

powers now or hereafter conferred upon it by law, levy annually a tax of not to exceed two mills for the purpose of maintaining or improving any cemetery grounds owned by such village.

Approved April 17, 1941.

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CHAPTER 297—H. F. No. 13

*An act to create the school district relief fund, for the extension of relief thereunder to distressed school districts, authorizing the issuance of certificates of indebtedness and the levying of taxes therefor, directing the administration thereof by the executive council, and appropriating money for the purposes of this act.*

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

**Section 1. School district relief fund created.**—There is hereby created a special fund to be known as the "School District Relief Fund", into which shall be paid the proceeds of the tax levies hereinafter authorized and from which shall be paid the relief provided for in this act. Such fund is hereby appropriated to the executive council, hereinafter called the council, for the relief of distressed school districts, including dissolved school districts and unorganized school territory, as hereinafter provided.

**Sec. 2. What are distressed school districts.**—Any school district or school territory within the state, having a bonded and floating indebtedness on December 31, 1940, of more than fifty per cent of the assessed valuation of the real and personal property within said district or territory, whether unorganized or dissolved, for the year 1938, and over 50 per cent of the area of which is owned by the state or has become forfeited to the state for taxes shall be deemed and held to be a distressed school district.

**Sec. 3. Distressed districts may apply for relief.**—Any such district or territory having such an assessed valuation of less than \$15,000 may apply to the council for the payment of so much of its said indebtedness as exceeds 33 $\frac{1}{3}$  per cent of such assessed valuation, and any such district having a valuation of more than \$15,000, may make like application for the payment of so much of its indebtedness as exceeds 50 per

cent of its assessed valuation. Such application shall be made by resolution of the school board of said district or the county board of education for unorganized territory, showing the date and amount of such item of its indebtedness, for what purpose it was incurred, the name and address of the payee and of the present holder thereof, if known, or where payable if payable to bearer, together with the county auditor's certificate of assessed valuation and such other data or information as to its financial affairs as the council may require, including a budget of the anticipated receipts and disbursements of said district or territory for the next ensuing school year approved by the state department of education.

**Sec. 4. Council may make payments.**—Upon the filing of said application and approved budget and the determination of the council that such district or school territory qualified for relief hereunder, the council is hereby authorized to make payment of so much of the said indebtedness of such district or territory as exceeds the percentage of its assessed valuation, as hereinabove provided, upon the cancellation and surrender of the evidence of such indebtedness or receipt for any partial payment made thereon.

**Sec. 5. Council may redeem bonds held by state.**—The council is authorized to redeem any of such indebtedness which is held in the permanent trust funds of the state or in any other state fund at par and accrued interest and to compromise, determine and fix the value of any other indebtedness of said school district or school territory and to redeem the same at the value so determined and fixed, provided that the rate at which bonds not held by the state may be redeemed shall not exceed ten per cent of the face thereof and the rate at which warrants may be redeemed shall not exceed 75 per cent of the face thereof, and the council is hereby authorized to elect and determine upon what indebtedness of said school district to apply the amount herein authorized to be paid by the state, and, in its discretion, to withhold any payment unless a satisfactory adjustment can be made with the creditors of said district or territory.

**Sec. 6. May sell certificates of indebtedness.**—The council is hereby empowered, as funds are needed for the purposes of this act, to issue and sell certificates of indebtedness of the state to be known as "School District Relief Certificates", which certificates shall be numbered consecutively, be in such form and denomination, mature at such times, and bear such rate of interest, not exceeding three per cent, as the council shall determine, but none of such certificates shall be issued for a period exceeding five years, nor shall more than \$50,000

thereof mature in any fiscal year. Such certificates shall be signed by the chairman and attested by the secretary of said council, and the proceeds of the sale thereof shall be credited to said school district relief fund, herein created. Such certificates and the interest thereon shall be payable from said relief fund, provided that such interest as may become due on any such certificates prior to the collection of the tax levy therefor shall be paid out of the revenue fund.

**Sec. 7. Tax levy to retire certificates.**—For the purpose of providing funds with which to discharge the obligations provided and imposed by the terms of this act and to redeem the certificates of indebtedness herein authorized to be issued, the state auditor is hereby authorized and directed to levy for said School District Relief Fund upon all the taxable property in the state in the manner in which other state taxes are levied an amount sufficient to pay the annual interest accruing upon the certificates of indebtedness issued pursuant to this act, as hereinabove provided, and in the year prior to the maturity of any such certificate to levy an additional tax upon such taxable property sufficient to meet the principal thereof when due.

**Sec. 8. State board of investment may purchase certificates.**—The certificates of indebtedness herein authorized may be purchased by the state board of investment for the permanent school fund or any other trust pension fund of the state of Minnesota, but the amount thereof shall not exceed \$250,000.

**Sec. 9. School board to file budget.**—Until the indebtedness of any school district taking advantage of this act shall be reduced to less than 20 per cent of the assessed valuation of the real and personal property therein, the governing body of such district at its first meeting in each fiscal year shall prepare, adopt, spread on the minutes and file with the executive council a budget of its anticipated receipts from all sources and of its necessary expenditures for the ensuing school year, and shall therein first set aside the amount required to meet the principal and interest due in each year on its outstanding bonds, and may then set aside and allot the remainder for the several current school purposes, but the total expenditures authorized under said budget shall in no case exceed the aggregate receipts so anticipated. Should it become necessary in any year by reason of some emergency or some act beyond the control of the governing body of the school district to make expenditures for purposes or in amounts in excess of the amount determined by said budget, the governing body of the school district may apply to the executive council for permission to incur such additional expenditures, and the

council shall have power to authorize such additional expenditures in such amount as it shall find necessary and proper.

**Sec. 10. Officers to forfeit office in certain cases.**—Any member of such governing body knowingly authorizing the making of any expenditures in excess of the amount set up in said budget or allowed by the executive council shall forfeit his or her office and all the emoluments thereof, and upon petition of the executive council or of five freeholders of said district and proof of such unauthorized expenditure knowingly authorized, he or she shall be removed from such office by the district court of the county in which said district or some part thereof is situated after such hearing as the court may prescribe.

**Sec. 11.** This act shall take effect and be in force from and after its passage.

Approved April 18, 1941.

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CHAPTER 298—S. F. No. 177

*An act defining the powers and duties of a corporate trustee in the investment of trust funds, including the power to commingle funds and to buy fractions of securities in trust accounts, amending Mason's Supplement 1940, Section 7735.*

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

**Section 1. Law amended.**—Mason's Supplement, 1940, Section 7735 is hereby amended to read as follows:

**"7735. Investment of trust funds by corporate trustee—commingling funds.**—It may invest all moneys received by it in trust in authorized securities, and shall be responsible to the owner or cestui que trust for the validity, regularity, quality, value, and genuineness of such investments and securities so made, and for the safe-keeping of the securities and evidences thereof. Whenever special directions are given in any order, judgment, decree, will, or other written instrument as to the particular manner or the particular class or kind of securities or property in which any investment shall be made, it shall follow such directions, and in such case it shall not be further responsible by reason of the performance of such trust. In all other cases it may invest funds held in any trust capacity in authorized securities using its best judgment in the selection