

come effective on January 1, 1966. Licenses presently held by auctioneers shall continue in full force and effect until the expiration date of the individual license.

Approved May 26, 1965.

CHAPTER 875—H. F. No. 1686

[Coded in Part]

An act relating to school district indebtedness, including bonds and debt service loans and capital loans from the maximum effort school loan fund of the state; revising the method of computation of the maximum effort debt service levy, the debt service loan limitation, and the net debt limitation for school districts; authorizing the issuance and sale of school loan bonds of the state and appropriating the proceeds thereof for the making of debt service loans and capital loans to school districts; authorizing capital loans, bond issues, and temporary borrowing for restoration of schools destroyed or damaged by tornado, flood, or other disaster; amending Minnesota Statutes 1961, Section 124.38, Subdivisions 7 and 8; Section 124.39, Subdivision 4, as amended; Section 124.42, Subdivisions 1 and 4; Section 124.43, Subdivisions 1, 3, 4, 5, and 6; Section 475.53, Subdivision 4; Section 475.62; and Section 124.46, Subdivision 3, as amended.

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

Section 1. Minnesota Statutes 1961, Section 124.38, Subdivision 7, is amended to read:

Subd. 7. **School districts; indebtedness.** “Maximum effort debt service levy” means a levy in a total dollar amount ~~which equals or exceeds an amount~~ computed as ~~four and one tenth~~ 5-½ mills on the correct full and true value as ~~determined for the then current school year; except that the maximum effort debt service levy of any school district having received a debt service or capital loan from the state before January 1, 1965, shall be computed as 4-1/10 mills on the correct full and true value in each year, until and unless the district applies for an additional loan. The acceptance of a loan by any district constitutes an agreement by the district that said maximum effort levy shall be computed thereafter at 5-½ mills for all purposes of sections 124.36 to 124.47.~~

Sec. 2. Minnesota Statutes 1961, Section 124.38, Subdivision 8, is amended to read:

Changes or additions indicated by italics, deletions by strikeout.

Subd. 8. *“Correct full and true value” means the valuation correct full and true value of all taxable property in the district most recently determined by the equalization aid review committee prior to the making of a debt service levy, as provided in section 124.21, subdivision 4, and amendments thereof. In districts whose debt limit is fixed by Minnesota Statutes, Section 475.533, it also includes the value of railroad property as determined by the railroad and warehouse commission.*

Sec. 3. Minnesota Statutes 1961, Section 124.39, Subdivision 4, as amended by Laws 1963, Chapter 601, Section 2, is amended to read:

Subd. 4. There shall be a loan repayment account, into which shall be paid all principal and interest paid by school districts on debt service loans and capital loans made under sections 124.42 or 124.43. The state's cost of administering the maximum effort school aid law shall be paid out of this account, to an amount not exceeding \$10,000 in any year. *As soon as possible in each year after the committee has determined the ratio existing between the correct full and true value of all taxable property in each school district in the state and the “true and full value in money” of such property as recorded in accordance with section 270.13, the commissioner of taxation shall cause a list of all such ratios to be prepared. The clerical costs of preparation of such list shall be paid as a cost of administration of the maximum effort school aid law. The documents division of the department of administration may publish and sell copies of such list.* There shall be transferred out of ~~this~~ the loan repayment account to the state bond fund the sums required to pay the principal and interest on all school loan bonds as provided in section 124.46.

Sec. 4. Minnesota Statutes 1961, Section 124.42, Subdivision 1, is amended to read:

Subdivision 1. Any school district in which the required levy for debt service in any year will exceed its maximum effort debt service levy by ten percent or by \$5,000, whichever is less, is qualified for a debt service loan hereunder in an amount not exceeding the amount applied for, ~~nor three and not exceeding one percent of the sum of the net debt of the district and the aggregate amount of all state loans to the district outstanding on the date granted, nor~~ and not exceeding the difference between the required and the maximum effort debt service levy in such year; ~~whichever is least.~~ Applications shall be filed with the committee in each calendar year up to and including September 15. The committee shall determine whether the applicant is entitled to such loan and the amount thereof,

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and on or before October 1 shall certify to each applicant district the amount granted and its due date. A copy of each such certificate shall be filed with the commissioner. Upon receipt by the commissioner of a copy of the committee's certificate that the loan is granted, the commissioner shall notify the county auditor or county auditors in which the district is located that the amount so certified is available and appropriated for payment of principal and interest on its outstanding bonds and such auditors shall reduce by that amount the taxes otherwise leviable as the district's debt service levy on the tax rolls for such year, *which taxes shall nevertheless be increased by the amount necessary to pay interest on this and any other state loans, as herein provided.* Each debt service loan shall be for a term of 30 years, prepayable at par at any time, and shall bear interest from its date at three and one-half percent per annum on the principal amount from time to time remaining unpaid, payable on December 15 of the year next following that in which the loan is received and annually thereafter.

