

three Municipal Judges and Conciliation Judge of the Municipal Court for the City of Minneapolis; one additional Judge of said Municipal Court shall be elected at the next general City election to be held in the City of Minneapolis after the passage of this act and every six years thereafter and his term of office shall commence on the first Monday of July next after his election and shall continue for a period of six years and until his successor is elected and qualified and enter upon the discharge of his duty as such judge. The salary of said judge shall be the same and shall be paid in the same manner as that of the other Municipal Judges of said Municipal Court; and the qualifications and official powers and duties of said additional Municipal Judge shall be the same as the powers and duties of said other Municipal Judges of said Court as provided by law.

Sec. 2. Governor to appoint.—Within ten days after the passage of this act the Governor shall appoint one legally qualified person as such additional Municipal Judge of said Municipal Court to serve as such Judge until the election and qualification of such Judge as provided in Section 1 of this act.

Approved April 8, 1927.

CHAPTER 131—H. F. No. 68

An act relating to the incurring and payments of municipal obligations in certain cases, making the violation of its provisions a misdemeanor, and repealing the provisions of law inconsistent with this act.

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Payment of municipal obligations—definitions.
—As used in this Act unless the context or subject matter otherwise requires:

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

(B) The word "Obligation" shall mean any bond, certificate of indebtedness, warrant or order, authorized by law, issued by a municipality; provided, that the following obligations are excepted from the provisions of this Act as to the issuance thereof;

(1) Those issued by any County under any present or future law for road or highway purposes to the extent to which

such county shall be entitled to reimbursement out of the trunk highway fund of the State of Minnesota.

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

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

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

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

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

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

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

(1) All obligations as herein defined issued and outstanding, including those excepted from the provisions of this Act as to the issuance thereof.

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

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

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

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

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

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

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

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

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

Sec. 2. Limit of indebtedness.—No municipality, except school districts, shall hereafter incur or be subject to a net debt beyond ten per cent of the last assessed valuation, as finally equalized, of all taxable property therein, including moneys and credits, and no school district shall incur or become subject to a net debt beyond twenty per cent of such assessed valuation; provided that no city of the first class shall be subject to a net debt beyond five per cent (5%) of such assessed valuation unless the Charter for such city contains a provision to that effect; provided that this Act shall not be construed as increasing the limit of debt, if any, prescribed by the special law or home rule charter under which any municipality is organized; provided further, that no independent school district located wholly or partly within a city of the first class shall have power to issue any bonds or any evidence of indebtedness unless first thereunto authorized by a two-thirds vote of the legislative body of the city within which such school district is situated in whole or in part; and no such school district shall have power to issue bonds or any evidence of indebtedness running more than two years, whenever the aggregate of the outstanding bonds and evidence of indebtedness of such district equals or exceeds three and one-half per cent of the assessed value of all the taxable property within such school district; provided, further, however, that if the net indebtedness of any municipality shall exceed the limit applicable thereto as provided herein, at the time this Act takes effect, but was not in excess of the limit of debt prescribed by law at the time the indebtedness was incurred, such municipality may issue and sell, pursuant to the provisions hereof, obligations to refund any of such indebtedness at the time of the maturity thereof, if there are not sufficient funds to pay the same.

Sec. 3. Obligations to be paid in installments.—All obligations as herein defined and subject to the provisions of this Act as to the issuance thereof shall be payable serially in annual installments, as determined by the governing body of

the municipality, the first thereof to become due and payable in not more than three years from the date of such obligations, and the last installment thereof to become due and payable as follows:

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

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

(C) Those issued for the purpose of funding or refunding outstanding obligations not more than twenty years from their date.

(D) Those issued for any other purpose authorized by law not more than twenty years from their date.

No annual maturing installments of principal of any issue of such obligations shall be more than two and one-half ($2\frac{1}{2}$) times the amount of the smallest installment thereof maturing in any one year.

Sec. 4. Payment must be authorized by voters—elections.—No obligations subject to the provisions of this Act as to the issuance thereof, except obligations issued to pay judgments lawfully rendered or for refunding obligations at maturity or at their optional or callable dates or to fund outstanding warrants heretofore issued shall be issued without the approval, first obtained, of the majority of the electors voting on the Question of issuing such obligations, excepting that in the case of villages a five-eighths majority must be obtained, provided, that in the case of a municipality operating under a home rule charter, which permits the issuance of bonds without an election, then nothing herein shall be construed as requiring such municipality to obtain such approval.

A proposition to issue such obligations may be submitted at a general or special election or town or school meeting, in the notice of which election or meeting the purpose and the maximum principal amount of the proposed obligations shall

be plainly stated. Such election or meeting shall be called and held in accordance with the provisions of law applicable thereto.

