency aid is money paid by the state to a district which by reason of calamity, high tax delinquency or excessive debt, or a combination thereof, or by other justifiable cause is unable by taxation to collect sufficient revenue to maintain its schools therefrom on minimum standards established by the state board. Such aid will be paid only when specifically directed by the state board.

[*Ex*1959 c 71 art 5 s 24]

124.25 AID TO DISTRICTS EDUCATING PERSONS RESIDENT ON NON-TAXABLE LAND. When elementary or secondary pupils living on land owned by the university of Minnesota as a research center or as a housing project located outside a city of the first class attend school in a district in which such research center or housing project is located, the state shall pay state aid to such district at the same rate per pupil unit in average daily attendance exclusive of transportation as is paid by a district for the education of its residents in another district on a non-resident basis.

The state aid referred to in this section shall be paid from the special state aid fund based upon an annual application submitted to the commissioner.

[*Ex1959 c 71 art 5 s 25*]

124.26 AID FOR EVENING SCHOOLS. For evening schools for persons over 16 years of age and not in attendance upon regular day schools, the state shall pay to any district maintaining such schools in accordance with requirements established by the state board from funds appropriated for that purpose, or such funds combined with federal funds insofar as federal funds are available, one-half the salaries of all teachers who teach in such evening schools. Attendance at evening schools maintained under the rules established by the state board shall entitle such district maintaining the same to its pro rata apportionment of state school funds for all pupils not over 21 years of age on the same attendance basis as that provided for day schools, counting each evening session of two or more hours as the equivalent of one day.

[*Ex1959 c 71 art 5 s 26*]

124.27 AID FOR TEACHER TRAINING IN SECONDARY SCHOOLS. For teacher training in secondary schools the state board is authorized within the legislative appropriation therefor to determine the amounts of state aid to be granted to any district for the maintenance of this work.

[*Ex1959 c 71 art 5 s 27*]

124.28 GROSS EARNINGS REFUND. Subdivision 1. When the properties of any district are made up, to the extent of at least 20 percent 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, such district shall receive annually a refund from such gross earnings taxes in the amount that would be produced by a tax on such exempt property at the current tax rate for school purposes in the district including the rate for nonresident high school children levied by the county provided that any district which has 15 percent in value of such exempt property and presently receiving gross earnings refund shall continue to receive it until June 30, 1963. For the purpose of determining the amount of this refund, the value of such exempt property shall be set at 30 percent of its full and true value except that in no case shall the assessed value of said exempt property for this purpose exceed such an amount as when added to the assessed value of all other property in the district exceed \$3,000 per resident pupil unit. In the determination of the amounts to which districts shall be entitled in the distribution of any state aids that are based upon total valuation per pupil this valuation shall be included.

Subd. 2. Any district entitled to a tax refund under the provisions of this section shall apply to the state auditor on or before July 1 of each year for such a refund and the state auditor shall immediately secure the necessary information on the valuation of the railroad property located in such a district from the railroad and warehouse commission subject to taxation under the gross earnings tax act, except rolling stock and the main tracks, and the local school tax rate in such a district, and compute the amount of the refund. For the purposes of this section the railroad valuation shall be taken as of December 31 of the year preceding the application, the taxable valuation as of the first Monday of January of the year of the application, the tax rates of the year of the application and the enrollments as of June 1 of the year of application. The state auditor shall forthwith draw a warrant on the state treasurer for such a refund to be paid from the appropriation otherwise made for that purpose. Provided, however, that no school district qualifying for a refund under this section shall receive more money than would be produced by a tax rate of 160 mills applied to the railroad property assessed at 30 percent of its full value as reported by the railroad and warehouse commission; nor shall any school district receive a larger refund the second fiscal year of the biennium than it receives the first fiscal year of the biennium by reason of the school district raising its mill rate for school purposes by more than five mills.

If the appropriation made for the purposes of this section is insufficient to pay all the school districts eligible for refund under this section the appropriation shall be prorated among the school districts entitled thereto.

Subd. 3. For the purpose of determining the applicability of this section to any district, the valuation of taxable property shall be the adjusted value of such property as determined by the equalization aid review committee, and the valuation of the exempt property shall be the full value of the exempt property as reported annually by the railroad and warehouse commission. For the purpose of determining refunds the valuations of the taxable property shall be taken at 30 percent of the valuations as adjusted by the equalization aid review committee and the valuation of the exempt property shall be taken at 30 percent of its full value. The eligibility of a school district under this section is determined by adding the adjusted taxable valuation of the taxable property of the district as determined by the equalization aid review committee to the full value of the exempt property as reported by the railroad and warehouse commission; then by dividing the amount of the exempt property by the total of such taxable property and exempt property; if the result is 20 percent or more the school district is eligible, otherwise not, unless it qualifies temporarily under subdivision 1.

[*Ex1959 c 71 art 5 s 28; 1961 c 381 s 1*]

124.29 GROSS EARNINGS REFUND, FEDERAL AID. The money received from the federal government by any district as its share of the distribution of proceeds from the sale of timber or rental of lands shall not be chargeable against gross earnings aid received by a district.

[*Ex1959 c 71 art 5 s 29*]

124.30 AID IN LIEU OF NON-TAXABLE LAND. Subdivision 1. In any district where 40 percent or more of the total land area is exempt from real property taxes, there is hereby appropriated annually for school maintenance purposes only, an amount equal to ten cents for each acre of non-taxable lands to be paid from the state income tax fund to the district within which such land is situated, except that no district shall receive hereunder in any one year more than an amount in excess of \$25 per pupil unit in average daily attendance in kindergartens and grades one through twelve, nor in any event more than \$25,000.

Subd. 2. No district with an assessed valuation of \$1,300 or more per pupil unit in average daily attendance shall receive any aid under the provisions of this section. This subdivision does not apply to any district formed in accordance with the provisions of the consolidation law, in which more than 85 percent of the lands are tax exempt nor to any district with more than 30 townships in which more than 50 percent of the land in such district is tax exempt.

Subd. 3. For purposes of this section, each county auditor shall supply to the state auditor plats with checkings thereon indicating the location and description of tax exempt lands situated within the districts of the county.

Subd. 4. There is hereby annually appropriated from the state income tax fund \$260,000 to be distributed by the state auditor under the terms of this section, and in the event that said sum shall be insufficient to pay the full amount to which said districts shall be entitled, the state auditor shall apportion said sum pro rata to each entitled district.

[*Ex1959 c 71 art 5 s 30*]

124.31 AID IN LIEU OF TAXES ON STATE TRUST FUND LANDS. Subdivision 1. There is annually appropriated from the revenue fund \$50,000 in aid of the public schools of this state available on or before April 1 of each year.

