1940 Supplement

To

Mason’s Minnesota Statutes
1927

(1927 to 1940)
(Superseding Mason’s 1931, 1934, 1936 and 1938 Supplements)

Containing the text of the acts of the 1929, 1931, 1933, 1935, 1937 and 1939 General Sessions, and the 1933-34, 1935-36, 1936 and 1937 Special Sessions of the Legislature, both new and amendatory, and notes showing repeals, together with annotations from the various courts, state and federal, and the opinions of the Attorney General, construing the constitution, statutes, charters and court rules of Minnesota together with digest of all common law decisions.

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CHAPTER 10

Public Indebtedness

1934. Scope of chapter.


Fourth class cities, villages, or boroughs, located in counties having 250 to 400 sq. miles area, 12,500 to 16,000 population and $5,000,000 to $10,000,000 valuation, and an area of 282,000 to 230,000 acres, may levy 3 mills for municipal bond purposes. Laws 1939, c. 421.

County or city which issues bonds to purchase or improve park system. Op. Atty. Gen. (700d-16), Nov. 2, 1936.

1935. Net Indebtedness defined.

Laws 1885, c. 8, §133.


An outline of municipal bond procedure in Minnesota. 20 Minn. Law Rev. 583.

1936. Exemption of Tax Anticipated Loans.—Each city of the first class in the state is hereby authorized, in calculating net indebtedness, to deduct from the gross indebtedness thereof, in addition to deductions otherwise authorized by statute, the amount then outstanding of all loans in anticipation of the collection of general ad valorem taxes therefor levied for city purposes, provided that the amount so deducted shall not exceed fifty per cent. of such taxes which are then due and

Laws 1936, c. 8, §133.

Section 1936. Assessed value defined.
The definition of "assessed valuation" given by this section does not apply to the determination of the limit of indebtedness of the city of Duluth, Minn., July 3, 1926.


An outline of municipal bond procedure in Minnesota. 20 MinnLawRev 883.

1937. Charter powers not modified.

A charter under §1 is modified by state statutes to the extent that mayor and clerk may sign warrants on city bank checks. Where the city is the site of a city-owned railroad, the city's claim is allowed by the library board. Op. Atty. Gen., May 6, 1931.

Authority of issuing new bonds to take up outstanding water bonds held by the state must submit the plan to the state. Op. Atty. Gen., July 20, 1931.

This section did not suspend or modify provisions of charter of Fergus Falls, with respect to election to determine whether new bonds should be issued to take up outstanding bonds. Op. Atty. Gen., July 20, 1931.

City of Duluth may adopt ordinance increasing average disposal plants to be a public utility; it is issue bonds to pay cost of completing same payable out of rentals or charges from such plant, although such obligation, and sell them to the state. Op. Atty. Gen., (387b-9), Sept. 25, 1937.


1938. Limit of debt—Excess void.


A school district cannot insure in mutual company where there is limited liability, but can where there is a fixed, unlimited liability. Op. Atty. Gen., (487c-5), Dec. 28, 1934.


1938-24. Interest rates on municipal obligations.

—Any county, school district, town, city, village, or borough issuing bonds for the purpose of funding or refunding outstanding indebtedness under any applicable law, may sell bonds bearing interest at rates varying from year to year which may be higher in later years than in earlier years, in which case such rates shall be specified in such bonds, but the highest rate contracted to be so paid and applicable law may issue such bonds bearing interest as to such towns to which it applies on the iron ranges, whereas, Laws 1927, c. 116 [§1938-2 to 1938-4], is a general law applying generally to municipalities throughout the state. Op. Atty. Gen., Mar. 2, 1934.


Laws 1921, c. 417 [§1921-2 to 1921-6], Laws 1929, c. 206 [§§1136, 2661], are special and remedial in nature and intended to take care of special situations and was not repealed by Laws 1929, c. 206, mere addition to such to towns to which it applies on the iron ranges, whereas, Laws 1927, c. 116 [§1938-3 to 1938-4], is a general law applying generally to municipalities throughout the state. Op. Atty. Gen., Mar. 2, 1934.

Laws 1929, c. 206, merely adds to and reenacts Laws 1921, c. 417, and in no wise repeals, qualifies or modifies Laws 1927, c. 116, as to such towns to which it applies on the iron ranges. It was intended to be remedial and to take care of special situations and was not repealed by Laws 1929, c. 206. Irrevocable future pledging of profit of electric power plant he had for payment of bond in premise of constructing or building plants by city of Eveleth. Op. Atty. Gen., (58a-7), May 31, 1935.


