

CHAPTER 2—H. F. No. 157.

An act relating to the financial affairs of villages having an assessed valuation in excess of \$500,000 and less than \$1,000,000, exclusive of moneys and credits, more than 70 per cent of which valuation consists of iron ore, a population of more than 1,000 and less than 2,000, and an outstanding unfunded indebtedness in excess of 20 per cent of its assessed valuation; providing for placing such villages upon a cash basis, and for the levy and payment of certain sums by the town and school district of which any such village may be a part towards such indebtedness; relating to the issuance of bonds in such villages, and levies to pay the same.

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

Section 1. Application of act.—This act shall apply to any village having an assessed valuation in excess of \$500,000 and less than \$1,000,000, exclusive of moneys and credits, more than 70 per cent of which valuation consists of iron ore, a population of more than 1,000 and less than 2,000, and an outstanding unfunded indebtedness in excess of 20 per cent of its assessed valuation. It shall apply, to the extent of the tax levies and payments provided for herein, to any town which embraces within its limits all the territory of any such village, and from which such village has not been separated for election or assessment purposes, and to any school district which embraces within its limits all the territory of any such village; provided that more than 50 per cent of the total population of such town and school district is contained in such village. Where the words "village", "town" or "school district" are hereinafter used, they shall be understood as applying only to villages, towns or school districts to which this act applies, as hereinbefore provided.

Sec. 2. Special fund created.—All outstanding warrants or other indebtedness of any such village as of December 31, 1935, shall be and are hereby segregated to be paid only by levies and contributions from the village, town and school district as hereinafter provided. There shall be a special fund created by the village treasurer, called the "village indebtedness fund", from which such warrants and indebtedness shall be paid.

Sec. 3. Certain sums to be segregated.—Of the annual levy of such village for general purposes 9 mills (or so much thereof as, after allowance for probable tax delinquencies, will produce \$6,000) shall be segregated and levied for and paid into such village indebtedness fund; of the annual tax levy of any such

town 2 mills (or so much thereof as, after allowance for probable tax delinquencies, will produce \$15,000) shall be levied for and paid into such village indebtedness fund; of the annual tax levy of any such school district 2 mills (or so much thereof as, after allowance for probable tax delinquencies, will produce \$10,000) shall be levied for and paid into such village indebtedness fund. All such levies shall be within the existing per capita or mill limitations upon levies of such village, school district or town. In addition to the levies above provided, any such village may levy in excess of existing mill limitations 14 mills (or so much thereof as, after allowance for probable tax delinquencies, will produce \$9,000) upon all the taxable property of the village, which amount shall be paid into such village indebtedness fund. In addition thereto, there shall be set aside and paid into such village indebtedness fund all moneys hereafter collected by such village on the tax levies of 1934 and prior years, which shall not have been used prior to December 31, 1935, for the reduction of such indebtedness, and all moneys, not exceeding, however, the sum of \$15,000, hereafter collected on the delinquent taxes of 1933 and prior years by any such town; provided that no part of the delinquent village taxes for library fund shall be paid into such village indebtedness fund except insofar as necessary to pay warrants or indebtedness against such library fund.

Sec. 4. Moneys to be paid to treasurer of village.—All moneys provided to be paid into such village indebtedness fund by any such town or school district shall, as collected, be paid to the treasurer of the village by the county auditor and county treasurer. Such funds shall be kept separate from all other moneys of the village, and shall be used solely for the payment of such indebtedness or any bonds issued to fund the same. The village treasurer shall apportion the moneys in such village indebtedness fund between the various funds of the village against which warrants or indebtedness are outstanding, in proportion to the respective amounts of warrants and indebtedness against each such fund, and shall pay warrants against such funds out of the moneys apportioned thereto, in the order that such warrants were presented to the treasurer and stamped "Not paid for want of funds". In any year in which the levies and contributions to such fund, as hereinbefore provided, shall not equal an amount which could be levied for payment upon such warrants by the village under existing laws, the warrant-holders, or any of them, may require payment by the village from other funds of the amount by which such permissible levy of the village shall exceed the levies and contributions to such fund.

Sec. 5. Villages to be on cash basis.—From and after January 1, 1936, any 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 1935 (except such portions thereof as are provided to be levied for such village indebtedness fund) shall be considered as tax revenues for the year 1936, and thereafter in any such village taxes shall be levied as now provided by law but for the succeeding year, with the exception of levies hereinbefore provided for such village indebtedness fund.

Sec. 6. Shall not issue warrants.—From and after January 1, 1936, no such village 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 such fund, and not segregated as provided for hereunder.