Sec. 5. Minnesota Statutes 1961, Section 124.42, Subdivision 4, is amended to read:

Subd. 4. Each district receiving a debt service loan shall levy in that year for debt service its required debt service levy as reduced by the amount of the loan. In each year thereafter in which it shall not have received a debt service loan, until all its debts to the fund are paid, the district is hereby obligated to levy for debt service (a) the amount of its maximum effort debt service levy, or (b) the amount of its required debt service levy, whichever is greater. Whenever the maximum effort debt service levy is greater the district shall remit to the commissioner, within ten days after its receipt of the last regular tax distribution in the year in which it is collected, that portion of the debt service tax collections, including penalties and interest, which exceeded the principal and interest payable on its bonded debt in the period for which the levy was made. In addition to the foregoing, the district shall levy in each year, commencing in the year a debt service loan is granted and continuing until the entire loan is paid, a sum sufficient to produce full payment of the interest payable ~~on December 15 of~~ *in* the ensuing year on its debt service note, and the proceeds of such levy shall in each year be remitted to the commissioner for payment of such interest. On or before November 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the *amount of the maximum effort debt service levy of the district for that year, and the additional amount necessary to be levied to produce a sum five percent in excess of the total amount of interest to become due* ~~on December 15 of~~ *in* the ensuing year on all debt service notes *and capital loans* of the district, and said coun-

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ty auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in ~~an~~ *the* aggregate amount ~~exceeding the amount so certified by five percent or by the percentage of current taxes on property within the district which then remains unpaid; whichever is greater.~~ If any interest is not paid when due, the commissioner shall add the amount thereof to the amount of interest so certified in the following year, with one year's interest on such amount at 3½ percent per annum.

Sec. 6. Minnesota Statutes 1961, Section 124.43, Subdivision 1, is amended to read:

Subdivision 1. ~~Any district is qualified to apply for a capital loan under this section if its net debt at the time of application is in excess of 90 percent of the debt limit prescribed by Minnesota Statutes, Chapter 475, or within \$20,000 of such limit. To the extent moneys are from time to time available hereunder, the committee is authorized to effect capital loans to such school districts, but the indebtedness net debt of such a each district at the time of its application for such a loan plus the amount of any additional bonds sold by it prior to receiving the initial proceeds from such the loan must exceed 98 percent of its debt limit as prescribed by Minnesota Statutes, Chapter 475, or be within \$20,000 of such limit. Proceeds of such loans shall be used only for sites for school houses and for acquiring, bettering, furnishing, or equipping school houses; exclusive of gymnasiums; swimming pools; athletic fields; or similar items not related to classroom use. Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and June 1 next following.~~

This subdivision shall not apply to capital loans to restore and replace buildings, sites, equipment and furnishings destroyed or damaged by tornadoes or flood, when authorized by a special or local or other separate law, but this subdivision shall remain in effect, as to any other capital loans, authorized by such laws, though waived thereby, and this subdivision specifically shall supersede subdivisions 1 and 2 of Laws 1965, Chapter 470, insofar as such subdivisions waive the requirements of this subdivision as to any other capital loans.

Sec. 7. Minnesota Statutes 1961, Section 124.43, Subdivision 3, is amended to read:

Subd. 3. The committee shall examine and consider all applications for capital loans, and if any applicant district is found not qualified it shall be promptly notified thereof. ~~Not later than~~ *On* January 1 and July 1 of each year, the committee shall make its determination on all pending applications which have been on file with

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it more than one month. If an applicant is qualified in the opinion of the committee and the aggregate of the amounts applied for does not exceed the amount available or which can be made available in the capital loan account, all loans so applied for shall be granted, subject to acceptance by the respective districts as specified below. If the aggregate exceeds the amount which is or can be made available, the committee shall allot the available amount among the qualified applicant districts, or any of them, according to the committee's judgment and discretion based upon their respective needs. The committee shall promptly certify to each qualified applicant district the amount, if any, of the capital loan granted to it.

