

## CHAPTER 173—H. F. No. 709.

*An Act to amend Section 126 of Chapter 8 of the General Laws of Minnesota for 1895, as amended by Chapter 362 of the General Laws of Minnesota for 1911, 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:

**Section 1. Issuance of bonds to take up floating indebtedness.**—That Section 126 of Chapter 8 of General Laws of Minnesota for 1895, as amended by Chapter 362 of the General Laws of Minnesota for 1911, be and the same hereby is amended so that the same shall read as follows:

“Section 126. 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 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 hereinafter 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 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 purposes 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 purposes of taxation; and thereafter the city council of such city may issue bonds in accordance with the provisions hereof and within the limit herein first prescribed.

Provided, further, that in 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 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 electors voting upon such question shall vote in favor of the issuance of such bonds, the said ordinance or resolution shall take effect and be in force; otherwise, the same shall become null and void.

Provided, further, however, that the city council of any city heretofore organized and existing under the provisions of Chapter 8 of the General Laws of Minnesota for 1895 which has an outstanding floating indebtedness of \$5,000 or more may within 6 months after passage of this act by resolution duly adopted by the unanimous vote of the said council and approved by the mayor and approved by the 2-3 vote of the electors of said city voting on said question at a general or special election duly called and held in said city as herein before provided, authorized issue and negotiate the negotiable coupon funding bonds of said city, for the purpose of taking up and funding any or all of its outstanding floating indebtedness, due or to become due within six months from the time of such issuance.

The term "floating indebtedness," as used herein, shall be construed to include all debts and liabilities of such city of every kind, including past due bonds, contract liabilities, outstanding warrants or certificates of indebtedness and interest charges.

The refunding bonds so issued shall run for not more than twenty (20) years, and shall bear interest at a rate not to exceed six per cent per annum, principal and interest payable at such times and places as may be fixed by the city council, such bonds to be of such denominations as the council may, by resolution prescribe, and shall be sold at not less than par value to the highest bidder after notice published at least once in each week for two consecutive weeks prior to the date of such sale, in the official paper of such city. Such bonds shall not be limited by the restriction hereinbefore provided, upon the indebtedness of such city.

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 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 the 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 purposes 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, accordingly to the last preceding assessment for the purpose of taxation.

Provided, further, that the city council shall set aside annually such portion of the gross income for 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 3, 1913.

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CHAPTER 174—H. F. No. 719.

*An Act to amend Section 78 of Chapter 8 of the General Laws of Minnesota for 1895, relating to the control of city finances auditing claims and issuance of warrants and legalizing same.*

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

Section 1. **Auditing of claims and issuance of warrants.**—The Section 78 of Chapter 8 of the General Laws of Minnesota for 1895 be, and the same hereby is amended so that the same shall read as follows:

"Section 78. It shall be the duty of the city comptroller or city clerk in auditing and adjusting claims and accounts against the city, to designate and specify upon each claim, demand and account so audited and adjusted, the particular fund out of which the same shall be paid; and no claims whatsoever shall be reported to nor allowed by the city council until the same shall have been audited and adjusted by the city comptroller or clerk, as in this section provided. When so audited and reported to the city council, the same may be passed upon and allowed by the city council at any meeting thereof, duly had and upon the approval of the same by the mayor, as provided by law, a warrant of said city, drawn upon the treasury thereof, signed by the mayor and countersigned by the city clerk or comptroller, shall be issued for such claim or account and delivered to the party entitled thereto. When such warrant is presented to the city treasurer, if there are no funds on hand applicable to the payment thereof, said warrant shall be endorsed "Presented but not paid for want of funds," and thereafter said warrant shall bear interest at six per cent per annum until paid. Provided, further, that all warrants heretofore issued by cities organized under the provisions of Chapter 8 of the General Law for Minnesota for 1895, now outstanding and unpaid, at the time this act shall take effect, which warrants were issued in payment of legal claims against such city, are hereby declared to be the valid and subsisting indebtedness of each such city, respectively issuing the same."

Approved April 3, 1913.