City of Le Sueur may exceed debt limitation in pursuant to a Diesel engine to be used in producing an electric light and power plant, but cannot expend more than $3,000 therefor without a vote of electors. Op. Atty. Gen., Dec. 7, 1935.


In case Duluth may adopt ordinance declaring sewer disposal plants to be a public utility and issue bonds to pay cost of completing same and charges for use of such plants, without an election, and sell them to the state. Op. Atty. Gen., (387b-9), Sept. 25, 1937.

School district which has levied tax may issue warrants and sell them to the general public where PWA aid is given. If funds be immediately available in cash as a condition precedent to receiving federal money. Op. Atty. Gen. (44a-4), Feb. 9, 1937.

Bonds issued for construction or improvement of a municipal water works system are to be deducted in computing net indebtedness although they are general obligations of municipality. Op. Atty. Gen., (44a-4), Feb. 9, 1937.

A village with an assessed valuation of $132,000 cannot expend more than 10% of such amount upon a sewer system in reliance upon §1189, unless bonds are to be sold to state of Minnesota or are payable wholly or partly from fees or special assessments. Op. Atty. Gen. (44a-4), Feb. 23, 1938.


Money in various funds is not deductible in order to arrive at net indebtedness in view of provisions for redemption of outstanding warrants and bonds exceeding the fixed maturity and which are payable from various funds. Proposition 1937.

Bonds of village may bear interest not to exceed 5%, and if sold to state may bear 3%. Op. Atty. Gen. (44b-37), Apr. 6, 1938.

Bonds issued for acquisition, construction, maintenance, repair or improvement of public water works systems are excluded in determining net debt, and may be issued in whatever amount electors may authorize, unless they are to be paid from general tax levy, in which case they may not exceed 15% of assessed valuation or all taxable property, including money and credits. Proposition 1937.

Where village was unable to sell certificates of indebtedness and deposited them with trustee, and issued warrants on bonds against which such certificates were issued, in accordance with judgment obtained in litigation, and valuation of mineral properties was decreased 15%, and delinquent taxes on forest lands were canceled in lieu of the certificates or indebtedness by the village at their face value and accepted interest which was paid in accordance with provisions of law, in addition to due deductible items in net indebtedness calculations. Op. Atty. Gen. (474a-4), April 25, 1939. See Dun. Dig. 735.

Warrants issued by city of Anoka for improvement of street improvement association with, and deposited with, county treasurer in lieu of taxes on real and personal property in said county, although general obligations of city, are not to be considered in determining limit of assessed valuation of city. Op. Atty. Gen., c. 7 (§7), May 26, 1939.
1938-4. Same—Amount of limitation on net indebtedness—Special existing limitations not increased—Elections, where required.—No municipality, except school districts, shall hereafter incur or be subject to a net debt beyond ten per cent of the last assessed valuation, as fixed by a general or special law, or a taxable property tax levied for the purpose of charging monies and credits, provided, however, that municipalities receiving special state aid under the provisions of Chapter 259, Laws of 1923 (§2087-1 to 2087-4) may incur, by a vote of a majority of the electors of such municipality, an indebtedness not to exceed twenty per cent of such assessed valuation, and no school district shall incur or become subject to a net debt beyond twenty per cent of such assessed valuation; provided that no city of the first class shall be subject to a net debt beyond five per cent of such assessed valuation unless the Charter for such city contains a provision to that effect; provided that this act shall not be construed as increasing the limit of debt, if any, prescribed by the special law or home rule charter under which any municipality is operating.

1938-5. Same—Obligations—Maturity.—Bonds may be made to mature semi-annually.

Bonds issued by a village, all to run for a full ten years, and not serially, are not legal in form. Op. Atty. Gen., Nov. 21, 1931.


Incorporations from reorganization or reactivation of a franchise corporation must be made by municipality pursuant to state laws. Op. Atty. Gen., Nov. 17, 1933.


1938-6. Same—Obligations—Etc.—This act impliesly amends Laws 1921, c. 117, and bonds issued under the 1921 Law are obligations subject to the provisions of this act and a vote of electors upon the issuance of such bonds is required. Op. Atty. Gen., May 22, 1931.


County board of Lake County could issue funding or refunding bonds to take up a mortgage upon a building which had been dissolved without first submitting the question of issuing bonds to the voters of Lake County. Op. Atty. Gen., May 24, 1933.


This section was not intended to permit issuance of bonds even for refunding warrants or bonds without approval of electors, except where existing laws this was permitted. Op. Atty. Gen. (44b-12), July 25, 1934.

Villages operating under Laws 1885, c. 145, and those operating under general statutes are authorized to issue refunding obligations without submitting proposition to a vote of electors to refund matured bond issued in connection with purchase of power plant and payable out of earnings of such plant. Op. Atty. Gen. (46a-12), July 9, 1936.