Sec. 8. Minnesota Statutes 1961, Section 124.43, Subdivision 4, is amended to read:

Subd. 4. Each capital loan shall be for a term of 30 years and evidenced by a contract between the school district and the state acting through the committee. It shall obligate the state to pay to the district, out of the maximum effort school loan fund, specified amounts at specified dates, being the dates ~~and amounts on which the district has estimated it will need the loan proceeds award contracts for construction of the facilities for which the loan is granted and the amounts necessary to pay all costs thereof.~~ It shall obligate the district on its full faith and credit to repay the entire principal of the state loan ~~and interest thereon at 3-1/2 percent per annum on the principal amount from time to time unpaid~~ out of the excesses of a maximum effort debt service levy over its required debt service levy, ~~and also to pay interest at 3-1/2 percent per annum on the principal amount from time to time unpaid.~~ The district shall each year, as long as it is indebted to the state, levy for debt service (a) the amount of its maximum effort debt service levy or (b) the amount of its required debt service levy, whichever is greater, except as such required debt service levy may be reduced by a loan under section 124.42. Whenever the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that portion of the debt service tax collections, including penalties and interest, which exceeded the required debt service levy. The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to the proper county auditor require the maximum levy to be made as required hereunder. Interest on capital loans shall be paid on December 15 of the year next following that in which the loan is granted and annually thereafter. In addition to the levies otherwise required by this subdivision, the district shall levy in each year, commencing in the year a capital loan is granted and continuing until the entire loan is paid, a sum sufficient to produce full

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payment of the interest payable ~~on December 15~~ *of in* the ensuing year on its capital loan contract, and the proceeds of such levy shall in each year be remitted to the commissioner for payment of such interest. On or before November 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the *amount of the maximum effort debt service levy of the district for that year, and the additional amount necessary to be levied to produce a sum five percent in excess of the total amount of interest to become due* ~~on December 15~~ *of in* the ensuing year on all capital and debt service loans of the district, and said county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in ~~an~~ *the* aggregate amount ~~exceeding the amount~~ so certified by five percent or by the percentage of current taxes on property within the district which then remains unpaid, whichever is greater. If any interest is not paid when due, the commissioner shall add the amount thereof to the amount of interest so certified in the following year, with one year's interest on such amount at 3½ percent per annum.

Sec. 9. Minnesota Statutes 1961, Section 124.43, Subdivision 5, is amended to read:

Subd. 5. Before delivery of any capital loan contract, the school district shall file a copy thereof with the county auditor of each county in which any portion of the district is situated, and shall obtain from each such county auditor and furnish to the committee a certificate stating that such county auditor has entered the capital loan evidenced thereby in his bond register. As each executed contract is delivered to the committee, its secretary shall cause a record thereof to be made and preserved showing the name and address of the district, the date of contract, and the dates and amounts agreed to be disbursed by the state. On the disbursement dates specified in the contract, or prior thereto if requested by the district *because of accelerated award of construction contracts beyond its original estimates*, the commissioner shall issue a warrant on the capital loan account for the agreed amount, payable on presentation to the state treasurer. On presentation the treasurer shall remit the amount to the district and enter the date and amount in his account with the district. Interest thereon shall accrue from such date.

Sec. 10. Minnesota Statutes 1961, Section 124.43, Subdivision 6, is amended to read:

Subd. 6. No district having an outstanding capital loan under Extra Session Laws 1959, Chapter 27, shall be authorized to issue and sell any bonds on the public market, *except for the purpose*

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of refunding outstanding bonds or issuing bonds or capital loans authorized by a special law, unless it agrees to pay the balance due the fund out of the bonds to be sold or unless it shall first have issued and sold refunding bonds under Minnesota Statutes, Chapter 475, to refund that portion, if any, of the prior capital loan which with its net indebtedness does not then exceed the debt limit prescribed by said Chapter 475.

