

permitted to vote in any regular or special election for whatsoever purpose in such city, village, school district or town, unless such voter is registered as herein provided.

393—18. *Upon the establishment of such combined system of registration, that portion of the town or school district which is in the city or village shall be divided into election districts which are identical and co-terminous with the existing election districts of the city or village, and voters already registered in such district shall not be required to re-register. The city or village authorities shall deliver all of its existing records to the Commissioner for the combined system. That portion of the town which is not in the village, and that portion of the school district which is not in the town or village shall each be divided into separate election districts in a manner to provide the greatest convenience for the voters thereof, and such voters shall be required to register as heretofore provided for the voters of the city or village. The records of this additional registration shall be kept separately and used only for elections conducted by the school district or town.*

393—19. *The governing bodies of the city, village, school district or town where such combined system of registration is in force shall, except as in this act provided, continue to have the same authority as before the passage of this act in the conducting of elections in their respective municipalities and the expense of establishing and maintaining such combined registration system shall be shared equally by such municipalities.*

Sec. 2. This Act shall take effect from and after its passage.

Approved April 10, 1933.

CHAPTER 210—H. F. No. 1784

An act relating to the financial affairs of independent school districts having a population of more than 20,000 and an assessed valuation of more than \$2,750 per capita of population, exclusive of moneys and credits, authorizing the issuance of certain bonds, legalizing and validating certain expenditures, and prescribing the liability of officers of such school districts for violations of its provisions.

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

Section 1. Independent school districts not to draw orders without funds.—That from and after January 1, 1934, no inde-

pendent school district which in the year 1932 had a population exceeding 20,000 and an assessed valuation (exclusive of moneys and credits) of more than \$2,750 per capita of population shall draw any order or warrant on any fund until there is sufficient money in such fund to pay the same, together with all orders previously issued against said fund.

Sec. 2. Population to be determined by special census.—That in determining the application of this law to any school district, the population thereof shall be determined by any special census taken pursuant to the provisions of Laws 1921, Chapter 417, since the year 1930 and prior to the enactment of this statute; and if no such special census has been taken, the population shall be determined by the last Federal census; if the report of the Director of the Census does not show the population of such school district, its population shall be considered as being that used by the county auditor of the county in which such school district is located as a basis for determining the per capita limitations of the levies of such school district for the years 1931, and 1932. The valuation of such school district shall, for the purpose of this Act, be the valuation of the property therein, exclusive of moneys and credits, used by the county auditor of such county as a basis for spreading the 1932 taxes of said district.

Sec. 3. Not to create additional indebtedness.—Whenever from and after January 1, 1934, the expenses and obligations incurred, chargeable to any particular fund of such district in any calendar year, are sufficient to absorb 85% of the entire amount of the tax levy for such fund payable in that year, including such amount as may remain in the fund from the levy of the prior year or years, no officer or board of such school district shall have power, and no power shall exist, to create any additional indebtedness (save as the remaining 15% of said tax levy is collected) which shall be a charge against that particular fund or shall be in any manner a valid claim against such district; but such additional indebtedness attempted to be created shall be a personal claim against the officer or members of the board voting for or attempting to create the same.

Sec. 4. May issue and sell tax levy certificates.—At any time after January 1, following the making of an annual tax levy the governing body of such school district may, for the purpose of meeting the obligations of the ensuing year, by resolution issue and sell as many certificates of indebtedness as may be needed in anticipation of the collection of taxes so levied for any fund named in such tax levy for the purpose of raising money for such fund. No certificate shall be issued and outstanding for any separate fund