Power of county to issue funding bonds to take up floating indebtedness and for other purposes is not impaired by applying poor funds as applied to administration of old age assistance act. Op. Atty. Gen., Sept. 13, 1933.

City of Pipestone under its charter may issue bonds to carry out agreement with the state highway commissioner for improvement of streets within city, provided liability does not exceed maximum statutory limit and resolution authorizing bonds must receive four-fifths vote of all members of council. Op. Atty. Gen. (26c-7), June 6, 1936.


Laws 1921, c. 121 (§1938-3 to 1938-12), supersede §1941 and a majoriy of votes cast by electors is sufficient to authorize issuance of bonds by an independent school district to finance building of an addition to school house and to install heating, ventilating and plumbing plants. Op. Atty. Gen. (45a-7), May 22, 1933.

City of Eveleth held authorized to issue without vote of electors its obligations which had been dissolved without first submitting the question of dissolving the corporation to the village voters necessary to authorize bond issue by that city. Op. Atty. Gen. (476a-12), June 6, 1936.

Municipality cannot create a net indebtedness beyond one-half per cent of the assessed value of all the taxable property within the city of which such school district is situated or partly within, if the net indebtedness of such district equals or exceeds three and one-half per cent of the assessed value of all the taxable property within such school district; provided, further, that if the net indebtedness of any municipality shall exceed the limit applicable thereto as provided herein, at the time this act takes effect, no further liabilities may be incurred by that city. Op. Atty. Gen. (476a-12), June 6, 1936.

Refunding bonds may be issued without vote of electors to take up certificates of indebtedness of a village payable out of earnings of water and light funds. Op. Atty. Gen. (46a-12), July 9, 1936.

A village may only issue orders to the extent that funds have been approved and bonded for such purposes, from the proceeds of the tax levy lawfully made therefor in the preceding year and from state aid and from other sources known or reasonably anticipated to be due and payable into its treasury during such 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 the 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. Such budget shall be first adopted, and there shall be first set aside and payable, out of the receipts for such year, pursuant to its levy therefor, the amount required to meet principal and interest due in that year on the bonds issued pursuant to said Chapter 331 and on any outstanding bonds and items not funded or refunded, contemplated by said Chapter 331. There shall then be allotted respectively, such amounts as shall be required and appropriate to pay outstanding warrants and 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 invested in such manner as is not otherwise provided for in this section, or, in the discretion of the governing commission, may be invested in evidences of indebtedness of the United States, or of any state or county thereof, or in evidences of indebtedness of any city, town, village, school district, or county school district, without limit as to the nature or character of such evidences. Surplus utility funds may be invested in city's municipal bonds, but not in the bonds of any other city, town, or village, which may have a greater value at the time of the investment than the amount thereof; but village may not lend surplus funds of municipal undertakings or otherwise.
one hundred dollars or imprisonment in the county jail not exceeding three months for each offense. Every contract entered into or indebtedness or issuance of warrants in violation of restrictions under this act have reference to limita-


Where no levy has been made for building purposes, tax anticipation warrants may not be issued for "building fund," and tax anticipation warrants may not be issued without vote of electors if payments therefor would depend upon future levies. Op. Att'y. Gen. (158c-4), May 24, 1938.

A salary schedule adopted by board of education of Duluth prior to enactment of the Teachers' Tenure Act does not determine the yearly salary to be paid its teachers after such act went into effect. The power of defendant to contract for the yearly salary or teachers is limited to the funds it is authorized to provide for teaching purposes in the same period. Author a contract charged with knowledge of extent of its power to contract. Sutton v. B., 197M125, 266NW447. See Dun. Dig. 8762.

This act refers only to warrants issued in anticipation of taxes duly levied, and has no relation to warrants issued against money in the treasury, and after a school district has issued the maximum warrants authorized in anticipation of taxes levied but not collected, it may issue further warrants upon receiving moneys from other sources, such as assets, estate, tax anticipation, and tax anticipation. Op. Att'y. Gen. May 16, 1931.

This act does not give the township the power to ignore the rule that town orders must be paid in the order in which they were issued. Op. Att'y. Gen. May 26, 1931.

Neither school board nor school officers have authority in excess of the limitation prescribed with respect to the issuance of warrants or orders. Op. Att'y. Gen. J une 1, 1932.