Sec. 5. Governing body to levy tax.—The governing body of any municipality hereafter issuing obligations subject to the provisions of this Act as to the issuance thereof, shall, before the issuance thereof, levy for each year, until the principal and interest are paid in full, a direct annual tax in an amount not less than five per centum (5%) in excess of the sum required to pay the principal and interest thereof, when and as such principal and interest matures. After such obligations have been delivered to the purchaser thereof, such tax shall be irrevocable until all such indebtedness is paid, and after the issue of such obligation, no further action of the governing body of such municipality shall be necessary to authorize the extensions, assessments, and collection of such tax. The recording officer of such municipality shall forthwith furnish a certified copy of such levy to the County Auditor or County Auditors of the county or counties in which such municipality is situated, together with full information regarding the obligations for which the tax is levied, and such County Auditor or such County Auditors, as the case may be, shall enter the same in the register hereinafter provided for, and shall extend and assess the tax so levied. If such municipality is located wholly within one county, the County Auditor thereof shall annually extend and assess the amount of the tax so levied. If the boundaries of such municipality include property situated in more than one county, the county auditor of each such county shall annually extend and assess such portion of the tax levied as the assessed value of the taxable property, not including moneys and credits, located wholly within such municipality in such county bears to the total assessed value of the taxable property, not including moneys and credits, within such municipality. Any surplus resulting from the excess levy herein provided for shall be transferred to a sinking fund after such principal and interest for which the tax was levied and collected has been paid; provided, however, that the governing body may on or before October 15th in any year, by appropriate action, cause its recording officer to certify to the County Auditor or Auditors, if in more than one County, the amount on hand and available in its treasury from earnings of water works, public lighting, heating or power plants, or otherwise, including the amount in such sinking fund, which it will use to pay principal or interest or both on each specified issue of its obligations and the County Auditor or Auditors shall reduce such levy for such year, herein provided for, by such amount. The amount of funds so certified shall be set aside

by the governing body, and be used for no other purpose than for the payment of the principal and interest of such obligation. All taxes hereunder shall be collected and remitted to the municipality by the County Treasurer or County Treasurers in accordance with the provisions of law governing the collection of other taxes, and shall be used solely for the payment of such obligation where due.

Sec. 6. County Auditor to keep register of obligations.—It shall be the duty of the County Auditor of each county to keep a register in which shall be entered as to each issue of such obligations by any municipality located in whole or in part in such county a record of the aggregate amount authorized, the aggregate amount issued, purpose for which issued, the number, denomination, date and maturity of each, the rate of interest, and time of payment thereof, and place of payment of principal and interest, and the amount of tax levied for the payment thereof in accordance with the provisions hereof.

Sec. 7. To be registered before sold.—Before any obligation, as herein defined, subject to the provisions of this Act as to the issuance thereof, shall be delivered to the purchaser thereof, the governing body of the municipality issuing the same shall obtain from the County Auditor or County Auditors, as the case may be, a certificate or certificates to the effect that said issue has been entered on his register, and that a tax has been levied by the municipality as required herein provided, however, that this Section shall not apply to cities of the first class.

Sec. 8. Governing body to make levy.—This Act shall not be construed as limiting the power of a municipality to levy taxes to pay its obligations issued hereunder, but the governing body of every municipality shall have the authority and it shall be its duty to levy any taxes necessary to provide revenue to pay such obligations.

Sec. 9. Investment of surplus.—Taking care that enough cash is always retained in a sinking fund to provide for the annual payments of principal and interest on the obligations for which such fund was instituted, the surplus, if any, in any sinking fund heretofore or hereafter created in any municipality may be invested under the direction of the governing body as follows:

(A) In any interest bearing bond or other evidence of indebtedness of the United States.

(B) In any interest bearing bond or other evidence of indebtedness of the State of Minnesota.

(C) In any bond certificate of indebtedness, warrant, order or interest bearing obligation issued pursuant to law by such municipality or by any other municipality in the State of Min-

nesota; provided, however, that no municipality shall invest any moneys in any sinking fund in its own warrants or orders which have no definite or fixed maturity.

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

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

Sec. 10. Violations.—Any officer of a municipality as herein defined, who shall knowingly fail to comply with any of the provisions of this Act, shall be guilty of a misdemeanor.

Sec. 11. Inconsistent acts repealed.—The provisions of all laws pertaining to the issuance and payment of obligations that are subject to the provisions of this Act as to the issuance thereof, insofar as the provisions of said laws are inconsistent with the provisions hereof, are hereby repealed. None of the provisions of this act relating to the issuance or to the payment of bonds shall apply to bonds issued by counties on account of which they shall be entitled to reimbursements out of the trunk highway fund of the state, nor to the refunding of such bonds heretofore or hereafter issued. Except and to the extent of such repeal, all such laws shall continue to be in force and effect. Nothing in this Act contained shall confer power upon any municipality to issue obligations for any purpose other than those now authorized by law.

This Act shall take effect and be in force from and after September 1, 1927, but in all cases where the issuance of obligations shall have been duly authorized prior to September 1, 1927, the proceedings therein and the issuance of obligations so authorized may be completed under the provisions of law existing prior to the going into effect of this Act, and the provisions of such law shall continue for all purposes of completing such unfinished proceedings and the issuance of such obligations notwithstanding the amendments and repeals contained in this Act.

Approved April 9, 1927.

CHAPTER 132—H. F. No. 643

An act authorizing certain counties to purchase land for county fair purposes and to pay for the construction of county fair buildings in certain cases and providing for a tax levy therefor.