Subd. 2. The amount so appropriated shall be allocated by the state auditor among those school districts which contain in excess of two sections of state trust fund lands which have never been sold. Each such district shall receive a fractional part of the appropriation equal to the part of the total unsold state trust fund land in all qualifying districts which lie within the district, subject however, to the following limitations:

(a) no district shall receive an amount in excess of five cents per acre of such trust fund lands.

(b) no district shall receive an amount in excess of \$15 per pupil enrolled in grades one through twelve.

(c) in calculating the acreage of state trust fund land in any district, lands which have heretofore been or hereafter may be leased by the state for mineral purposes shall not be included in the calculation.

Subd. 3. No part of the money hereby appropriated shall be available for or

be used for the purchase of any school site or the erection of any school building.

Subd. 4. The state auditor shall supply to each county auditor plats indicating the location and description of the trust fund lands situated within the townships of his county.

[*Ex1959 c 71 art 5 s 31*]

124.32 HANDICAPPED CHILDREN. Subdivision 1. The state shall pay to any district and unorganized territory; (a) for the employment in its educational program for handicapped children, two-thirds of the salary of essential professional personnel, but this amount shall not exceed \$3,600 for the normal school year for each full-time person employed, or a pro rata amount for a part-time person or a person employed for a limited time, including but not limited to summer school; (b) for the employment of an individual jointly with another district or districts or unorganized territory in its educational program for handicapped children, two-thirds of the salary of essential professional personnel, but this amount shall not exceed \$3,600 per annum for each full-time person employed, for a limited time including but not limited to summer school.

Subd. 2. The state shall reimburse each district or unorganized territory for supplies and equipment purchased or rented for use in the instruction of handicapped children in the amount of one-half of the sum actually expended by the district or unorganized territory but not to exceed \$50 in any one school year for each handicapped child receiving instruction.

Subd. 3. When a handicapped or a mentally retarded pupil cannot be transported on a regular school bus, the state shall reimburse each district or unorganized territory for the transportation or board and lodging when approved by the state board, at rates to be determined by the state board. Actual transportation costs may be reimbursed but shall not exceed \$225 annually for each such pupil. Transportation funds may be used to reimburse for expenditures in conveying mentally retarded or otherwise handicapped pupils between home and school and within the school plant.

When it is necessary to provide board and lodgings for a nonresident handicapped pupil in a district maintaining special classes, reimbursement may be made for the actual cost of board and lodgings but not to exceed \$900 per annum. This amount may be in addition to the reimbursement for transportation of such child from the place where the pupil is boarded to the school building.

Subd. 4. The aids provided for handicapped children shall be paid to the district providing the special instruction and services. Foundation aid shall be paid to the district or unorganized territory of the pupils' residence. The amount of aid for special instruction and services for handicapped children may not exceed the amount expended for such special instruction and services for handicapped children for the year for which the aid is paid.

[*Ex1959 c 71 art 5 s 32; 1961 c 559 s 1*]

124.33 TRAINABLE CHILDREN; PAYMENTS BY STATE. Subdivision 1. **Amount.** The state shall pay to any district and unorganized territory; (a) for the employment in its program for trainable children, two-thirds of the salary of essential personnel, but this amount shall not exceed \$3,600 per annum for each full-time person employed, or a pro rata amount for a part-time person or a person employed for a limited time, including but not limited to summer school; (b) for the employment of an individual jointly with another district or districts or unorganized territory in its program for trainable children, two-thirds of the salary of essential personnel, but this amount shall not exceed \$3,600 per annum for each full-time person employed, or a pro rata amount for a part-time person or a person employed for a limited time including but not limited to summer school.

Subd. 2. **Reimbursement by state to district for supplies and equipment.** The state shall reimburse each district or unorganized territory for supplies and equipment purchased or rented for use in the instruction of trainable children in the amount of one-half the sum actually expended by the district or unorganized territory but not to exceed \$50 in any one school year for each trainable child receiving instruction.

Subd. 3. **State to reimburse district for transportation or board and lodging.** The state shall reimburse each district or unorganized territory for the transportation or board and lodging of trainable children when approved by the state board but this amount shall not exceed \$225 annually for each such child. Transportation funds may be used for conveying trainable children between home and school and within the school plant.

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Subd. 4. **Aids are additional to basic and equalization aids.** The aids provided for the instruction of trainable children shall be paid to the district providing the special instruction and services. Foundation program aid shall be paid to the district or unorganized territory of the pupil's residence. The amount of aid for special instruction and services for trainable children may not exceed the amount for such special instruction and services for trainable children for the year which the aid is paid.

[*Ex1959 c 71 art 5 s 33*]

124.34 AID TO JUNIOR COLLEGES. Subdivision 1. The state board shall distribute to each public school district maintaining a junior college annually the sum of \$200 for each student in average daily attendance in said junior college.

Subd. 2. At the close of each school year, each district maintaining a junior college shall submit to the commissioner satisfactory enrollment and attendance records as prescribed by the commissioner. Not later than September 1 of each year, the commissioner shall certify to the state auditor a statement showing the number of students in average daily attendance at each junior college during the preceding year. The junior colleges established after April 27, 1957, shall be paid aid for the first year on the basis of the enrollment at the end of the second week of operation with adjustment to be made for the following year based on the average daily attendance of the first year, and thereafter aid shall be paid as otherwise provided in this subdivision. The state auditor, not later than October 1 following the receipt of such statement, shall draw his warrant upon the state treasurer in favor of each of the districts maintaining junior colleges for the amount determined by the commissioner. No state aid herein provided for shall be paid to any district unless such district maintaining a junior college charges its resident students an amount equivalent to three-fourths of the amount charged to the non-resident tuition which shall be five-sixths of the state college tuition. These tuitions represent the minimum amount to be charged.

Subd. 3. No state aid shall be paid under this section to any district which establishes a junior college subsequent to the passage of this section within 36 miles of any existing junior college or state college.

Subd. 4. This section shall take effect from and after its passage and the first payment hereunder shall be based upon the 1956-57 school year and the moneys thereof shall be taken out of the general revenue fund.

[*Ex1959 c 71 art 5 s 34*]

124.35 LOANS TO DISTRESSED DISTRICTS. Financial aid to distressed districts shall be governed by the provisions of the maximum effort school aid law.

[*Ex1959 c 71 art 5 s 35*]

124.36 CITATION, MAXIMUM EFFORT SCHOOL AID LAW. Sections 124.36 to 124.47 may be cited as the "maximum effort school aid law."