1938-20. Voters may modify act. — The voters of any school district, county, town or village shall contract any debt or issue any warrant or order in any calendar year in anticipation of the collection of taxes levied or to be levied for said year in excess of the average amount actually received in tax collections on the levy for the three previous calendar years plus ten per cent thereof. The limitations herein prescribed shall apply to such contract or warrant or order for which a tax levy has been made by any such municipality. Provided that this act shall not apply to any school district, county, town or village which has been allotted to county but not received, and if such liability without impairing any other remedy, such as liens, etc. Op. Att'y. Gen. (519m), Dec. 6, 1938.

Warrants or orders may not be issued against money in the treasury, and after a school district has issued the maximum warrants authorized in anticipation of taxes levied but not collected, it may issue further warrants upon receiving moneys from other sources, such as assets, estate, tax anticipation, and tax anticipation. Op. Att'y. Gen. May 16, 1931.

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Neither school board nor school officers have authority in excess of the limitation prescribed with respect to the issuance of warrants or orders. Op. Att'y. Gen. June 1, 1932.

This act cannot be resorted to as an authorization for issuing warrants in excess of the total amount of the tax levy made for the current calendar year in anticipation of the collection of taxes levied but not collected. Op. Att'y. Gen. Jan. 14, 1932.


Neither the act have reference to limitations of expenditures against anticipated uncollected taxes and in no wise limit tax levies that may be made. Op. Att'y. Gen. Mar. 29, 1932.

Limit of indebtedness which may be contracted by county in anticipation of county charges under §§1938-14, 572, 6993, 6938 and 7010 as well as incurrence of any county obligations which may be incurred by restitutions with county boards in order to take care of poor relief purposes. Op. Att'y. Gen. Apr. 29, 1932.

In words, "the average amount actually received in tax collections on the levy for the three previous calendar years plus ten per cent thereof," have reference to the taxes actually collected during said calendar years, including any such liability without impairing any other remedy, one-fourth of the salary of each such officer and employee shall be withheld from him and applied towards reimbursing the corporation or any other such person for such damages, until all claims by reason thereof have been paid. Each member of the governing body present at a meeting thereof when any action is taken with reference to paying money or incurring liability which shall be deemed to have participated in and authorized the same unless he shall cause his dissent therefrom to be entered on the minutes of the meeting. (Act Apr. 27, 1929, c. 416, §4.)

1938-21. Limitation of tax levies. — No school district, county, town or village shall contract any debt or issue any warrant or order in any calendar year in anticipation of the collection of taxes levied or to be levied for said year in excess of the average amount actually received in tax collections on the levy for the three previous calendar years plus ten per cent thereof. The limitations herein prescribed shall apply to each fund or purpose for which a tax levy has been made by any such municipality. Provided that this act shall not apply to any school district, county, town or village which has been allotted to county but not received, and if such liability without impairing any other remedy, such as liens, etc. Op. Att'y. Gen. (519m), Dec. 6, 1938.

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1938-22. Recording officer to make statement.—As soon as practicable after the beginning of each calendar year the clerk, or other recording officer of any municipality exercising the administrative functions of the county operating on the cash basis pursuant to §1938-26 may file petitions—court approval.—In connection with, or independently of, a plan proposed or adopted under this act and for the purpose of rendering effective the authority of the municipality described in Section 1938-25 may file petitions under the provisions of §1938-25. May sell funding or refunding bonds.—Upon any plan becoming effective according to its provisions, the municipality may sell or exchange funding and refunding bonds. The bonds shall be issued upon authority of a resolution adopted by a majority vote of the governing body, without submitting the matter to a vote of the electors, and no such resolution or any proceedings respecting any such plan or any such bond issue shall be subject to referendum vote under any law or home rule charter provision. The bonds shall be in such form and in such number as may be necessary to secure to the municipality the funds necessary to effectuate the plan. In such manner as the governing body may determine and shall bear interest at a rate or rates fixed by the governing body not to exceed six per cent per annum, payable semi-annually. The annual payment of interest for the bonds shall not exceed the annual rate on the indebtedness funded or refunded thereby. Each bond shall recite on its face that it is issued pursuant to this act. Bonds may be issued hereunder without regard to any limitation on net indebtedness. In event the debt refunded thereby shall be payable only from a special fund, such bonds shall be payable from such fund. All other bonds shall be general obligations of the municipality and the full faith, credit and unlimited taxing powers shall be pledged to their payment unless the plan and the terms of the bonds expressly provide otherwise.

The bonds of any series may mature serially. In such case, the first installment shall become due in not more than five years and the last installment in not more than thirty years from the date of issue; one installment shall fall due each year; and the largest installment shall not be more than five times the smallest preceding installment. Serial bonds may be made redeemable on any specified date or dates by appropriate provision thereof.

