CHAPTER 54—S. F. No. 917

An act relating to floating indebtedness of certain independent school districts; authorizing the governing body of any such district to issue funding bonds to retire such indebtedness and to levy taxes for the purpose of paying the principal and interest on such bonds and validating such floating indebtedness.

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

Section 1. **Independent school districts may issue bonds to fund floating indebtedness.**—Any independent school district with territorial limits which coincide with the territorial limits of any city of the first class in the State of Minnesota, and the government of which independent school district is not provided for in the charter of said city, may issue its bonds to an amount not exceeding one (1) per cent of the assessed value, as last determined, of all the taxable property within such district including moneys and credits, to fund its floating indebtedness or a portion thereof in the manner hereinafter provided, without submitting the question of such issue to the electors of such district and without regard to the amount of any or all other outstanding debts of such district and notwithstanding any existing limitations.

Sec. 2. **Interest rate of bonds—term—maturity.**—Such funding bonds shall be the direct and general obligations of the independent school district issuing same and shall be authorized by resolution duly adopted by the governing body of such district, which resolution shall set out the amount of the floating indebtedness to be funded and provide for the details of the bonds to be issued. Such bonds shall bear interest at not to exceed six per cent per annum, payable semi-annually and shall mature in not to exceed twenty (20) years from the date thereof. Said bonds shall mature serially, the first maturity to be not more than three (3) years from the date of said bonds and no annual maturing installment of principal shall exceed two and one-half times the amount of the smallest installment thereof maturing in any one year.

Sec. 3. **Sale of bonds to be advertised.**—Such bonds shall be sold in such amounts and at such times as may be determined by the governing body of any such district and pursuant to at least two weeks' notice asking for bids published in a newspaper designated by said governing body. Said bonds shall not be sold for less than their par value. The proceeds from all bonds so sold shall be applied by said school district to the payment of its outstanding floating indebtedness set out in the resolution authorizing the funding bonds, but no purchaser or owner of any such bonds shall be under any obligation whatever with respect to the application of the proceeds when received by said school district.

Sec. 4. **Tax levy to retire bonds.**—The governing body of any independent school district issuing bonds under the provisions of this Act 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 cent (5%) in excess of the sum required to pay the principal and interest thereof when and as same mature notwithstanding any existing limitation. After such bonds have been delivered to the purchaser thereof, such tax shall be irrepealable until such bonds have been paid and no further action of the governing body shall be necessary to authorize the extensions, assessments, and collection of such tax. The recording officer of such independent school district shall forthwith furnish a certified copy of such levy to the County Auditor or County Auditors of the county or counties in which such district is situated, together with full information regarding the bonds for which the tax is levied and such County Auditor or County Auditors shall enter the same in the register provided for such cases and shall extend and assess the tax so levied.

Sec. 5. **Statute remedial.**—The fact that due to delinquencies in tax collections such independent school districts have outstanding floating indebtedness which should be funded so as to protect the credit of such districts necessitates the passage of this Act which is hereby declared to be remedial in character. No funding bonds shall be issued under authority of this Act unless a resolution authorizing such issuance as hereinbefore provided shall be adopted by the governing body of such independent school district within ninety (90) days after this Act is in force. The term, "floating indebtedness," as used in this Act shall include all the outstanding obligations of said independent school districts with accrued interest existing at the time this Act becomes effective, exclusive of bonded indebtedness and interest thereon.

In order to facilitate the issuance of the funding bonds hereinbefore authorized, the floating indebtedness of any such independent school district outstanding at the time this Act becomes effective is hereby validated.

Sec. 6. **Effective on passage.**—The provisions of this Act shall be paramount and controlling, notwithstanding any other Act or part thereof which may be inconsistent herewith, and this Act shall take effect and be in force from and after its passage.

Approved March 3, 1933.