[*Ex1959 c 27 s 1*]

124.37 POLICY AND PURPOSE. The rates of increase in school population in Minnesota and population shifts and economic changes in recent years, and anticipated in future years, have required and will require large expenditures for performing the duty of the state and its subdivisions to provide a general and uniform system of public schools. The state policy has been to require these school costs to be borne primarily by the local subdivisions. In most instances the local subdivisions have been, and will be, able to provide the required funds by local taxation as supplemented by the aids usually given to all school districts from state income tax and other state aids. There are, however, exceptional cases due to local conditions not found in most other districts where, either temporarily or over a considerable period of years, the costs will exceed the maximum which the local taxpayers can be reasonably expected to bear. In some districts having bonds of several issues outstanding, debt service tax levy requirements are excessive for some years because of heavy bond principal payments accumulating in some of the years due to overlapping or short term issues. The policy and purpose of sections 124.36 to 124.47 is to utilize the credit of the state, to a limited degree, to relieve those school districts, but only those, where the maximum effort by the district is inadequate to provide the necessary moneys.

[*Ex1959 c 27 s 2*]

124.38 DEFINITIONS. Subdivision 1. As used in sections 124.38 to 124.47, the terms defined in this section shall have the following meanings:

Subd. 2. "District" means any school district defined in the education code.

Subd. 3. "Indebtedness" or "debt" means the net debt of any district computed according to Minnesota Statutes, Section 475.51, Subdivision 4, excluding loans made under sections 124.36 to 124.47.

Subd. 4. "Sinking fund" means the aggregate of all funds maintained by a district which are appropriated to payment of principal of and interest on its debts as required by Minnesota Statutes, Chapter 475.

Subd. 5. "Debt service levy" means the levy for all sinking fund purposes in accordance with Minnesota Statutes, Chapter 475.

Subd. 6. "Required debt service levy" means the total dollar amount needed to be included in the taxes levied by the district in any year for payment of interest and principal falling due on its debts prior to collection of the next ensuing year's debt service levy.

Subd. 7. "Maximum effort debt service levy" means a levy in a total dollar amount which equals or exceeds an amount computed as four and one-tenth mills on the correct full and true value as determined for the then current school year.

Subd. 8. "Correct full and true value" means the valuation of all taxable property in the district determined by the equalization aid review committee as provided in section 124.21, subdivision 4, and amendments thereof. In districts whose debt limit is fixed by Minnesota Statutes, Section 475.533, it also includes the value of railroad property as determined by the railroad and warehouse commission.

Subd. 9. "Commissioner" means the commissioner of education.

Subd. 10. "Committee" means the school loan committee.

Subd. 11. "Fund" means the "maximum effort school loan fund."

[*Ex*1959 c 27 s 3; 1961 c 562 s 4, 5]

124.39 FUND CREATED. Subdivision 1. There is hereby created in the state treasury a "maximum effort school loan fund" for administration of moneys to be received and disbursed as authorized and required by sections 124.36 to 124.47, which fund shall be divided into four accounts for the purposes specified in subdivisions 2, 3, 4, and 5.

Subd. 2. There shall be a debt service loan account, out of which loans under section 124.42 shall be made. From the moneys appropriated to the fund by section 124.40 for the year ending June 30, 1960, there shall be paid into this account \$2,490,000, and for the year ending June 30, 1961, the sum of \$2,490,000. Transfers to and from said account shall also be made as required by sections 124.36 to 124.47.

Subd. 3. There shall be a capital loan account, out of which loans under section 124.43 shall be made. There shall be transferred to it from the debt service loan account on October 1 of each year, all moneys therein in excess of those required for debt service loans then agreed to be made. There shall be transferred from it to the debt service loan account on July 1 of each year all moneys therein in excess of those required for capital loans theretofore agreed to be made, to an amount not exceeding \$3,500,000; and any balance in the capital loan account on July 1 of any year in excess of such existing capital loan requirements plus \$3,500,000 shall be transferred to the certificate of indebtedness account described below.

Subd. 4. There shall be an administration account for payment of the state's costs of administering sections 124.36 to 124.47. From the moneys appropriated by section 124.40, there shall be paid into this account \$10,000 for the year ending June 30, 1960, and \$10,000 for the year ending June 30, 1961.

Subd. 5. There shall be a certificate of indebtedness account, into which shall be paid all interest paid by school districts on debt service loans and capital loans made under sections 124.42 or 124.43, whenever received, and all principal payment on such loans received after June 30, 1961, and the proceeds of all taxes levied pursuant to section 124.46. There shall be paid out of this account the principal of and interest on all certificates of indebtedness issued under section 124.46.

Subd. 6. All moneys deposited to the credit of the certificate of indebtedness account and not required for the payment of principal and interest as prescribed in subdivision 5 shall be transferred to the credit of the debt service loan account on July 1 of each year, to the amount required, if any, to increase the balance then in that account to \$3,500,000, and such moneys are hereby annually appropriated in such account for the purposes prescribed by sections 124.36 to 124.47. Moneys deposited to the credit of the certificate of indebtedness account and not required for such transfers or for the payment of principal and interest due on certificates of indebtedness shall be used for the redemption and prepayment of certificates of indebtedness when prepayable according to their terms, or for the purchase of

certificates of indebtedness prior to maturity, or may be invested and reinvested in securities which are general obligations of the United States or the state of Minnesota. When all certificates of indebtedness issued and made payable from said account have been fully paid with interest accrued thereon, the balance remaining in said account shall be transferred to the income tax fund.

[*Ex1959 c 27 s 4; 1961 c 752 s 1, 2*]

124.40 APPROPRIATION. Subdivision 1. There is hereby appropriated to the fund the net proceeds of sale of state certificates of indebtedness issued under section 124.46, "net proceeds" being the amounts received upon their sale less expenses incidental to their issuance, sale, and delivery.

Subd. 2. Any amounts remaining in the fund on July 1 of each year, commencing in 1961, including any unused portion of the appropriation made in subdivision 1, shall be available for use by the committee in making further debt service loans and capital loans at like times and in like manner as herein provided for the years ending June 30, 1960, and June 30, 1961.

Subd. 3. All payments of principal on debt service notes or capital loan contracts, as received by the commissioner prior to July 1, 1961, are hereby appropriated to the debt service loan account if received on or between July 1 and September 30 of any year or to the capital loan account if received on or between October 1 and June 30 of the following year. All such payments received after June 30, 1961, as received by the commissioners, are hereby appropriated to the certificate of indebtedness account.

[*Ex1959 c 27 s 5*]

124.41 SCHOOL LOAN COMMITTEE. Subdivision 1. The members of the equalization aid review committee defined in section 124.21, subdivision 4, are hereby constituted a school loan committee, with the commissioner of administration as chairman, the commissioner of taxation as vice chairman, and the commissioner of education as secretary, for receiving and considering applications for and granting or denying loans under Extra Session Laws 1959, Chapter 27.