Sec. 7. Not to create indebtedness.—Whenever, from and after January 1, 1936, the expenses and obligations incurred, chargeable to any particular fund of such village in any calendar year, are sufficient to absorb 90 per cent 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 village shall have power, and no power shall exist, to create any additional indebtedness (save as the remaining 10 per cent 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 village, but such indebtedness attempted to be created shall be a personal claim against the officer or member of the board voting for or attempting to create the same.

Sec. 8. May issue and sell certificates of indebtedness.—At any time after January first following the making of an annual tax levy the council of any such village may, for the purpose of meeting the obligations of the current 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 said tax levy for the purpose of raising money for any such fund. All certificates of indebtedness issued under the provisions of this act shall be negotiable and shall be payable to the order of the payee and shall have a definite due date. No certificate shall be issued to become due and payable later than December 31st of the year of issuance. 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 certificates so issued against such fund and the whole amount embraced in said tax levy for that fund. They shall be numbered consecutively and be in denominations of \$25, or any multiple thereof, and may have interest coupons attached, and shall be otherwise in such terms and form and be made payable at such place as will best aid in their negotiation.

Sec. 9. Limit of certificates.—No such village shall be permitted during any year to anticipate by issuance of certificates of indebtedness more than 50 per cent of its tax levy payable in said year for any of its funds during the period prior to July 1st, and not more than 40 per cent of said levy (plus any amount authorized but not issued during the period prior to July 1st) during the period subsequent to July 1st and prior to December 31st; provided that the total amount of certificates of indebtedness issued against any fund, with interest thereon to maturity, shall not exceed 90 per cent of the tax levy for such fund payable in such year, and the aggregate of outstanding certificates shall in no event exceed the uncollected portion of said tax levy for such fund. Any such village may renew any outstanding certificate of indebtedness of any prior year or any prior six-months period, or issue new certificates, notwithstanding the fact that prior certificates were unpaid, whenever inability to pay such outstanding certificates is due to failure to collect sufficient moneys from the tax levy payable in said year to discharge such certificates; in the event such certificates are renewed, such village may pay accrued interest thereon at the time of renewal.

Sec. 10. Sale of certificates.—If any such village is unable to sell such certificates of indebtedness in the manner prescribed hereby it may proceed by one of the following methods: (a) issuing its certificates of indebtedness in any denomination but within the limitations as to total amounts herein contained, payable to the order of the creditor of such village, in payment of the debt, claim or account of such creditor after the same has been allowed by the council; or (b) issuing such certificates of indebtedness to the village treasurer, or his order, and depositing the same with him. Certificates so issued shall be held by the treasurer until they may be sold and shall bear interest at not to exceed six per cent per annum. The village may thereupon, as long as such certificates are on deposit with the treasurer, issue warrants upon 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 not to exceed six per cent per annum from and after the day 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 council and the proceeds of such sale shall be used to take up such warrants in the order in which they were presented to the treasurer, registered by him and stamped as aforesaid. 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 sub-section in excess of the principal amount of the certificates of indebtedness so held by such treasurer shall be void.

Sec. 11. Redemption of certificates.—The proceeds of the taxes assessed and collected as aforesaid on account of said fund and the faith and credit of the 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 for the year against which such certificates were issued, or if there be not sufficient for that purpose, from other funds of the village. The money derived from the sale of such certificates (except those issued to take up old certificates as hereinbefore authorized) shall be credited to such fund or funds for the calendar year in which issued, and shall not be used or spent except during such year. Except as hereinbefore authorized, no certificate 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. 12. Indebtedness may be funded.—Any such village may, without a vote of the electors, fund all or any portion of such indebtedness existing on December 31, 1935. Bonds issued for such purpose shall be the obligation of the village alone and, except as contributions from the annual levies of the town or school district are provided for herein, shall not be a lien upon any property in said town or school district outside the limits of the village. Such bonds may be issued and sold to the state or to private purchasers, or both, or exchanged for warrants or other evidence of indebtedness

funded thereby with the holders thereof. Such bonds shall bear interest at not to exceed six per cent per annum, and if sold to the state, at not to exceed the rate provided by statute on loans from the state. They shall be sold or exchanged for not less than par. They shall mature in annual installments as nearly equal as practicable, the amount of such installments not to exceed the probable receipts of such village indebtedness fund, as provided for herein. The first of such installments shall fall due in not less than one year from the issuance of such bonds, and the last of such installments shall fall due in not more than ten years thereafter. Within the limits of the constitution, such bonds shall be legal investments of the State Board of Investment. At the time of issuing any such bonds, the village shall make an annual and irrevocable tax levy in an amount sufficient, with the contributions and levies for such fund by the town and school district, to retire such bonds at maturity. If purchased by the state, the state auditor, at the time of certifying to the county auditor the levy to be spread for the payment thereof, shall take into consideration, in fixing the amount of such levy, the probable receipts from the contributions and levies to be made by the town and school district towards the payment of such bonds. If such bonds be sold to the state, the village treasurer shall pay into the county auditor's fund for the payment of such bonds any moneys in the village indebtedness fund provided for herein, and the county auditor shall withhold and pay into the fund maintained by him for the payment of such bonds the moneys levied and to be paid by the town and school district thereon. Levies made for the payment of such bonds shall be within the limitations herein set forth, except as such limitations may be insufficient to meet such bonds at maturity.

