

CHAPTER 380—S.F.No.1104
[Coded in Part]

An act relating to public indebtedness, amending the school district debt limit, authorizing the issuance of temporary obligations in anticipation of state or federal grants, and revising and clarifying other provisions; amending Minnesota Statutes 1971, Sections 475.51, Subdivision 9; 475.53, Subdivisions 1, 2, 3, 4, and 5; 475.56; 475.58, Subdivisions 1 and 2; 475.61, by adding a subdivision; 475.66; and 475.71.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1971, Section 475.51, Subdivision 9, is amended to read:

Subd. 9. **PUBLIC INDEBTEDNESS.** "Governing body" means the board, council, commission, or other body of the municipality charged with the general control of its financial affairs; provided, that where ~~the any~~ charter or law ~~under which a municipality is organized~~ confers bond issuing power on a particular board or body of a municipality, such board or body is the governing body under the provisions of sections 475.51 to 475.75.

Sec. 2. Minnesota Statutes 1971, Section 475.53, Subdivision 1, is amended to read:

475.53 **LIMIT ON NET DEBT.** Subdivision 1. **GENERALLY.** Except as otherwise provided in sections 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of ~~20-6-2/3~~ percent of the assessed value.

Sec. 3. Minnesota Statutes 1971, Section 475.53, Subdivision 2, is amended to read:

Subd. 2. **SPECIAL STATE AID.** Any municipality, except school districts, receiving special state aid under the provisions of sections 276.15 to 276.18 may incur, by vote of a majority of the electors, an indebtedness not to exceed ~~40-13-1/3~~ percent of the assessed value.

Sec. 4. Minnesota Statutes 1971, Section 475.53, Subdivision 3, is amended to read:

Subd. 3. **CITIES FIRST CLASS.** Unless its charter permits a greater net debt a city of the first class may not incur a net debt in excess of ~~five-1-2/3~~ percent of the ~~full and true valuation-market value~~ of all taxable property therein. If the charter of the city permits a net debt of the city in excess of ~~five-1-2/3~~ percent of its valuation, it may

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not incur a net debt in excess of ten 3-1/3 percent of the ~~full and true valuation-market value~~ of the taxable property therein. In any event, unless the charter of the city or an existing law otherwise provides, in calculating the net debt each of the following obligations shall be deducted from its gross debt:

(1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

(2) Warrants or orders having no definite or fixed maturity.

(3) Obligations payable wholly from the income from revenue-producing conveniences.

(4) Obligations issued to create or maintain a permanent improvement revolving fund.

(5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

(6) Amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those deductible under this subdivision.

(7) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

The county auditor, at the time of preparing the tax list of the city, shall compile a statement setting forth the total assessed value and the total ~~full and true valuation-market value~~ of each class of taxable property in such city for such year.

Sec. 5. Minnesota Statutes 1971, Section 475.53, Subdivision 4, is amended to read:

Subd. 4. **SCHOOL DISTRICTS.** Except as otherwise provided by law, no school district shall be subject to a net debt in excess of ten percent of the actual market value of all taxable property and of exempt property referred to in section 275.49, situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the ~~adjusted~~ market value of all such property and the ratio of such value to the market value of all such property, as most

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recently ascertained and reported to him in accordance with section 272.03, subdivisions 8 and 12 and sections 273.11 and 276.04. The county auditor of each county containing exempt property referred to in section 275.49, situated within any school district, shall certify to the district upon request the total ~~adjusted~~ market value of all such property as determined under section 275.49. If 20 percent or more in value of the taxable property in any school district consists of property on which taxes are paid into the state treasury under gross earnings tax laws applicable to common carrier railroads, the public service commission shall certify to the district upon request the ~~adjusted~~ market value of railroad property within the district as most recently determined by the commission. ~~The commissioner of taxation shall certify to each school district upon request the ratio most recently determined by~~ Whenever the state equalization aid review committee, in accordance with section ~~124.211, subdivision 3~~ 124.212, subdivision 10, ~~to exist between~~ has determined that the assessed valuation of the any district furnished by county auditors ~~and the correct assessed valuation is not based upon the market value of taxable property in the district, the commissioner of taxation shall certify to the district upon request the ratio most recently ascertained to exist between such value and the actual market value of property within the district.~~ The actual market value of property within a district, on which its debt limit under this subdivision is based, is ~~that~~ (a) the value determined by dividing the adjusted market value of all taxable and exempt property within the district, as certified by the county auditors and, where applicable, by the public service commission, by the ratios certified by the county auditors with respect to properties in their counties, respectively, or (b) this value divided by the ratio certified by the commissioner of taxation, whichever results in a higher value.