Subd. 2. The committee, with the assistance of the attorney general or an assistant designated by him, shall prepare forms of applications for debt service loans and capital loans and instruments evidencing such loans, and shall promulgate regulations to facilitate its operations in compliance with sections 124.36 to 124.47, and such regulations shall be subject to the procedure set forth in Minnesota Statutes, Sections 15.0411 through 15.0422.

Subd. 3. The committee may employ a clerk, who may be designated assistant secretary, to serve at its pleasure and to be in unclassified service of the state, and fix his compensation, which shall be paid out of the administration account of the fund. The committee and the equalization aid committee may agree to make such person an employe of both and divide his duties and compensation.

[*Ex1959 c 27 s 6; 1961 c 562 s 6*]

124.42 DEBT SERVICE LOANS. Subdivision 1. Any school district in which the required levy for debt service in any year will exceed its maximum effort debt service levy by ten percent or by \$5,000, whichever is less, is qualified for a debt service loan hereunder in an amount not exceeding the amount applied for nor three percent of the net debt of the district on the date granted, nor the difference between the required and the maximum effort debt service levy in such year, whichever is least. Applications shall be filed with the committee in each calendar year up to and including September 15. The committee shall determine whether the applicant is entitled to such loan and the amount thereof, and on or before October 1 shall certify to each applicant district the amount granted and its due date. A copy of each such certificate shall be filed with the commissioner. Upon receipt by the commissioner of a copy of the committee's certificate that the loan is granted, the commissioner shall notify the county auditor or county auditors in which the district is located that the amount so certified is available and appropriated for payment of principal and interest on its outstanding bonds and such auditors shall reduce by that amount the taxes otherwise leviable as the district's debt service levy on the tax rolls for such year. Each debt service loan shall be for a term of 30 years, prepayable at par at any time, and shall bear interest from its date at three and one-half percent per annum on the principal amount from time to time remaining unpaid, payable on December 15 of the year next following that in which the loan is received and annually thereafter.

Subd. 2. Each debt service loan shall be evidenced by a note which shall be executed in behalf of the district by the signatures of its chairman or vice chair-

man and the school district clerk, shall be dated November 1 of the year in which executed, and shall state its principal amount, due date, interest rate, and that it is payable at the commissioner's office. It shall have printed thereon, or the commissioner shall attach thereto, a grill for entry of the date and amount of each payment and allocations of each payment to accrued interest or principal, and a certificate to be executed by the county auditor of each county in which any portion of the school district is situated, prior to the delivery of the note, stating that such county auditor has entered the debt service loan evidenced thereby in his bond register. Such notes shall be delivered to the committee not later than November 15 of the year in which executed. The secretary shall cause a record to be made and preserved showing the obligor district and the date, principal amount, and due date of each note, and shall then deliver it to the commissioner who shall make suitable record thereof.

Subd. 3. On or before December 1, the commissioner shall issue to each district whose note has been so received a warrant on the debt service loan account of the maximum effort school loan fund, payable on presentation to the state treasurer out of any moneys in such account. Interest shall accrue from the date such warrant is issued. The proceeds thereof shall be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Subd. 4. Each district receiving a debt service loan shall levy in that year for debt service its required debt service levy as reduced by the amount of the loan. In each year thereafter in which it shall not have received a debt service loan, until all its debts to the fund are paid, the district is hereby obligated to levy for debt service (a) the amount of its maximum effort debt service levy, or (b) the amount of its required debt service levy, whichever is greater. Whenever the maximum effort debt service levy is greater the district shall remit to the commissioner, within ten days after its receipt of the last regular tax distribution in the year in which it is collected, that portion of the debt service tax collections, including penalties and interest, which exceeded the principal and interest payable on its bonded debt in the period for which the levy was made. In addition to the foregoing, the district shall levy in each year, commencing in the year a debt service loan is granted and continuing until the entire loan is paid, a sum sufficient to produce full payment of the interest payable on December 15 of the ensuing year on its debt service note, and the proceeds of such levy shall in each year be remitted to the commissioner for payment of such interest. On or before November 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the total amount of interest to become due on December 15 of the ensuing year on all debt service notes of the district, and said county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in an aggregate amount exceeding the amount so certified by five percent or by the percentage of current taxes on property within the district which then remains unpaid, whichever is greater. If any interest is not paid when due, the commissioner shall add the amount thereof to the amount of interest so certified in the following year, with one year's interest on such amount at 3½ percent per annum.

[*Ex 1959 c 27 s 7; 1961 c 752 s 3, 4*]

124.43 CAPITAL LOANS. Subdivision 1. Any district is qualified to apply for a capital loan under this section if its net debt at the time of application is in excess of 90 percent of the debt limit prescribed by Minnesota Statutes, Chapter 475, or within \$20,000 of such limit. To the extent moneys are from time to time available hereunder, the committee is authorized to effect capital loans to such school districts but the indebtedness of such a district at the time of receiving the initial proceeds from such loan must exceed 98 percent of its debt limit as prescribed by Minnesota Statutes, Chapter 475, or be within \$20,000 of such limit. Proceeds of such loans shall be used only for sites for school houses and for acquiring, bettering, furnishing, or equipping school houses, exclusive of gymnasiums, swimming pools, athletic fields, or similar items not related to classroom use. Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and June 1 next following.

Subd. 2. The school board of any district desiring a loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of dates when the moneys will be needed and the amounts needed on such dates. The question of authorizing the incurring of the debt shall then be submitted to the voters of the district at a regular or special

election. If the state loan is to be for only part of the money needed for the contemplated purpose, the question submitted shall state the entire amount to be borrowed and that as much thereof as cannot be borrowed from the state hereunder will be borrowed on bonds sold at a public sale and that the remainder will be borrowed from the fund under sections 124.36 to 124.47. A majority of those voting on the question shall be sufficient to authorize the district to effect the state loan and also to issue the bonds on public sale in accordance with Minnesota Statutes, Chapter 475. Applications for loans shall be accompanied by (a) a copy of such resolution, (b) a certificate by the clerk showing the vote at the election, (c) a certificate by the clerk and treasurer showing the then outstanding indebtedness of the district, and (d) a certificate by the county auditor of each county in which a portion of the district lies showing the valuations of taxable properties in the district taxed in his county. The clerk's and treasurer's certificate shall show, as to each outstanding bond issue, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rate and due dates and amounts of principal thereon. The county auditor's certificate shall show the full and true value and the assessed value of all real estate in his county taxable by the district and the assessed value and full and true value of all personal property in his county taxable by the district, according to the assessment rolls last previously equalized, except that the full and true values shall be estimated if not shown on such rolls. Applications shall be in such form and accompanied by such additional data as the committee shall prescribe, which may include a statement from the state department of education as to the district's need of the proposed schoolhouses in comparison with needs of other districts. When an application is received, the committee shall obtain from the commissioner of taxation a certificate showing the correct full and true valuation of taxable property in the district as last theretofore determined by the equalization aid review committee.