Sec. 11. Minnesota Statutes 1961, Section 475.53, Subdivision 4, is amended to read:

Subd. 4. **School districts.** Except as otherwise provided in sections 475.51 to 475.75, no school district, other than those covered by subdivision 5, shall be subject to a net debt in excess of the higher of the following limitations thereon; either (a) 50 percent of the last assessed value of all taxable property therein; or (b) *7-1/2 ten* percent of the correct full and true value of all taxable property therein as determined by the equalization aid review committee constituted by Section 124.21, and any act amendatory thereof; provided however, in determining the assessed value of all taxable property all real estate used as a homestead shall be computed without regard to the reduction in rate provided by Minnesota Statutes, Section ~~273.13~~ *defined in this subdivision 4.*

“Correct full and true value” as used in this subdivision means the *market correct full and true* value of the taxable property of in a school district as *most recently* determined by the equalization aid review committee *prior to the incurring of debt limited hereby, in accordance with section 124.21, subdivision 4.* The commissioner of taxation shall certify this value in appropriate form upon request of a school district.

~~Whenever the erection or construction of a building or structure is completed after the last preceding assessment, the value thereof, as determined pursuant to this subdivision, may be added to the correct full and true and to the assessed value of the school district in determining the limitation on net debt prescribed by this subdivision.~~

Any school board desiring to have the full and true and the assessed values of such property determined may by resolution request that this be done by the assessor of the appropriate assessment district or, if such district does not employ a full time assessor, by the county assessor or county supervisor of assessments. Upon receipt of a certified copy of such resolution such assessor or supervisor shall forthwith value any building or structure on taxable real estate which has been completed after the last preceding assessment and prior to the date of such resolution in the same manner as he would so value the same for tax purposes as of the

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next succeeding May 1. He shall thereupon estimate the increase in the full and true and in the assessed values which will result from the completion of such building or structure, as of the next succeeding May 1 and shall certify the estimate of the assessed value to the county auditor, and shall certify the estimate of the full and true value to the commissioner of taxation, who shall apply thereto the ratio theretofore determined by him to exist between the full and true value and the market value of property of the same class within the district; in order to ascertain the correct full and true value of such additional property. The amount of correct full and true value so ascertained shall be added to the correct full and true value of the school district as previously certified by the commissioner of taxation in order to determine the correct full and true value of such district for the purposes of this subdivision; and the amount of assessed value so determined shall be added to the assessed value of such district for purposes of this subdivision; but the provisions of this subdivision shall not render property taxable until it would otherwise become taxable.

Sec. 12. Minnesota Statutes 1961, Section 475.62, is amended to read:

475.62. Register. Each county auditor shall keep a register in which shall be entered, as to each issue of such obligations by any municipality located, in whole or in part, in the county, a record of the aggregate amount authorized, the aggregate amount issued, the purpose for which issued, the number, denomination, date, and maturity of each, the rate of interest, the time of payment, the place of payment of principal and interest, and the amount of tax levied for the payment thereof. *The auditor shall also enter in said register the date and amount of each debt service loan and capital loan made by the state to any school district situated wholly or partly within the county, in accordance with section 124.42, subdivision 2, or section 124.43, subdivision 5, and shall enter on or before November 1 in each year thereafter the amount of the maximum effort debt service levy and the additional amount of the levy for interest on state loans to be extended on the tax rolls in that year, as certified by the commissioner of education in accordance with section 124.42, subdivision 4, and section 124.43, subdivision 4. In each such year the auditor shall extend on the tax rolls against all taxable property within each such district either (a) the aggregate amount of all tax levies required by section 475.61 to be so extended in such year, less the principal amount of any new debt service loan granted in the current year, or (b) the maximum effort debt service levy of the district as certified by the commissioner of education, if greater than the levy required by the preceding clause (a); adding in*

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either case (c) the amount of the levy for interest on state loans as certified by the commissioner of education, including interest on any new debt service loan granted in the current year. If the school district is situated in more than one county, the aggregate levy shall be apportioned among the counties as provided in section 475.61, subdivision 2, by the county auditor of the county in which is situated the largest portion by assessed valuation of the taxable property within the school district.

Sec. 13. Minnesota Statutes 1961, Section 124.46, Subdivision 3, as amended by Laws 1963, Chapter 601, Section 4, Subdivision 3, is amended to read:

Subd. 3. The state auditor shall maintain a separate school loan bond account in the state bond fund, showing all moneys transferred to that fund ~~and all taxes levied as provided in this section for the payment of school loan bonds and all income received from the investment of such moneys. Upon the issuance of each series of school loan bonds the state auditor shall deduct from the proceeds thereof and credit to said bond account a sum sufficient, with the balance then on hand in said account, to pay all interest to become due on such bonds on and before July 1 in the second ensuing year.~~ On the first day of November in each year there shall be transferred to ~~that the bond account all or so much of the moneys then on hand in the loan repayment account in the maximum effort school aid fund; or so much thereof as will be sufficient, with all moneys previously so transferred the balance then on hand in said bond account,~~ to pay all principal and interest then and theretofore due and to become due within the next ensuing year and to and including July 1 in the second ensuing year on school loan bonds issued and sold pursuant to this section. *In the event that moneys are not available for such transfer in the full amount required, the state auditor shall also if necessary levy on all taxable property within the state a tax sufficient to meet; with funds then and theretofore transferred from the loan repayment account, all payments of principal and interest on school loan bonds then outstanding and on those in process of being issued which will fall due within the next ensuing year and to and including July 1 in the second ensuing year the deficiency.* Such tax shall be levied upon all real property used for the purposes of a homestead, as well as other taxable property, notwithstanding the provisions of Minnesota Statutes, Section 273.13, Subdivisions 6 and 7, and shall be and remain subject to no limitation of rate or amount until all school loan bonds and all interest thereon are fully paid. The proceeds of this tax are hereby irrevocably appropriated and shall be credited to the state bond fund, *but the school loan bond account is appropriated as the primary*

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source of payment of such bonds and interest, and only so much thereof of said tax as may be necessary is appropriated for the payment of such bonds and interest this purpose. If any principal or interest on school loan bonds should become due at any time when there is not on hand a sufficient amount from any of the sources herein appropriated for the payment thereof, it shall nevertheless be paid out of the general revenue fund in the state treasury, and the amount necessary therefor is hereby appropriated; but any such payments shall be reimbursed from the proceeds of taxes levied as required herein, and any such payments made from taxes shall be reimbursed from the ~~bond~~ loan repayment account in the maximum effort school loan fund, when the balance therein is sufficient.

Sec. 14. [124.472] **Specified bond sales.** *For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the state auditor is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$10,400,000, in addition to the bonds authorized by Laws 1963, Chapter 601, Sections 5 and 6, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the school loan committee for the making of debt service loans and capital loans to school districts as provided in Minnesota Statutes, Sections 124.36 to 124.47. These bonds shall be issued and sold and provision for the payment thereof shall be made in accordance with Minnesota Statutes, Section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from such fund.*

Sec. 15. *Notwithstanding any contrary provision of law, when a school building in operation or under construction in any district shall be or has been after January 1, 1965, destroyed or damaged by tornado, flood, or other disaster caused by the elements, the school board of the district, by resolution and without an election, may apply to the school loan committee for a capital loan or may issue general obligation bonds in the amount needed, over and above the*

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amount of payments theretofore received on insurance covering the destruction or damage, to pay the cost of restoring and replacing the building and the site and equipment and furnishings thereof in the condition in which they existed immediately before the destruction or damage. The committee may loan for this purpose any money at any time on hand in the maximum effort school loan fund, without regard to any conditions or qualifications in the maximum effort school aid law except those stated and referred to in Minnesota Statutes, Section 124.43, Subdivisions 4 and 5. When the restoration and replacements have been completed and paid for, any additional payments received from such insurance shall be applied by the district to repay the loan or bonds. In anticipation of the receipt of the proceeds of any such loan or bonds and insurance, the school board of any district may issue temporary notes or certificates of indebtedness for the payment of which the district's full faith and credit shall be pledged. These obligations shall be issued and sold in accordance with Minnesota Statutes, Chapter 475, except that they may be sold at public or private sale; they shall mature within three years from date of issue; all proceeds of the temporary obligations, insurance, and loan or bonds received in excess of the cost of the restoration and replacements shall be appropriated to the sinking fund for the temporary obligations; the taxes required to be levied for the sinking fund may be reduced by the estimated amount of the fund so appropriated; and before the maturity date the school board may and shall by resolution issue and sell general obligation bonds of the district in whatever amount, if any, may be required with the balance then in the sinking fund to pay all of the temporary obligations and interest accrued thereon. The powers granted in this section are supplemental to and not in substitution for any other powers granted to any school district by any general or special law. This section is determined to be remedial in character, being necessary to protect the financial credit of school districts subject to the disaster conditions referred to herein and to provide for the continuance of their necessary functions in the state school system. No loans shall be granted or obligations incurred pursuant to this section after July 1, 1967.

Approved May 26, 1965.

CHAPTER 876—H. F. No. 1809

[Not Coded]

An act relating to municipal courts; fixing the salary of the judge of municipal court of Stillwater.

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