Sec. 13. Contracts 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 village, and no claim therefor shall be allowed by the council of said village; nor shall the clerk of such village or any other officer or employe issue or execute, nor shall the village treasurer pay, any warrant or certificate of indebtedness issued on account thereof. Each member of the council and each other village officer or employe participating in or authorizing any violation of this act shall be individually liable to the village or to any other person for any damage that is caused thereby. Each member of the council present at a meeting thereof when any action is taken with reference to paying money or incurring in-

debtedness or entering into any contract, 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. 14. Limitation of act.—This act shall not be construed as providing for the payment of any moneys by the town or school district to the village after the indebtedness herein referred to shall have been paid and retired in full, or as thereafter limiting in any way the levies of such town, village or school district.

Sec. 15. Act to be construed as remedial.—This act is remedial in its nature and intended to remedy the financial condition of villages within the class stated, where, by reason of a substantial portion of the valuation consisting of iron ore, there is likelihood of diminishing valuations in the future, and for such purpose to set aside contributions from the levies of the town and school district in which any such village is located, where by reason of the majority of the population of such town and school district being within the limits of the village, and by reason of the property in the village against which such indebtedness is a charge being subject to taxation by such town and school district, there is a community of interest in the discharge of such indebtedness. It is also intended to secure a sound fiscal policy in such villages after the payment of such indebtedness. If any such village shall come within the provisions of this act, the act shall continue to govern the operations thereof, notwithstanding any subsequent change in population, valuation or indebtedness.

Sec. 16. Provisions of act not severable.—The provisions of this act, insofar as they provide for contributions from the town, school district, village and excess levies over the mill limitations upon property in the village, are not severable, and if any of said levies be held to be unconstitutional the entire act shall be unconstitutional.

Sec. 17. Act to take effect, when.—Except as herein otherwise provided, this act shall take effect from and after its passage, approval and adoption. If any such town or school district shall have heretofore made its 1935 tax levy, the county auditor, at the time of spreading the same, or at the time of making apportionments of taxes collected thereunder, shall revise such levy so as to incorporate therein the levy for the village indebtedness fund as herein provided, reducing the levy for road and bridge purposes of said town and the

levy for general purposes of the school district by the amount of the levy for such indebtedness fund. The total amount of such taxes as so levied shall not exceed the existing limitations upon the levies of such town or school district. If any such village shall have heretofore made its 1935 levy and such levy shall not have been spread by the county auditor, the county auditor shall revise the same by transferring \$6,000 (but not exceeding 9 mills on the assessed valuation) from the levy for general purposes to a levy for the village indebtedness provided for herein. In addition thereto, he shall add to such village levy an additional \$9,000 (but not exceeding 14 mills) for such village indebtedness fund. If such village levy has heretofore been spread by the county auditor, the village treasurer, at the time of receiving the proceeds thereof, shall transfer \$6,000 (but not exceeding 9 mills) from the general fund to the village indebtedness fund provided for herein, advising the council of such action.

Approved January 3, 1936.

CHAPTER 3—S. F. No. 83.

An act providing a reward by the State of Minnesota for furnishing information leading to the arrest and conviction of the murderers of Walter Liggett.

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

Section 1. Reward for apprehension of murderers of Walter Liggett.—That a reward of Twenty-five Hundred Dollars (\$2500.00) for each conviction, not exceeding three in number, shall be paid by the State of Minnesota for information leading to the arrest and conviction of any person or persons guilty of the murder of Walter Liggett at Minneapolis, Minnesota, on December 9, 1935. The claimant therefor shall apply to a Judge of the District Court wherein such conviction may be had within thirty days thereafter for an order directing the clerk to issue a certificate therefor.

After the expiration of said thirty days, the Judge shall appoint a time and place for the hearing of which the claimant or claimants shall be notified by the clerk. If the judge finds the claim or claims well-founded, in the case of two or more claimants he shall apportion the reward to such claimants in such amounts as he deems proper, or if only one