Subd. 3. The committee shall examine and consider all applications for capital loans, and if any applicant district is found not qualified it shall be promptly notified thereof. Not later than January 1 and July 1 of each year, the committee shall make its determination on all pending applications which have been on file with it more than one month. If an applicant is qualified in the opinion of the committee and the aggregate of the amounts applied for does not exceed the amount available or which can be made available in the capital loan account, all loans so applied for shall be granted, subject to acceptance by the respective districts as specified below. If the aggregate exceeds the amount which is or can be made available, the committee shall allot the available amount among the qualified applicant districts, or any of them, according to the committee's judgment and discretion based upon their respective needs. The committee shall promptly certify to each qualified applicant district the amount, if any, of the capital loan granted to it.

Subd. 4. Each capital loan shall be for a term of 30 years and evidenced by a contract between the school district and the state acting through the committee. It shall obligate the state to pay to the district, out of the maximum effort school loan fund, specified amounts at specified dates, being the dates and amounts the district has estimated it will need the loan proceeds. It shall obligate the district on its full faith and credit to repay the entire principal of the state loan and interest thereon at $3\frac{1}{2}$ percent per annum on the principal amount from time to time unpaid out of the excesses of a maximum effort debt service levy over its required debt service levy. The district shall each year, as long as it is indebted to the state, levy for debt service (a) the amount of its maximum effort debt service levy or (b) the amount of its required debt service levy, whichever is greater, except as such required debt service levy may be reduced by a loan under section 124.42. Whenever the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that portion of the debt service tax collections, including penalties and interest, which exceeded the required debt service levy. The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to the proper county auditor require the maximum levy to be made as required hereunder. Interest on capital loans shall be paid on December 15 of the year next following that in which the loan is granted and annually thereafter. In addition to the levies otherwise required by this subdivision, the district shall levy in each year, commencing in the year a capital loan is granted and con-

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tinuing until the entire loan is paid, a sum sufficient to produce full payment of the interest payable on December 15 of the ensuing year on its capital loan contract, and the proceeds of such levy shall in each year be remitted to the commissioner for payment of such interest. On or before November 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the total amount of interest to become due on December 15 of the ensuing year on all capital loans of the district, and said county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in an aggregate amount exceeding the amount so certified by five percent or by the percentage of current taxes on property within the district which then remains unpaid, whichever is greater. If any interest is not paid when due, the commissioner shall add the amount thereof to the amount of interest so certified in the following year, with one year's interest on such amount at 3½ percent per annum.

Subd. 5. Before delivery of any capital loan contract, the school district shall file a copy thereof with the county auditor of each county in which any portion of the district is situated, and shall obtain from each such county auditor and furnish to the committee a certificate stating that such county auditor has entered the capital loan evidenced thereby in his bond register. As each executed contract is delivered to the committee, its secretary shall cause a record thereof to be made and preserved showing the name and address of the district, the date of contract, and the dates and amounts agreed to be disbursed by the state. On the disbursement dates specified in the contract, or prior thereto if requested by the district, the commissioner shall issue a warrant on the capital loan account for the agreed amount, payable on presentation to the state treasurer. On presentation the treasurer shall remit the amount to the district and enter the date and amount in his account with the district. Interest thereon shall accrue from such date.

Subd. 6. No district having an outstanding capital loan under Extra Session Laws 1959, Chapter 27, shall be authorized to issue and sell any bonds on the public market unless it agrees to pay the balance due the fund out of the bonds to be sold or unless it shall first have issued and sold refunding bonds under Minnesota Statutes, Chapter 475, to refund that portion, if any, of the prior capital loan which with its net indebtedness does not then exceed the debt limit prescribed by said Chapter 475.

[*Ex1959 c 27 s 8; 1961 c 752 s 5, 6*]

124.44 PREPAYMENTS. Any school district may at any time pay the entire principal or part thereof and interest then due on a note or contract held by the state, out of any moneys not needed for school purposes, and may issue and sell its refunding bonds in accordance with Minnesota Statutes, Chapter 475, for such purpose, by actions of its school board and without the necessity of a vote by its electors, if such refunding bonds plus its net debt does not exceed the debt limit prescribed by said Chapter 475. Any such refunding bonds may bear interest at a rate or rates higher or lower than the rate payable on the loan or loans refunded thereby.

[*Ex1959 c 27 s 9; 1961 c 752 s 7*]

124.45 APPLICATIONS OF PAYMENT. The commissioner shall apply payments received from a district on its notes and contracts as follows: First, to payment of interest accrued on its notes, if any; second, to interest on its contracts, if any; third, toward principal on its notes, if any; and last, toward payment of principal of its contracts, if any. While more than one note or more than one contract is held, priority of application shall be given to the one of earliest date of the instrument.

[*Ex1959 c 27 s 10*]

124.46 TAX LEVY; CERTIFICATES OF INDEBTEDNESS. Subdivision 1. On or before October 1, 1959, the commissioner shall certify to the state auditor the amount, not exceeding \$2,500,000, in addition to the amounts appropriated from the income tax fund, which he anticipates will be needed for debt service loans and capital loans to be made under sections 124.42 and 124.43 prior to October 1, 1960. On or before October 1, 1960, the commissioner shall certify to the state auditor the amount, not exceeding \$2,500,000, in addition to the amounts appropriated from the income tax fund, plus any portion of the \$2,500,000 not certified in 1959, which he anticipates will be needed for debt service loans and capital loans to be made after October 1, 1960. Each such certification of the commissioner shall also state his estimate of the dates and amounts the certified amount will

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be needed in the maximum effort school loan fund and his estimate as to the years and amounts in which payments on debt service loans and capital loans will be received.

Subd. 2. Upon receipt of each such certification, the state auditor shall from time to time as needed prepare, execute, issue, and sell state of Minnesota school aid certificates of indebtedness in the aggregate principal amount stated in the commissioner's certificate, and credit the proceeds of their sale to the purposes for which they are appropriated by section 124.40, subdivision 1. Such certificates of indebtedness shall be sold at not less than their par value. They shall be numbered serially and of such denominations, not less than \$1,000, and bear such dates of issue and of maturity, and bear interest from their date until paid at such rate or rates not exceeding five percent per annum and payable at such intervals, all as the auditor shall determine; provided that the maturity date shall in no case be more than 30 years after the date of issue and the principal amounts and due dates shall conform as near as may be with the commissioner's estimates of dates and amounts of payments to be received on debt service and capital loans. Provided, however, that not more than one-fifteenth of the principal amount of certificates of indebtedness authorized in any one year by this section shall mature in any one year.