exceeding 65% of the amount named in the tax levy for that fund as spread by the county auditor, and in no event exceeding the uncollected portion of said levy. No certificate shall be issued to become due and payable later than December 31 of the year succeeding the year in which said tax levy, certified to the county auditor as aforesaid, was made. Such certificates shall not be sold for less than par and accrued interest and shall not bear a greater rate of interest than six per cent per annum. Each certificate shall state upon its face for which funds proceeds of the certificate shall be used, the total amount of the certificate so issued under such fund, and the whole amount embraced in the tax levy for that particular purpose. They shall be numbered consecutively and be in denominations of \$25 or multiple thereof and may have interest coupons attached, and shall be otherwise of such terms and form and be made payable at such place as will best aid in their negotiation. The proceeds of the tax assessed and collected as aforesaid on account of said fund, and the full faith and credit of such school district shall be irrevocably pledged for the redemption of the certificates so issued. Such certificates shall be paid from the moneys derived from the levy for the year against which such certificates were issued, or if there be not sufficient for such purpose, from other funds of the district. The money derived from the sale of said certificates shall be credited to such fund or funds for the calendar year immediately succeeding the making of such levy and shall not be used or spent except during such succeeding year. No certificates for any year shall be issued until all certificates for prior years have been paid, nor shall any certificate be extended; provided that money derived from the sale of the certificates for any one year may, if necessary, be used to redeem unpaid certificates issued in a prior year. The certificates of indebtedness issued hereunder shall be legally negotiable the same as any other commercial paper or bills of exchange.

Sec. 5. **Certificates may be held by school treasurer.**—In the event the school board of any such district is unable to sell such certificates of indebtedness in the manner prescribed, it may issue such certificates of indebtedness to the district treasurer, or his order, and deposit the same with him. Certificates so issued shall be held by the treasurer until they may be sold and shall bear interest at six per cent per annum. The district may thereupon, so long as such certificates are on deposit with the treasurer, issue warrants upon the funds against which such certificates were issued, the total principal amount of such warrants not to exceed the total principal amount of the certificates so held by the treasurer. Such warrants shall bear interest at six per cent per annum from and after the date they are presented to the treasurer and stamped "Not paid for want of funds, but protected by certificates of in-

debtedness now held by me." Such certificates may be sold by the school board and the proceeds of such sale shall be used to take up such warrants in the order presented for payment. Interest upon such warrants shall stop upon the date they are called by the treasurer for payment. Such certificates of indebtedness so held by the treasurer shall be paid at the same time and in the same manner as if they had been issued to a purchaser thereof. All warrants attempted to be issued and all obligations or indebtedness attempted to be incurred under authority of this section, in excess of the principal amount of the certificates of indebtedness so held by such treasurer shall be void.

Sec. 6. To be on cash basis after January 1, 1934.—From and after January 1st, 1934, such district shall be deemed for all purposes to be on a cash basis and shall thereafter remain on a cash basis. All taxes levied in 1933 shall be considered as the tax revenues for the year 1934, and thereafter in any such school district taxes shall be levied as now provided by law, but for the succeeding year.

Sec. 7. May issue bonds to take up indebtedness.—If any such school district prior to January 1, 1933, has incurred by proper authority a valid indebtedness, excluding bonds, in excess of its cash on hand not specifically set aside for the retirement of bonds and interest thereon, such school district may for the purpose only of paying and discharging such valid indebtedness and interest thereon, issue its bonds in the manner now provided by law, except that such bonds may be issued on a vote of the school board thereof, without a vote of the electors; provided that if any moneys received from taxes levied in 1932 and payable in 1933 for any purposes other than payments on bonds and bond interest have been used prior to the issuance of bonds authorized by this Act for the retirement of indebtedness existing on January 1, 1933, or interest thereon, such bond issue may include the amount of such payments for the purpose of reimbursing the funds from which such moneys were paid; provided further that the purchaser of such bonds shall not be charged with notice of invalidity of any indebtedness funded by such bonds, and bonds issued hereunder in the total amount of such indebtedness as determined by resolution of the school board of said district, in the hands of any purchaser, shall be valid obligations of the school district notwithstanding any claims of invalidity of any such indebtedness funded thereby; provided further that any expenditures prior to the date of this Act for any of the following purposes in said district are hereby legalized and validated as against any claim that such district had not the power to incur the obligation or had not proceeded in the proper manner to exercise such power, viz; architects' commissions

and salaries of building inspectors; salary paid to school attorney; hospital bills and bills for medical and dental services to students and employes injured in connection with school activities; medical, dental and optical supplies for school doctor, dentist or nurse; liability and property damage insurance premiums on cars, buses and trucks owned by the school district; indemnity insurance premiums for school dentists and doctors; premiums on surety bonds for officers and employes of the district; athletic and physical training supplies; expenses of operating students' savings system; recreational activities and facilities.

