

CHAPTER 211—H. F. No. 1701

An act relating to the financial affairs of villages having a population of more than 500 and less than 1000, and an assessed valuation of taxable property, exclusive of moneys and credits, of more than \$4,000,000.00, more than 70% of which consists of iron ore; and including and prescribing the liability of officers and employees of such villages for violations of its provisions.

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

Section 1. Application.—This act shall apply to all villages in the state which have a population of more than 500 and less than 1000, and an assessed valuation of taxable property (exclusive of moneys and credits) of more than \$4,000,000.00, more than 70% of which assessed valuation consists of iron ore. For the purposes of this Act, the population shall be determined by the last Federal census taken prior to the passage hereof, and the valuation shall be that used as a basis for spreading the 1932 taxes.

Sec. 2. Not to draw orders until there is money available.—From and after January 1, 1934, no such village shall draw or issue any order or warrant on any fund until there is sufficient money in such fund to pay the same, together with all warrants and orders previously issued against such fund.

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 village in any calendar year are sufficient to absorb 90% 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, neither the village council nor any officer, board or employee of such village shall have power and no power shall exist to create any additional indebtedness (save as the remaining 10% of such tax levy is collected) which shall be a charge against that particular fund or shall be in any manner a valid claim against such village; but such additional indebtedness, if attempted to be created, shall be a personal claim against the officer or members of the municipal board voting for or attempting to create the same; and in no event shall the village council or any officer, board or employee of the village have the power and no power shall exist to create any indebtedness which shall be a charge against the village in excess of the local income and the tax levy payable in that year for the use of a particular department, board or official body, less the amount required to be paid each year therefrom on bonds herein authorized and interest accruing thereon. At any time after the annual tax levy has been certified to the county

auditor and not earlier than October 10 in any year, the governing body of such village 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 the taxes so levied for any fund named in said tax levy, for the purpose of raising money for such fund. No certificate shall be issued and outstanding for any separate fund exceeding 50% 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 or become due and payable later than December 31 of the year succeeding the year in which such tax levy, certified to the county auditor as aforesaid, was made. Such certificate 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 certificates issued and outstanding against 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 multiples 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 certificates of indebtedness issued hereunder shall be negotiable instruments. The proceeds of the tax assessed and collected as aforesaid on account of such fund, and the full faith and credit of such village shall be irrevocably pledged for the redemption of the certificates so issued. Such certificates shall be paid from the moneys derived from the levy against which such certificates were issued, or if they be not sufficient for such purpose, from other funds of the village. The money derived from the sale of such 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 certificates for any one year may, if necessary, be used to redeem unpaid certificates issued in a prior year.

Sec. 4. May issue and sell tax levy certificates.—In the event the village is unable to sell such certificates of indebtedness in the manner prescribed, it may issue said certificates of indebtedness to the village 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 village may thereupon, as 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 indebtedness now held by me." Such certificates may be sold by the village council 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. 5. To be on cash basis after January 1, 1934.—From and after January 1, 1934, such village 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 revenue for the year 1934, and thereafter in any such village taxes shall be levied as now provided by law, but for the succeeding year.

Sec. 6. May issue bonds to pay floating indebtedness.—If any such village 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 village 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 village council without a vote of the electors; provided that the purchaser of such bonds shall not be charged with notice of the invalidity of any indebtedness funded by such bonds, and bonds issued hereunder in the total amount of such indebtedness as determined by the resolution of the village council, in the hands of any purchaser, shall be valid obligations of the village, notwithstanding any claim of invalidity of any such indebtedness funded thereby. If any moneys received from taxes levied in 1932 and payable in 1933, or income from local sources received since January 1, 1933, have been used prior to the issuance of bonds authorized by this Act for the retirement of indebtedness existing 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.

Sec. 7. Tax levy.—The village council of any village issuing bonds pursuant to the authority of this Act shall, at the time of the issuance thereof, by resolution, provide for a levy for each year until the principal and interest 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 levy shall be irrepealable until all of such bonds are paid. Such annual tax for the payment of such bonds shall be derived from two sources: (a) 40% of the amount necessary to pay said bonds and interest and no more shall be levied as a special tax in excess of the per capita limitations of Laws 1929, Chapter 206, but within the limitations of Laws 1921, Chapter 417; and (b) at least 60% of the amount necessary to pay said bonds and interest shall be raised and obtained from the annual tax levy made by said village within the per capita limitations of Laws 1929, Chapter 206, for general corporation, library, water, light, power and building commission purposes, in such proportion as may be determined by the village council.

Sec. 8. 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. 9. Limitation of expenditures.—No department, board or commission of such village shall during any year contract any indebtedness or incur any pecuniary liability which shall be in excess of the sum that may be levied and collected for said department, board or commission or allotted to it for said year by the village council, plus local income accruing to such department, board or commission. A record of expenditures of the village shall be presented to and examined at a regular meeting of the village council once each month and shall show the true condition of the affairs of the village at the date of such meeting.

Sec. 10. District Court may limit expenditures.—If at any time during any year a village operating hereunder 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 village 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 of Act 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 obligations thereby sought to be imposed upon the village, and no claim therefor shall be allowed by the council of the village nor any board thereof; nor shall the clerk or recorder of such village or any other officer or employee issue or execute, nor shall the village treasurer pay any check, warrant or certificate of indebtedness issued on account thereof. Each member of the village council and each other village officer or employee participating in or authorizing any violation of this Act shall be individually liable to the village or to any other person for any damages caused thereby. Each member of the village council or any board of such village present at a meeting of the board or council 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. Change in population not to affect status.—When a village 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 continued for one year in certain cases.—

The funding of the indebtedness of the village is necessary to the functioning of this law and if any such village shall find it impossible to sell bonds herein provided for prior to January 1, 1934, but can sell such bonds during the year 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 2, 3, 4, 5, 7, 8, 9, 10 and 11 shall not take effect until and after January 1, 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.