Subd. 3. At the time of computing and certifying for collection the state tax levy in 1959 and in each year thereafter until all school aid certificates of indebtedness have been paid, the state auditor shall include in such levy an amount sufficient to meet, with funds then on hand in the certificate of indebtedness account, all payments of principal and interest on school aid certificates of indebtedness then outstanding and on those in process of being issued which will fall due prior to receipt of the next ensuing year's state tax levy. The amounts so computed are hereby levied upon all taxable properties in the state and the proceeds of such levies are hereby irrevocably appropriated to payment of such certificates of indebtedness. In event any principal of or interest on certificates of indebtedness shall fall due when moneys in the certificate of indebtedness account are insufficient, the amount of such deficiency shall be advanced from the general revenue fund and the amounts so advanced shall be restored to the general revenue fund out of subsequent collections of taxes levied under this section, and such funds and levies are hereby appropriated therefor.

Subd. 4. Certificates of indebtedness issued pursuant to this section shall constitute negotiable instruments under the laws of Minnesota. They may be purchased by the state board of investment for the permanent school fund, swamp land fund, internal improvement land fund, or any other fund for which investments may be made by the state board of investment or may be sold elsewhere at public or private sale and shall be deemed "authorized securities" within the provisions of Minnesota Statutes, Section 50.14 and acts amendatory thereof or supplemental thereto.

Subd. 5. If at any time the committee and the commissioner shall determine that there are moneys on hand in the debt service loan account or the capital loan account which will not be needed for loans to school districts, they shall certify such determination to the state auditor and state treasurer and the amounts so on hand shall be transferred to the certificate of indebtedness account.

[*Ex1959 c 27 s 12*]

124.47 REPEALER AND SAVINGS CLAUSE. Subdivision 1. Minnesota Statutes 1957, Sections 120.51 to 120.57 are hereby repealed; provided that nothing herein shall impair the validity of any bonds issued pursuant to said sections or of the appropriations therein made, or of any expenditures made pursuant to said appropriations prior to the effective date of Extra Session Laws 1959, Chapter 27, Sections 1 to 13, and all such bonds and expenditures are hereby legalized and validated; but the school construction loan fund created by Minnesota Statutes 1957, Section 120.57 shall be discontinued on the effective date of Extra Session Laws 1959, Chapter 27, Sections 1 to 13, and all moneys then remaining therein, and all subsequent collections of principal and interest on bonds purchased by said fund, are hereby appropriated to the fund created by sections 124.36 to 124.47.

Subd. 2. The committee is hereby authorized to purchase the bonds of any district which the state board of education had agreed to give aid through such purchase, under Minnesota Statutes 1957, Sections 120.51 to 120.57 referred to in subdivision 1 hereof, but the purchase of which bonds were not completed prior to the repeal of such sections. The amount of bonds authorized to be purchased

under this section shall be limited to the amount previously approved under such laws. There is hereby appropriated from the fund sufficient moneys to make such purchase, but not in excess of the moneys which were remaining in the school construction fund created by said Minnesota Statutes 1957, Section 120.57 and appropriated to the fund created by sections 124.36 to 124.47. Such bonds shall be purchased without new application therefor but subject to the following provisions:

(a) Such bonds shall bear interest at three and one-half percent per annum payable semiannually. Bonds may be called for redemption in any amount at any time after three years from date of issue; first required payment on the principal shall be due 15 years from date of issue and the entire issue shall mature serially at equal intervals over a period of 38 years so that the entire principal of the loan is paid on or before 50 years from the date of its issue. Bonds shall be numbered and be in such denominations as the committee shall determine.

(b) The committee may require such loans authorized in this subdivision to be presently paid when such school district, whose bonds are purchased under this subdivision, is able to refund said bonds on the public market pursuant to Minnesota Statutes, Chapter 475; and the committee shall require as a condition of granting such aid that maximum effective use be made of such presently existing educational facilities.

(c) Such loans as are authorized in this subdivision shall be for the purpose of construction of school building classroom facilities only, and the bonds of such district shall be accepted by the committee as security for the loans.

[*Ex1959 c 27 s 13*]

124.48 INDIAN SCHOLARSHIPS. The state board may award scholarships to any student who has one-fourth or more Indian blood and who, in the opinion of the board, has the capabilities to profit from education. Scholarship shall be for advanced or specialized education in accredited or approved colleges or in business, technical or vocational schools. Scholarships shall be used to defray tuition, incidental fees and the cost of board and room and shall be paid directly to the college or school concerned. The amount and type of each such scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee. No scholarship shall exceed \$800 to any Indian student in any one school year. If a course of study is completed in less than 36 weeks, the scholarship shall be prorated accordingly.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year he is eligible for additional scholarships, if additional training is necessary to reach his educational and vocational objective. Scholarships may not be given to any Indian student for more than four years of study.

[*Ex1959 c 71 art 5 s 36*]

124.50 NON-RESIDENT SCHOOL ATTENDANCE AUTHORIZED. Any person of school age residing in a district in which no classified secondary school or area vocational-technical school is maintained is entitled to attend such school outside his resident district under regulations established by the state board.

[*Ex1959 c 71 art 5 s 38*]

124.51 COUNTY NON-RESIDENT TUITION TAX PROGRAM. Subdivision 1. It is the duty of the county superintendent in each county annually before July 1 to certify to the county board the number of resident pupils of each district in the county wherein no classified secondary school or area vocational-technical school was maintained in the preceding school year, who attended a classified secondary school in another district, naming the district attended, the length of time attended by each pupil, and the tuition charged for each pupil by the district which furnished the instruction.

In counties having no superintendent of schools, the district board shall make such certification.

Subd. 2. The auditor of the county of the pupil's residence shall thereupon cause to be paid out of the county school tax fund hereby created to each such district which furnished such instruction the tuition so charged for such instruction.

Subd. 3. State apportionment, and special state aid paid by the state on account of such secondary school or area vocational-technical school instruction shall be paid to the county which pays such secondary school tuition.

Subd. 4. The county board in the county which pays such tuition, at its July meeting shall determine the total sum to be paid on account of such tuition for the current school year in excess of the aid to be received from the state on ac-

count thereof, and shall levy a tax for such sum sufficient to pay such tuition, and the county auditor shall spread such tax on the property in the districts of the county which maintains no classified secondary school in the manner provided by law for spreading other taxes therein and such taxes shall be collected in the same manner as other taxes on property are collected. When collected such taxes shall be credited to the county school tax fund which is hereby created. In the event that the tax levy in any year is insufficient with state aid to reimburse the county for its expenditures for tuition in that year, the county auditor shall extend a separate tax in any subsequent year against the same area to make up the deficit. The proceeds of such tax shall be retained by the county.