In the event that the bonds of any series do not mature serially, all such bonds must mature on a single date not more than thirty years after the date of issue, and shall be redeemable on any specified payment date at par and accrued interest, and the municipality shall agree to retire not less than a certain
percentage of such bonds each year commencing not later than the fifth year. Said bonds may be retired by purchase or by redemption. At any time there is any money in the special fund for such series in excess of the amount required to pay interest during the next ensuing year, the governing body may cause published advertisement to be made for offers to surrender bonds, as may be required, which offers may be accepted of bonds below par by accepting the offers as deemed most favorable. Any money not so used prior to thirty days before the next ensuing interest payment date shall be used for redemption. At least thirty days before each interest payment date the governing body shall specially deposit in the bank or with the institution at which such bonds are payable any money then remaining in such fund in excess of said interest requirements sufficient to retire one or more bonds, together with a list of the serial numbers and denominations of the bonds of such series then outstanding and a list of the names and addresses of holders thereof in so far as they are known. For such purpose, the recording officer shall keep a register showing the names and addresses of the holders in so far as such information is furnished to him by the holders of any such bonds. Thereupon the paying agent shall determine by lot which of the outstanding bonds shall be redeemed. Notices of calls or tender shall be mailed to the holders thereof, if known, at the last known address. The bonds so called, with interest to the redemption date, shall be paid out of the money so received on presentation thereof, with unmatured coupons attached. The bonds called for redemption shall cease to bear interest on the redemption date, and the accrued interest thereon shall not be paid unless the bond with unmatured coupons shall be surrendered for payment. The municipality may pay to the paying agent reasonable compensation for its services hereunder. (Act Apr. 5, 1935, c. 119, § 5.)

Bonds may be issued without vote of people, and may be issued to cover part of indebtedness. (Op. Atty. Gen. (928a-2), Mar. 18, 1936.)

1938-28. May be sold for cash or exchanged.---Bonds may be sold for cash or may be exchanged for outstanding obligations or part sold and part exchanged, but none shall be sold or exchanged upon such terms as to materially increase the interest costs of the proceeds, will be more than six percent per annum computed to the maturities of the bonds of the series according to standard tables of bond values now in general nationwide use by financial institutions and insurance companies. Any bond sold for cash or exchanged shall be sold in the manner prescribed by Mason’s Minnesota Statutes of 1927, Section 1943, and no bonds shall be exchanged pursuant hereto unless the municipality shall have offered them for sale in accordance with said section and shall have received no bid of par and accrued interest or better. The officers may use the proceeds of bonds sold to purchase outstanding obligations, for the refunding of which such bonds were issued, at the best price obtainable, not exceeding par and accrued interest to date of purchase, or may use such proceeds to pay a certain percentage of all obligations surrendered for exchange and deliver bonds in exchange for the remainder of said bonds or indebtedness. Prior to the delivery or exchange, any bond or part thereof may be surrendered and cancelled. In so far as any exchanges are made, the outstanding obligations shall be taken at not more than the face amount with accrued interest, and the bonds delivered shall be valued at not less than the face amount with accrued interest. (Act Apr. 5, 1935, c. 119, § 6; Jan. 1935, c. 35.)

Series A bonds may be purchased by state board of investment without first offering same for sale. (Op. Atty. Gen. (928a-2), Mar. 18, 1936.)

1938-29. Tax levy to retire bonds.---Prior to the issuance of bonds, the governing body shall cause a levy to be made upon all the taxable property in the municipality of a direct, annual, irrepealable tax for each series of general obligation bonds sufficient to pay the principal of and interest on the bonds of such series when due. The levy for each year years during which the bonds shall be outstanding shall be separately stated. If the bonds are of serial maturities, the levy shall be at least in such amount that if collected before delinquency the proceeds, together with any accumulated tax on such bonds, may be transferred to the special fund for the payment of the bonds and it shall be the duty of the proper officers to levy any and all taxes which may be necessary to pay or discharge principal and interest of all general obligation bonds issued hereunder regardless of any statutory or charter tax levy limitation. At the time of making the annual tax levy, the governing body shall determine the amount of taxes which will be collected during the ensuing year from property upon which the tax is delinquent, and if such amount will not be sufficient to meet principal and interest requirements during said year an additional tax levy shall be made sufficient to make up such deficiency. Provided, that nothing herein shall authorize levies in excess of the limitations contained in Laws 1921, Chapter 417, as amended by Laws 1929, Chapter 206, or contained in Laws 1927, Chapter 110, §§2061 to 2065, except as excess levies are specifically authorized by such laws; provided, further, that nothing herein shall modify the requirements of any cash basis laws or cash basis charter provisions governing the manner of levying for indebtedness in cities, villages, towns or school districts, more than 60 per cent of the assessed valuation of which consists of mined or unmined iron ore. (Act Apr. 5, 1935, c. 119, § 7.)