Sec. 6. Minnesota Statutes 1971, Section 475.53, Subdivision 5, is amended to read:

Subd. 5. **CERTAIN INDEPENDENT SCHOOL DISTRICTS.** No independent school district located wholly or partly within a city of the first class shall issue any obligations unless first authorized by a two-thirds vote of the governing body of such city. No such school district shall issue obligations running more than two years, whenever the aggregate of the outstanding obligations of the district equals or exceeds ~~seven and one-half~~ 2-1/2 percent of the assessed value of the taxable property within the school district.

Sec. 7. Minnesota Statutes 1971, Section 475.56, is amended to read:

475.56 INTEREST RATE. Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest

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aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. *This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.*

Sec. 8. Minnesota Statutes 1971, Section 475.58, Subdivision 1, is amended to read:

475.58 OBLIGATIONS; ELECTIONS TO DETERMINE ISSUE. Subdivision 1. **APPROVAL BY MAJORITY OF ELECTORS; EXCEPTIONS.** Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

- (1) to pay any unpaid judgment against the municipality;
- (2) for refunding obligations;
- (3) for an improvement, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement, or of taxes levied upon the increased value of property within a district for the development of which the improvement is undertaken, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments levied upon such property or taxes and not less than 20 percent of the cost of the improvement is to be assessed against benefited property or is estimated to be received from such taxes within the district ;
- (4) payable wholly from the income of revenue-producing conveniences;
- (5) *under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election; and*
- (6) *under the provisions of a law which permits the issuance of obligations of a municipality without an election.*

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Sec. 9. Minnesota Statutes 1971, Section 475.58, Subdivision 2, is amended to read:

Subd. 2. **FUNDING, REFUNDING.** Any city ~~of the fourth class~~, village, town or school district whose outstanding gross debt ~~exceeds 20-~~, including all items referred to in section 475.51, subdivision 4, exceed in amount 6-2/3 percent of its assessed value may issue bonds under this subdivision for the purpose of funding or refunding such indebtedness or any part thereof. A list of the items of indebtedness to be funded or refunded shall be made by the recording officer and treasurer and filed in the office of the recording officer. The initial resolution of the governing body shall refer to this subdivision as authority for the issue, state the amount of bonds to be issued and refer to the list of indebtedness to be funded or refunded. This resolution shall be published once each week for two successive weeks in a legal newspaper published in the municipality or if there be no such newspaper, in a legal newspaper published in the county seat. Such bonds may be issued without the submission of the question of their issue to the electors unless within ten days after the second publication of the resolution requesting such election signed by ten or more voters who are taxpayers of the municipality, shall be filed with the recording officer. In event such petition is filed, no bonds shall be issued hereunder unless authorized by a majority of the electors voting on the question.

Sec. 10. Minnesota Statutes 1971, Section 475.61, is amended by adding a subdivision to read:

Subd. 5. When all conditions exist precedent to the issuance of obligations of any municipality in any amount for any purpose authorized by law, and the municipality has applied for a grant or loan of state or federal funds to aid in payment of cost incurred for the authorized purpose, its governing body may by resolution issue and sell temporary obligations not exceeding the total amount authorized, maturing within not more than three years from the date such obligations are issued. In this event the proceeds of the grant or loan when received shall be irrevocably appropriated to the sinking fund for the temporary obligations, and the estimated amount thereof may be deducted from the tax which would otherwise be required by subdivision 1 to be levied. Any amount of the temporary obligations which cannot be paid at maturity, from the proceeds of the grant or loan or from any other funds appropriated by the governing body for the purpose, shall be paid from the proceeds of definitive obligations to be issued and sold before the maturity date; or if sufficient funds are not available for payment in full of the temporary obligations at maturity, the holders thereof shall have the right to require the issuance in exchange therefor of definitive obligations secured in the manner provided in subdivision 1 and bearing interest at the maximum rate permitted by law.