When the tax rate required to produce the amount levied for county tuition in any county in any year exceeds by 50 percent the average rate of the tax levied for such purposes in all counties of the state, which average rate shall be determined by dividing the total amount of taxes levied for the current school year only by all counties for such purposes by the total taxable valuation of all property in all counties of the state against which taxes were imposed for such purposes by such counties in such year, then one-half of the amount of any excess over 150 percent of the amount which would be produced by a levy of such state rate upon the total taxable valuation of all property in such county against which a tax for such purposes was levied shall be paid to such county from the appropriation for this item, and if such appropriation is insufficient to pay the full amounts due all counties, entitled to such payments, then they shall be paid their pro rata share of such appropriation.

Subd. 5. The county board in the county which shall receive state aid for transportation shall, at its July meeting, determine the total sum to be paid on account of such transportation for the preceding year in excess of the aid received from the state on account thereof, and shall levy a tax for such sum sufficient to pay such transportation, and the county auditor shall spread such tax on the property of the county. Such taxes shall be collected in the same manner as other taxes are collected. When collected such taxes shall be credited to the county school transportation tax fund, which is hereby created.

Subd. 6. Until there shall be money in such fund out of which to make the disbursements herein provided, such disbursements shall be paid out of the general revenue fund of the county, but any money paid from the general revenue fund shall be replaced therein from money thereafter collected and credited to the county school tax fund.

Subd. 7. When, by reason of reorganization of districts there is a surplus in the county treasury to the credit of the county school tax fund on account of an excessive tax levy heretofore made, and when there is no need therefor, the surplus shall be paid by the county treasurer to the reorganized district upon the order of the county board.

[Ex1959 c 71 art 5 s 39]

124.52 ACCEPTANCE OF FEDERAL AID. The provisions of the act of congress entitled "An act to provide for the promotion of vocational education; to provide cooperation with the states in the promotion of such education in agriculture and in the trades and industries; to provide cooperation with the states in the preparation of teachers of vocational subjects; and to appropriate money and regulate its expenditures," and approved February 23, 1917, and acts amendatory thereto, be and the same are hereby accepted, and the benefits of all funds appropriated under the provisions of such acts are hereby accepted as provided in such acts.

[Ex1959 c 71 art 5 s 40]

124.53 VOCATIONAL EDUCATION. The state board is hereby designated the state board for vocational education and has the duty of cooperating with the United States office of education or other federal agency in the administration of the program of vocational education and is given all power necessary to such cooperation. The state board is authorized to make such expenditures as it may deem necessary to carry out the provisions hereof from money available for the purposes.

The state board shall appoint such officials or assistants as may be necessary, fix the salaries of such persons appointed, and make expenditures from the state funds appropriated for the salaries and necessary expenses of such officials and assistants, or use a portion of such funds in matching federal funds available for

the same purpose.

[*Ex1959 c 71 art 5 s 41*]

124.54 FUNDS, TREASURER'S DUTIES. The state treasurer is appointed custodian of all funds for vocational education, and is charged with the duty and responsibility of receiving and providing for the proper custody and proper disbursement of money paid to the state and the appropriations made for such purpose.

[*Ex1959 c 71 art 5 s 42*]

124.55 FEDERAL AID, REPORTS TO THE LEGISLATURE. The state treasurer, as custodian for vocational educational funds, shall make to the legislature at each biennial session a report of the receipts and disbursements of money received by him under the provisions of federal and state acts relating to vocational education and the state board shall make to the legislature at each biennial session a report of its administration of such acts and the expenditure of money allotted to the state under the provisions of such acts.

[*Ex1959 c 71 art 5 s 43*]

124.56 APPROPRIATION ACCOUNT. There shall be appropriated biennially a sum of not less than the amount to which the state of Minnesota is entitled under sections 3 and 4 of an act of congress of the United States, approved February 23, 1917, and acts amendatory thereto, relating to the promotion of vocational education and for appropriations to the states for instruction in agriculture, trade and industrial education, home economics and distributive education, and for the training of teachers of vocational subjects.

[*Ex1959 c 71 art 5 s 44*]

124.57 AID FOR VOCATIONAL EDUCATION. Whenever any district shall have established a vocational school, department, or classes in accordance with the rules and regulations established by the state board adopted by that board, and the plan for vocational education, and approved by the United States office of education or other federal agency to which its functions are assigned, the state board shall reimburse such district or state tax supported institution for its expenditures for salaries and necessary travel of vocational teachers or other reimbursable expenditures from federal funds and may supplement such federal funds with such state aid as it may deem desirable under such rules as it may adopt, provided, however, that in the event of such funds not being sufficient to make such reimbursement in full, the state board shall prorate the respective amounts available to the various districts entitled to receive reimbursement. All instruction may be given at the place of the abode of the pupils, and adults may be given instruction in adjoining or nearby districts.

In like manner the state board shall have power to reimburse other governmental agencies for expenditures for salaries and necessary travel expenses of vocational teachers from federal funds, according to rules and regulations adopted by the state board.

When local districts desire but cannot provide vocational instruction for the related training required by apprentices and other learners in the trade, industrial, and distributive fields, the state board is empowered upon request of such local district or districts to employ itinerant vocational teachers to provide this service and pay the salary and necessary travel expense from authorized federal and state vocational aid funds under such rules as it may adopt. An itinerant vocational teacher in this section is defined as a vocational teacher employed to give part-time or periodic vocational instruction in one or more districts.

[*Ex1959 c 71 art 5 s 45*]

124.58 MATCHING AID. When aid is received from the United States conditioned upon the state meeting requirements specified by the government of the United States the state board shall allot the necessary funds to be paid by the state out of the school aid fund.

[*Ex1959 c 71 art 5 s 46*]

124.59 FEDERAL AID. Any district or any other governmental agency designated by the state board which maintains a vocational school, department, or class shall be entitled to federal money under such acts for the salaries and necessary travel expenses of teachers of agriculture, trade and industrial education, home economics, and distributive education by meeting the requirements fixed by the state board and approved by the United States.

[*Ex1959 c 71 art 5 s 47*]

124.60 TEACHER TRAINING AID. Teacher training schools and departments shall be entitled to federal money for the preparation of teachers of agriculture, trade and industrial education, home economics and distributive education by meeting the requirements fixed by the state board and approved by the United States for the preparation of such teachers. The state board shall reimburse institutions selected by it to train teachers of vocational subjects to an amount of not to exceed one-half of the expenditures made for such training by these institutions, provided that no federal funds may be applied directly or indirectly to the purchase, erection, preservation, or repair of any building or equipment, or for the purchase or rental of lands or for the support of any religious or privately owned school or college.