1938-30. Shall operate under budget.---Any municipality issuing bonds hereunder shall thereafter operate under a budget as provided in Chapter 351, Laws of 1929 and amendments thereto, §§1946-1 to 1946-31, and all provisions of said act and amendments relating to the manner of making a budget, assessment of claims, and levying taxes and imposing penalties for violation thereof, shall apply to municipalities issuing bonds hereunder. (Act Apr. 5, 1935, c. 119, § 8.)
1938-51. Trustees or savings bank may enter into agreement.—All corporate trustees and savings banks, holding fund commissions of municipalities, and any other body whose investments are regulated or restricted under any law of this state or any home rule charter adopted pursuant to Article IV, Section 36 of the Constitution of Minnesota, which may have invested the funds under its or their control invested in any bond, whether the municipality or adopting a plan under this law, may, notwithstanding any provision of law regulating or restricting said investments, enter into such plan and accept funding or refunding bonds in exchange for said obligations. (Act Apr. 5, 1935, c. 119, §9.)

1938-52. State board of investment may purchase bonds.—The State Board of Investment is authorized to purchase bonds issued pursuant to this act in the same manner and subject to the limitations as expressed in Laws 1938, Chapter 389 (§§1938-8 to 1938-7), and any party or circumstance shall hold the powers granted to the State Board of Investment by Laws 1933, Chapter 389, and any amendments thereof shall apply in connection with the purchase of bonds issued hereunder. (Act Apr. 5, 1935, c. 119, §10.)

Under §1938-3 investment board can only purchase up to 50% of bonds issued by school district under §1938-32. Op. Atty. Gen., Nov. 21, 1931.

1938-53. Bonds shall be binding and valid obligations.—This act shall be deemed and construed as complete in and of itself, and the bonds issued in compliance herewith shall be the valid and binding obligations of the municipality according to their terms, whether or not such municipality shall have complied with any other law or charter provision authorizing or regulating the issuance of bonds by such municipality. This act is intended to be an additional remedial measure and shall not be deemed to have abrogated or repealed any existing law. (Act Apr. 5, 1935, c. 119, §11.)

1938-54. Provisions severable.—If any section, clause, sentence, or provision of this act or the application of such section, clause, sentence, or provision to parties or circumstances to which it is held invalid shall not be affected thereby. (Act Apr. 5, 1935, c. 119, §12.)

1939. Bonds.

The Village of Kenyon cannot enter into a contract for the generating equipment of a proposed municipal light plant to be paid for out of funds to be derived from real estate taxes, if issue warrants payable in the future out of such earnings. Op. Atty. Gen., Oct. 10, 1925.


Deficiency in payment of interest on county bonds does not accelerate due date of principal, unless bond so states, and any amendment. Feb. 22, 1929.

Village cannot borrow money on its promissory note, Cities organized under Laws 1895, c. 8, are governed by §126 of that act, and not by this act. Where a home rule charter provides method of issuing bonds to refund outstanding certificates of indebtedness, and city may issue bonds without vote of electors, if effect of issuance will not raise the city's indebtedness above 5% limitation of taxable property of city. Op. Atty. Gen. (57b-7), Oct. 19, 1926.


City of Chisholm has power to refund certificates of indebtedness without a vote of its electors, and state board of investment has authority to purchase such bonds. Op. Atty. Gen. (56a-51), Feb. 4, 1934.

City of Chisholm has power to refund certificates of indebtedness without a vote of its electors, and state board of investment has authority to purchase such bonds. Op. Atty. Gen. (44a-4), Feb. 1935.

Village council has power to issue a sinking fund warrant for insufficient funds, without vote of electors. Where existing bonded indebtedness exists, the Village of Winnebago could issue bonds to refund maturing bonds without a vote of electors. Op. Atty. Gen. (40c-1), Dec. 7, 1924.

WHEREAS electors have voted for a bond issue, and Village council without any change in charter resolution amending the former resolution, it may adopt another resolution amending the former resolution, so as to make it conform to statutory requirements. Op. Atty. Gen. (44a), Dec. 31, 1925.

1941. Vote required.

Sec. 3 of Act Apr. 8, 1921, c. 209, provides that the Act is inapplicable to any city of which it is declared that within the city there located shall affect the powers conferred upon said city by district act §172 of General Laws of Minnesota for 1913 ($1017 herein).

Laws 1921, c. 209, was in effect reenactment of G. S. 1913, §172, which was a part of Minnesota's Home Rule Act. Since legislation has provided an exclusive remedy for constitutional invalidity, this is a prayer for equitable relief premised solely upon alleged invalidity of school bond "election" was properly denied. Resolved v. L., 235 NW257. See Dun. Dig. 2465.