Sec. 8. Annual tax levy.—The school board of any such district issuing bonds pursuant to the authority of this Act shall, at the time of the issuance thereof, by resolution provide for a levy for such year until the principal and interest of said bonds are paid in full of a direct annual tax in an amount sufficient to pay the principal and interest thereon when and as such principal and interest become due. Such tax levies shall be within the per capita limitations provided by law upon the tax levies of said district, and the county auditor at the time of spreading the annual tax levy of said district shall adjust the same so that the total levy, including any levy for said bonds, whether issued to the state or a private purchaser, shall be within the per capita limitations provided by law, plus any levies which may be authorized in excess of such limitation by Laws 1921, Chapter 417, for bonded indebtedness and interest thereon.

Sec. 9. Disposition of bonds.—Such bonds may be issued and sold to the State of Minnesota pursuant to existing laws at the time of the issuance thereof (except as herein modified) or to private purchasers, or to both, or exchanged for outstanding orders at par with accrued interest.

Sec. 10. School Board to prepare budget.—The school board of such district shall, each year prior to the making of the tax levy for the ensuing year, prepare a budget of the expenditures of such district during the year in which such taxes will be collected, itemizing the purposes for which such moneys will be expended, and the amount of obligations that will be incurred for each such purpose. If at any time during such year it appears that such district is incurring obligations at a rate or upon a scale which would make it probable, if such rate or scale be continued, after allowing for variations in seasonal requirements, that the total expenditures for said year would exceed the moneys to be received therein, after allowance for probable tax delinquencies, the District Court, in an action brought by any taxpayer, may require such district to limit its expenditures to a rate and scale which will assure

that the total obligations incurred in such year will not exceed the moneys available therein.

Sec. 11. Contracts in violation to be null and void.—Each contract attempted to be entered into, or indebtedness or pecuniary liability attempted to be incurred in violation of the provisions of this Act, shall be null and void in regard to any obligation thereby sought to be imposed upon the school district, and no claim therefor shall be allowed by the school board of said district; nor shall the clerk of such district or any other officer issue or execute, nor shall the district treasurer pay any warrant or certificate of indebtedness issued on account thereof. Each member of the school board and each other district officer participating in or authorizing any violation of this Act shall be individually liable to the district or to any other person for any damage that is caused thereby. Every member of the school district present at a meeting thereof when any action is taken with reference to paying money or incurring indebtedness or entering into any contract in violation of the provisions of this Act shall be deemed to have participated in and authorized the same unless he shall have caused his dissent therefrom to be entered upon the minutes of the meeting.

Sec. 12. Not to change on account of changing population.—When a school district has once come under the provisions of this Act, it shall continue under its provisions notwithstanding any subsequent change in assessed valuation or population.

Sec. 13. May be postponed for one year in certain cases.—The funding of the indebtedness of the school district is necessary to the functioning of this law and if any such school district shall find it impossible to sell the bonds herein provided for, prior to January 1, 1934, the operation of this Act shall be postponed for one year. In that event the indebtedness authorized to be funded hereunder shall be the valid indebtedness, excluding bonds, in excess of cash on hand not specifically set aside for the retirement of bonds and interest thereon, incurred prior to January 1, 1934; and the provisions of Sections 1, 3, 4, 5, 6, 10 and 11 shall not take effect until and after January 1st, 1935.

Sec. 14. Provisions separable.—If any provision hereof is found unconstitutional, such determination shall not affect the validity of the remaining provisions not clearly dependent thereon.

Approved April 10, 1933.