[*Ex1959 c 71 art 5 s 48*]

124.61 TEACHERS' TRAINING, FEDERAL AID. All disbursements of federal money for the benefit of teacher training schools or departments shall be made on the requisition of the state board by the state treasurer to the legally constituted authorities having custody of the money of such training schools or departments. All disbursements of federal and state money for the benefit of vocational schools, departments, or classes shall be made on the requisition of the state board by the state treasurer to the treasurers legally qualified to receive and disburse the funds for the districts or governmental agencies establishing and maintaining such schools, departments, and classes as herein provided.

[*Ex1959 c 71 art 5 s 49*]

124.62 FEDERAL AID TO EDUCATION, ACCEPTANCE BY THE STATE. Subdivision 1. In the event that the United States enacts legislation providing educational assistance to the states for the purpose of

- (1) General improvement of public elementary and secondary schools,
- (2) Improvement of school library service,
- (3) Improvement of health, welfare, and recreational service in the public schools,
- (4) Improvement of nursery schools and kindergartens,
- (5) Improvement of services for handicapped pupils,
- (6) Improvement of educational and vocational guidance activities,
- (7) Improvement of vocational education,
- (8) Improvement of rehabilitation and placement services,
- (9) Improvement of technical and vocational institutes of secondary grade,
- (10) Stimulation and improvement of part-time, civic, vocational and general adult education and recreational activities conducted by school systems,
- (11) Transportation of pupils,
- (12) Purchase of books and instructional material,
- (13) Provision of scholarships,
- (14) Improvement of teacher preparation,
- (15) Construction of school buildings,
- (16) Facilitating administration in state department of education,
- (17) Stimulating and facilitating adequate rural library services and,
- (18) Making provision for educational research, planning and demonstrations,

or for one or any combination of the above purposes, at a time when the legislature is not in session, the governor shall have power to accept the provisions of such act or acts of congress of the United States, or to accept such parts or provisions as may be separately acceptable, by executive order, upon recommendation of the state board and pending further action by the legislature.

Subd. 2. Pursuant to such acceptance, the state board shall have authority to make and secure approval of plans to carry out the purposes of the provisions accepted.

Subd. 3. The state treasurer shall be the custodian of all funds received from the United States on account of such acceptance, and he shall disburse such funds on requisition of the state board for purposes consistent with the acts of congress and in accordance with the provisions of this section and of the order of acceptance.

[*Ex1959 c 71 art 5 s 50*]

124.63 NATIONAL FOREST LAND FUNDS; HANDLING AND DISPOSITION. Any county board may place the money, or any part thereof, received by such county from the federal government for and on account of any national forest lands situated therein into a special fund to be disbursed and paid over to any district now or hereafter maintaining and operating any school wholly or partly

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within an area now or hereafter constituting a part of any auxiliary or state forest. Such action shall be taken by the board by resolution duly adopted by it, which resolution shall specify the terms and conditions under which this money shall be so paid over and disbursed to any district.

[*Ex1959 c 71 art 5 s 51*]

124.64 FEDERAL AID TO INDIANS, POWER OF STATE BOARD. The state board is hereby authorized to enter into contracts with the United States for the education of Indians in Minnesota, to receive grants of money from the United States and to disburse the same in accordance with the terms of the contract and such rules and standards as the state board may establish.

[*Ex1959 c 71 art 5 s 52*]

124.65 TYPES OF SCHOOL AID. Appropriations made for special state aid are for the following purposes:

Foundation program aid; emergency aid; transportation aid; aid for special classes of handicapped children; school lunch; county tuition equalization aid; gross earnings tax refund, and vocational aid. Before any other aids are paid, transportation aid shall be paid.

[*Ex1959 c 71 art 5 s 53; 1961 c 551 s 1*]

124.66 PURPOSES OF SCHOOL AID. State aid from the school aid fund and any other money set apart for use with the school aid fund shall be for the following purposes:

- (1) To assist in providing equal educational opportunities for all the school children of the state;
- (2) To assist in establishing certain generally accepted minimum standards for all the public schools of the state;
- (3) To assist districts whose tax levies for maintenance are exceptionally high;
- (4) To stimulate educational progress by grants of state aid for superior efficiency and high standards and for desirable educational undertakings not yet generally established; and
- (5) To provide for the maintenance of teacher training departments in high schools.

[*Ex1959 c 71 art 5 s 54*]

124.67 NATIONAL DEFENSE EDUCATION ACT, ACCEPTANCE. The provisions and benefits of Public Law 85-864, an act of the 85th Congress of the United States entitled "An act to strengthen the national defense and to encourage and assist in the expansion and improvement of educational programs to meet critical national needs; and for other purposes," cited as the "national defense education act of 1958," approved September 2, 1958, be and the same are hereby accepted, and the benefits of all funds appropriated under the provisions of such act are hereby accepted as provided in such act.

[*Ex1959 c 71 art 5 s 55*]

124.68 FEDERAL AID, COOPERATIVE RESEARCH. The provisions of Public Law 531, an act of the 83rd Congress of the United States entitled "An act to authorized cooperative research in education", and approved July 26, 1954, be and the same are hereby accepted, and the benefits of all funds appropriated under the provisions of such act are hereby accepted as provided in such act.

[*Ex1959 c 71 art 5 s 56*]

124.69 FEDERAL AID, REDEVELOPMENT, VOCATIONAL TRAINING AND RETRAINING. Subdivision 1. The state board of education of the state of Minnesota is authorized to (a) enter into such agreements as may be necessary with agencies of the federal government as provided by such public laws as may be passed by the 87th Congress of the United States relating to area redevelopment, and providing for vocational training and retraining, subsistence payments during retraining, and placement after retraining; and (b) to cooperate with such federal agencies to the end that residents of this state shall obtain all benefits and advantages available to them and intended by such act of Congress to be so available.

Subd. 2. All agencies of the state and its political subdivisions may cooperate in the efforts of such federal agencies to extend the benefits of this program to unemployed or underemployed individuals residing in redevelopment areas. Consistent with the requirements of such federal agencies administering such program, and the provisions of state or federal laws, agencies of the state and its political subdivisions shall promote means of retraining and placement which will preserve

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the stability of population and communities within the state of Minnesota and protect, to the extent permitted by law, the rights of individuals resident in redevelopment areas which have accrued by reason of their pre-existing employment.

Subd. 3. All public educational institutions are hereby authorized to cooperate with such federal agencies through the services and facilities available at such institutions which may be utilized as a result of said act of Congress.

[1961 c 719 s 1-3]