County board of Lake County could issue funding or refunding bonds to take advantage of bond refunding provisions of act, if its maturing bonded indebtedness without submitting said to vote of electors. Election in village to authorize new well and bonds requires a five-eighths vote. Op. Atty. Gen. Dec. 5, 1935.

Village operating under §1938-34. Provisions severable.—If any section, clause, sentence, or provision to parties or circumstances to which it is held invalid shall not be affected thereby. (Act Apr. 5, 1935, c. 119, §12.)

Second with reference to sidewalks, and it is not necessary to submit to voters proposition of issuing bonds or certificates of indebtedness to pay costs of construction of a hospital pursuant to Laws 1893, c. 204, notwithstanding standing limitations in home rule charter. Op. Atty. Gen. (36a-7), Aug. 5, 1935.


Power of village of Jeffers to issue certificates of indebtedness for purchase of fire apparatus and equipment is derived from Laws 1885, c. 145, and power of erecting a building to house the equipment is derived from Laws 1885, c. 145, and from power to issue bonds for purchase of buildings or other equipment essential to the transportation of pupils. Op. Atty. Gen. (476b-8), June 26, 1939.

1942. Bonds.—For what purposes.—When the governing body of any municipality shall have resolved that it is expedient to borrow money, for one or more of the purposes hereinafter named, and to an amount which will not increase its net indebtedness beyond the limit fixed by law, and a proposal to do so, if required by law, be submitted and approved by the voters thereof, the bonds of such corporation may be issued and sold, conformably to the provisions of this chapter, to the amount so authorized, and

1. In the case of a city, village or borough, for the acquisition, construction, maintenance, or improvement of any of the public conveniences mentioned in Mason's Minnesota Statutes of 1927, Section 303, for purposes of permanent improvement revising fund; for the purchase or erection of needful public buildings; for establishing and maintaining garbage crematories, or other means of garbage disposal, hospitals, schools, libraries, museums, parks and playgrounds; for construction of sewers, subways, streets, sidewalks, pavements, culverts, and parks and parkways; and for changing, controlling, or bridging streams and other waterways within the corporate limits, and constructing and repairing bridges and roads within two miles of the corporate limits thereon.

2. In the case of counties, for the erection and furnishing of a court house and jail, or either of them; for the purchase or erection of a hospital or hospital building to house the equipment is derived from Laws 1885, c. 145, and from power to issue bonds for purchase of buildings or other equipment essential to the transportation of pupils. Op. Atty. Gen. (476b-8), June 26, 1939.

3. In the case of towns, for the erection and furnishing of a town hall, and for the laying out and opening of town roads, and the building of bridges thereon.

4. In the case of school districts, whether lying within a city or village or not, for the purchase of sites or building school house and school grounds to schools, and to install heating, ventilating and plumbing plants. Op. Atty. Gen. (396c-6), June 9, 1939.

If village has funds on hand sufficient for purposes, or will have such funds when taxes already levied have been collected, warrants or certificates of indebtedness may be issued in anticipation of collection of taxes for construction of a plant, without election, but if such funds are not available, it is necessary to submit to voters proposition of issuing bonds or certificates of indebtedness, to pay costs of construction of a school building, and for the purchase of school buses and other equipment essential to the transportation of pupils. Op. Atty. Gen. (396c-6), June 9, 1939.


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Section 1 does not apply to cities of the fourth class, such as North Mankato, with reference to issuance of refunding bonds. Op. Atty. Gen. (361), July 22, 1939.

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1945. Tax levy for payment of bonds.
If town authorities fail to make levy to take up outstanding bonds, the town auditor must extend such levy so that same may be collected with the general taxes. Op. Atty. Gen., Apr. 8, 1938.

Treasurer of independent school district should set aside from tax moneys receive amount necessary to pay amount to become due during year on principal and interest on bonds and taxes collected cannot be used for any other purpose. Op. Atty. Gen. (37a-11), May 15, 1938.

If levy of taxes exceeds 2% of assessed valuation of property in school district, county auditor must render and satisfy the same and any interest or other items legally accrued thereon in payment. In whole or in part, for bonds hereby authorized purchased by him. Village, town or school district may fund or refund all or any part of its bonded indebtedness. Where Indebtedness is less than 20% of assessed valuation and floating indebtedness exceeds 20% of assessed valuation, exclusive of moneys and credits, a school district may issue bonds for funding and refunding purposes either with or without a vote of electors of district, unless ten or more bondholders petition that matter be submitted to voters, and where Indebtedness is in excess of 20% of assessed valuation, county auditor must issue refunding bonds to a vote of the electors. Op. Atty. Gen. (158a-3), Feb. 5, 1938.

