

## CHAPTER 113—S. F. No. 802

*An act relating to floating indebtedness of certain common 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; limiting and controlling future expenditures thereof and providing penalties for violation of its provisions.*

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

**Section 1. Certain school districts, may issue bonds to fund floating indebtedness.**—Any common school district, comprising more than 60 full and fractional congressional townships, and having an assessed valuation, exclusive of money and credits, of less than \$3,000,000, may issue its bonds 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. To be general obligations—rate of interest—maturity.**—Such funding bonds shall be the direct and general obligations of the 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. The bonds shall bear interest at not to exceed three per cent per annum, payable semi-annually, and shall mature at not to exceed 12 years from the date thereof, but otherwise said bonds shall mature in the amounts and at the times and shall be subject to the conditions as to redemption or payment before maturity as may be authorized by resolution duly adopted by the governing body.

**Sec. 3. Sale of bonds.**—The 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 the governing body. The bonds shall not be sold for less than their par value. The proceeds from all bonds so sold shall be applied by the 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 the school district.

**Sec. 4. Tax levy to retire bonds—recording officer to certify levy.**—The governing body of any 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 in excess of the sum required to pay the principal and interest thereof when and as same mature, notwithstanding any existing limitation. After the bonds have been delivered to the purchaser thereof, the tax shall be ir-repealable until the bonds have been paid; and no further action of the governing body shall be necessary to authorize the extensions, assessments and collection of the tax. The recording officer of the school district shall forthwith furnish a certified copy of the 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 the 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. Act declared to be remedial.**—The fact that, due to delinquencies in tax collections, the common 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 the common school district within six months after this act is in force. The term "floating indebtedness", as used in this act, shall include all the outstanding obligations of the school districts with accrued interest existing at the time the resolution shall be passed by the governing body as above described, plus such additional interest as may reasonably be contemplated to accrue thereon up to the date of issuance of said bonds, 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 school district outstanding at the time this act becomes effective is hereby validated.

**Sec. 6. Governing body to make budget.**—The governing body of each common school district issuing bonds under this act shall annually, at its first meeting in each fiscal year, determine the amount of funds which will be available during the current year for all and each of its public purposes from the proceeds of the tax levy lawfully made therefor in the pre-

ceding year, and from state aid and from other sources known or reasonably anticipated to be due and payable into its treasury during the year, and shall thereupon, at such meeting, make and spread on its minutes a definite budget of the expenditures made and to be made and indebtedness incurred and to be incurred by it for all and each of such purposes during such year, which expenditures and indebtedness shall in no case exceed the aggregate amount of revenues so determined to be available for all and each of such purposes for such year. The budget shall first allot, and there shall be first set aside and payable, out of the receipts for the year, the amount required to meet principal and interest due in that year on the bonds herein authorized and on any outstanding bonds and items not funded or refunded. There shall then be allotted, respectively, such amounts as shall be required and appropriable to pay outstanding warrants or orders and for each of the necessary current purposes and such amount as shall be deemed necessary for an emergency fund, and what remains may be allotted to be expended on new undertakings of construction, improvement, extension or otherwise to which it is lawfully appropriable. As nearly as may be, a specific program of expenditures shall be determined upon and the amount to be expended on each item determined and allotted; and no change in such program shall be made, nor additional expenditures made nor indebtedness incurred, which shall cause to be diverted to other purposes any part of the amount herein required to be allotted for payment of principal and interest, and for payment of outstanding warrants or orders and for necessary current purposes and for the emergency fund, nor which shall cause the expenditures made or indebtedness incurred in any year to exceed the total revenues determined as aforesaid to be available for such year. The emergency fund may be used to pay extraordinary items of lawful expenditures occasioned by emergency which could not be anticipated when the budget was made.

**Sec. 7. May apply to district court for permit to incur additional expense.**—If in any year it shall become actually necessary to incur indebtedness or expend funds for items, the amounts of which are beyond the control of the governing body of the school district and could not be reasonably and definitely anticipated and fixed at the time of making the budget contemplated by Section 6, the governing body of such school district may apply to the proper district court for an order permitting the incurring and payment of such additional expenditures. The application shall be publicly heard by the court at the county seat of the county after two weeks' published notice

thereof; and, if the court shall find the additional indebtedness or expenditures to be actually necessary and within the terms of this section, that the amount thereof could not have been reasonably and definitely anticipated at the time of making the budget and could not reasonably be met by or out of allotments in the budget for such purposes and by or out of the emergency fund, the court may make an order permitting and authorizing such additional indebtedness or expenditures, or so much thereof as it shall find to be proper.

**Sec. 8. Members of Board violating act to forfeit office—vacancies—appointments.**—Any member of the school board knowingly authorizing or participating in any violation of this act shall forfeit his or her office, and the forfeiture shall be made effective by order of the district court in the following manner, to-wit: A petition signed by at least 50 freeholders of the school district, stating that they believe that the member of the school board has knowingly authorized or participated in a violation of this act, may be presented to the district court of the county in which the school district is located; and, on the presentation and filing with the clerk, the judge to whom the same is presented shall make and file his order fixing a date of hearing to determine whether the member of the school board named in the petition has knowingly authorized or participated in a violation of this act. A copy of the order shall be served on the member therein named in such manner as the court shall direct at least five days before the date of the hearing. If at such hearing it shall appear to the satisfaction of the court that the member has knowingly authorized or participated in a violation of this act, then the court is authorized and required to make an order removing the member from the school board, and the office theretofore occupied by the member shall be declared vacated. The vacancy shall then be filled in the manner provided by law for filling vacancies on such board, except that, if two or more members of the school board are removed by the same order of the court, then the vacancies thereby created shall be filled by the governor. Persons so named by the governor to fill the vacancies shall thereupon qualify within ten days after they have received notice thereof. In the event of the failure of a person so named to qualify within the time herein set forth, the governor is hereby authorized and required to name another person to fill the position.

**Sec. 9. May modify terms of act by vote.**—Except so far as the rights of creditors shall be substantially impaired thereby, the voters of any such common school district may at any regular or special election, upon due submission of the question to them, modify the application of any provision of

this act to the extent that its application in the first instance was discretionary with them; and with like exception as to impairing substantial vested rights, nothing herein shall preclude amendment or repeal of this act, or any part of it.

**Sec. 10. Act severable.**—If any section, part or provision hereof be found unconstitutional, such determination shall not affect the validity of the remaining provisions not clearly dependent thereon.

**Sec. 11. Act shall be paramount.**—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 April 1, 1941.

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#### CHAPTER 114—H. F. No. 813

*An act relating to co-operative associations and their organization, and defining their powers; amending the 1940 supplement to Mason's Minnesota Statutes of 1927. Sections 7834 and 7836, amending Mason's Minnesota Statutes of 1927, Sections 7835, 7840, 7843 and 7844, and repealing Mason's Minnesota Statutes of 1927, Sections 7847-1 and 7847-2.*

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

**Section 1. Law amended.**—The 1940 Supplement to Mason's Minnesota Statutes of 1927, Section 7834, is hereby amended to read as follows:

**“7834. Co-operative associations—who may organize—purpose—powers.**—A co-operative association may be formed for the purpose of conducting any agricultural, dairy, marketing, transportation, warehousing, commission, contracting, building, mining, telephone, manufacturing, or any mechanical, mercantile or electrical heat, light or power business, or for all such purposes or for any other lawful purpose, upon the co-operative plan, and in addition to other powers such co-operative association shall have the power either as agent or otherwise to buy, sell or deal in its own products, the products of its individual members or patrons, the products of any other co-operative association or of its members or patrons, whether such co-operative association be organized under the