

amination of the books and records of all districts affected by this act, and the school district shall pay the costs and expenses of making such examination.

Approved April 20, 1911.

CHAPTER 362—H. F. No. 448.

An Act to amend section one hundred twenty-six of chapter eight of the General Laws of Minnesota for 1895, as amended by chapter two hundred thirty-five of the General Laws of Minnesota for 1907, relating to the control of city finances, and the issuance of bonds by certain cities of this state.

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

Control of city finances.—Section 1. That section 126 of chapter 8 of the General Laws of Minnesota for 1895 as amended by chapter 235 of the General Laws of Minnesota for 1907, be and the same hereby is amended so that the same shall read as follows:

“Section 126. City council to control finances—Limit of bond issue.—The city council shall control the property and finances of the city, and shall have the power to appropriate money for city purposes only, except as hereinafter provided; to provide for the payment of its debts and expenses; to borrow money on its credit for city purposes, and to issue bonds therefor, as herein provided; to issue bonds in the place of, or to supply means for paying maturing bonds or to consolidate or fund the same;

Provided, that the total indebtedness of such city, except as hereinafter provided, shall not thereby be made to exceed five (5) per cent of the total value of the taxable property of such city according to the last preceding assessment for purposes of taxation, except in cities where such limit has already been reached, or expenditures have already been authorized by vote of the people of said city, which will cause the said limit to be reached, *provided*, however, that the certificates of indebtedness issued for the creation and maintenance of the permanent improvement revolving fund shall not be considered as a portion of the indebtedness of the city for the purposes of this section. *Provided*, *further*, however, that in case of any such city now organized or territory hereafter to be organized, the total indebtedness of which at the time of the passage of this act exceeds five (5) per cent of the total value of the taxable property of said city, according to the last preceding assessment for the purposes of taxation, when such city shall accept the provisions of this act,

the city council of such city may issue bonds sufficient to pay all the floating indebtedness then existing of such city, and any certificates of indebtedness of such city then outstanding, the proceeds of which bonds shall be used solely for the purpose of paying such indebtedness; and thereafter the city council of such city shall not be authorized to issue any bonds, except as hereinafter provided, and except for the purpose of paying maturing bonds of said city, until the total indebtedness of said city, except as hereinafter provided, shall be reduced to an amount less than five (5) per cent of the total value of the taxable property of such city, according to the last preceding assessment for the purpose of taxation; and thereafter the city council of such city may issue bonds in accordance with the provisions hereof and within the limits herein first prescribed.

Provided, further, that any city having a population of less than 8,000, an indebtedness of not to exceed ten per cent of the total value of the taxable property of such city, may be incurred by the issuing of bonds in the same manner as above provided for the incurring of indebtedness not to exceed five (5) per cent.

Provided, further, that any ordinance or resolution authorizing the issuance of bonds that would increase the bonded indebtedness to an amount exceeding five (5) per cent of the total value of the taxable property of the city, shall be submitted for ratification to the electors of the city at the next regular city election, or at a special election called for that purpose, the form of ballot to be used at which shall be prescribed by the city council. If two-thirds of all the electors voting upon such question shall vote in favor of the issuance of such bonds, then said ordinance or resolution shall take effect and be in force; otherwise, the same shall become null and void.

Provided, further, that any bonds or other certificates of indebtedness issued and sold, or to be issued and sold, by any city for the purchase, construction, maintenance, enlargement or improvement of a water or light plant, or local telephone exchange plant, or system, or either thereof in such city, shall not be considered a portion of the indebtedness which such city is in this section forbidden to make, and any city organized and existing under this charter is hereby expressly empowered to issue and sell bonds or other certificates of indebtedness, payable not less than ten nor more than thirty years from date of issue, bearing interest not to exceed six per cent per annum, payable semi-annually, for the purchase, construction, maintenance, enlargement or improvement of a water or light plant, or local telephone exchange plant or system, or either, irrespective of the bond limitations hereinbefore or hereinafter prescribed.

Such bonds shall be authorized, issued, negotiated and sold in the same manner as other city bonds, except that an ordinance

or resolution authorizing such bonds shall require an affirmative vote of four-fifths of all members of the council and shall then be ratified by an affirmative vote of a majority of the electors voting thereon at a regular city election or at a special election called for that purpose. The principal and interest represented by said bonds shall be a first lien upon the water or light plant, or local telephone exchange plant or system, or either, as the case may be, purchased, constructed or improved by the proceeds of said bonds.

Provided further, that the city council by a majority vote thereof may issue such bonds in place of, or to supply means for, paying maturing bonds which have been issued for either of said purposes, or to be consolidated or fund the same, and if any plant or plants acquired by the city by purchase have outstanding bonds which by their terms were not due at the time of such purchase and the city has assumed said bonds or has purchased said plant or plants subject thereto, the city council may at any time exchange the bonds of said city for such outstanding bonds of said plant or plants or any part thereof, the bonds so exchanged not to bear any greater rate of interest or to be greater in amount than the rate of interest of the amount of the par value of such outstanding bonds for which they are exchanged, and said bonds so issued for the purpose aforesaid, or either of them, shall not be deemed a part of the total indebtedness of said city, which said city is hereinbefore forbidden to make to exceed five per cent of the total value of the taxable property in such city, according to the last preceding assessment for the purposes of taxation.

Provided further, that the city council shall set aside annually such portion of the gross income from the water and light works, or either, of the city as they shall determine to create a sinking fund for the payment of said water and light bonds, or either, as they become due.

Approved April 20, 1911.

CHAPTER 363—H. F. No. 456.

An Act limiting the power of School Districts situate wholly or in part within cities having a population of fifty thousand or more, to issue bonds and incur indebtedness.

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

Not to issue bonds or evidence of indebtedness without authority.—Section 1. No independent school district situate wholly or in part within any city having a population of more