Sec. 11. Minnesota Statutes 1971, Section 475.66, is amended to

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read:

475.66 SINKING FUND; SURPLUSES. All sinking funds shall be deposited and secured as provided in chapter 118, except for amounts invested as authorized in this section, and may be deposited in interest bearing accounts, and such deposits may be evidenced by certificates of deposit with fixed maturities. There shall always be retained in any sinking fund sufficient cash to provide for the annual payments of principal and interest on the obligations for which the fund was created. Subject to the provisions of any resolutions of the governing body relating to the maintenance of reserves of cash or investments for the security of holders of such obligations, any surplus in any sinking fund above such amount may be invested under the direction of the governing body in any general obligation of the United States, the state of Minnesota or any of its municipalities, and in securities issued by the following agencies of the United States: Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, and the Federal National Mortgage Association. Such surplus may also be used to purchase any obligation, whether general or special, of the issue for which the fund is created, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of said issue prior to maturity in accordance with its terms. The obligations representing any such investment may be sold or hypothecated by the governing body at any time, but the money so received remains a part of such fund until used for the purpose for which the fund was created. Any obligation held in the sinking fund from which it is payable may be cancelled at any time when moneys in such fund are sufficient to pay all other obligations issued prior to July 1, 1961, payable therefrom with interest to maturity or to their earliest redemption dates. Any obligation issued after July 1, 1961, held in the sinking fund from which it is payable may be cancelled at any time unless otherwise provided in the other obligations payable from such fund or in a resolution or ordinance authorizing their issuance.

Sec. 12. Minnesota Statutes 1971, Section 475.71, is amended to read:

475.71 REGISTRATION OF BONDS. ~~If the purchaser or holder of negotiable bonds issued by a city shall so request, the governing body, by a resolution prescribing the method and terms of exchange, may authorize the proper officers to issue registered bonds in lieu thereof, in such denominations as may be desired. The governing body of any municipal corporation—municipality may, by a resolution prescribing the method and terms of registration, ordinance, or trust indenture authorize the proper officer of such municipal corporation designated in such resolution to register—issuance of obligations in registered or bearer form, or in form permitting registration as to the payment of principal only any negotiable bonds issued by such municipal corporation; such registration to be by endorsement on such bonds of a certificate of registration, which shall recite that the principal thereof will be~~

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payable only to such person as by such registration appears to be the owner thereof or his legal representatives; and such resolution shall provide for the keeping of a permanent record of bonds so registered, and may provide for the registration of transfer or exchange of such obligations by an officer of the municipality or an authenticating trustee, transfer agent, or registrar, upon the terms and conditions and with the force and effect provided in sections 336.8-101 to 336.8-406 .

Sec. 13. This act shall become effective on the day following final enactment.

Approved April 5, 1974.

CHAPTER 381—S.F.No.1483

An act relating to liens for labor, services and material for the improvement of real estate; amending Minnesota Statutes, 1973 Supplement, Sections 514.01; and 514.05.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes, 1973 Supplement, Section 514.01, is amended to read:

514.01 **MECHANICS LIENS; MECHANICS, LABORERS AND MATERIALMEN.** Whoever performs engineering or land surveying services with respect to real estate, or contributes to the improvement of real estate by performing labor, or furnishing skill, material or machinery for any of the purposes hereinafter stated, whether under contract with the owner of such real estate or at the instance of any agent, trustee, contractor or subcontractor of such owner, shall have a lien upon the improvement, and upon the land on which it is situated or to which it may be removed, that is to say, for the erection, alteration, repair, or removal of any building, fixture, bridge, wharf, fence, or other structure thereon, or for grading, filling in, or excavating the same, or for clearing, grubbing, or first breaking, or for furnishing and placing soil or sod, or for furnishing and planting of trees, shrubs, or plant materials, or for labor performed in placing soil or sod, or for labor performed in planting trees, shrubs, or plant materials, or for digging or repairing any ditch, drain, well, fountain, cistern, reservoir, or vault thereon, or for laying, altering or repairing any sidewalk, curb, gutter, paving, sewer, pipe, or conduit in or upon the same, or in or upon the adjoining half of any highway, street, or alley upon which the same abuts.

Sec. 2. Minnesota Statutes, 1973 Supplement, Section 514.05, is amended to read:

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