1946-5. Same—Maturity, interest, and sale of bonds.


1946-6. Bonds may be sold by public subscription.

By the holder of outstanding bonds or other indebtedness of any village, town or district may use and apply the same and any interest or other items legally accrued thereon in payment, in whole or in part, for bonds hereby authorized purchased by him. Village, town or school district may fund or refund all or any part of its bonded indebtedness. Where Indebtedness is less than 20% of assessed valuation and floating indebtedness exceeds 20% of assessed valuation, exclusive of moneys and credits, a school district may issue bonds for funding and refunding purposes either with or without a vote of electors of district, unless ten or more bondholders petition that matter be submitted to voters, and where Indebtedness is in excess of 20% of assessed valuation, county auditor must issue refunding bonds to a vote of the electors. Op. Atty. Gen. (158a-3), Feb. 5, 1938.

1946-7. Same—Tax levy for interest and sinking fund.

Payment of sum by school district to architect for work in connection with building not constructed, held improper as in nature of settlement or compromise. Krohn v. P., 187M73, 244NW329. See Dun. Dig. 6746.

1946-8. Refunding bonds authorized in certain cases.

Any village, town or school district in this state, whose existing bonded, judgment and floating indebtedness exceeds 20% of assessed valuation of property in the village, town or district, may issue, negotiate and sell its bonds, for the purpose of refunding the same and all other items legally accrued thereon in payment, In whole or In part, for bonds hereby authorized. (Act Apr. 16, 1929, c. 204, §1.)


"Indebtedness" applied to refunding bonds at time of bond issue.

An outline of municipal bond procedure in Minnesota. 2 Minn. Law Rev. 383.
§1946-14. Bonds—Rate of interest—Execution.—Before any bonds are issued under the provisions of this act, the issuance of such bonds shall be authorized by a resolution adopted by the affirmative vote of all the members of the village council. Said bonds shall bear interest at not to exceed five and one-half per cent per annum, payable semi-annually, shall mature five years from the date of issuance thereof under this act within 90 days after the passage and approval of said act. (Act Apr. 16, 1929, c. 204, §2.)

§1946-15. Limitation.—This act shall not be construed as limiting the power of a municipality to levy taxes to pay its obligations issued hereunder, but the governing body shall levy a tax, at any time before the issuance and sale of said bonds, any or all thereof may be made payable on or before their respective maturity dates, with such provisions as to calling and redemption as shall be deemed advisable. Said bonds may be in the alternative for such bonds with or without the “on or before” privilege, and the most favorable bid or bids may be accepted. None of said bonds shall be sold for less than their full face value and accrued interest, nor bears an interest in excess of six per cent per annum, payable annually or semi-annually. (Act Apr. 25, 1929, c. 351, §3.)

§1946-16. Acts Supplemental.—The provisions of this act shall be supplementary and additional to the powers in that regard now conferred by law on village councils. (Act Apr. 25, 1929, c. 351, §4.)

§1946-17. Definitions.—Who may issue bonds.—The term “municipality” as used in this act shall include any county, township, city, village, or borough, and any unorganized territory in any county governed by the provisions of Chapter 328, Session Laws 1921 [Mason’s Minn. Stat. 1927, §§2850 to 2879-11], and acts amendatory thereof. Any such municipality, whose bonded, judgment, and floating indebtedness exceeds twenty-five per cent of the assessed valuation of all taxable property therein, exclusive of money and credits, or in which taxes on more than 5% per cent of the lands on the tax lists have been delinquent for three years or more, may issue, negotiate and sell its bonds, at one time or from time to time, for the purpose of funding and/or refunding such indebtedness and/or of paying its outstanding obligations, in the manner and under the conditions hereinafter prescribed. (Laws 1929, c. 351, §1; Apr. 13, 1931, c. 155, §1.)

§1946-18. May vote to issue bonds for certain purposes.—The governing body of any such municipality may by resolution, of its own motion, and shall, on petition of voters thereof to the number of ten per cent, of the total number of votes cast at the last previous general or municipal election, submit to the voters thereof a proposition to fund and/or refund and/or pay its existing indebtedness and obligations, or any part or class thereof, and may include therein the payment in full of such portions of said bonds or certificates or other evidences of indebtedness or liability, whether due or to become due, and the interest thereon, or any thereof. Upon the adoption of the proposition by ballot, there shall be prepared forthwith by the recording officer, by direction of the governing body, and kept on file in his office a complete, itemized list of all warrants, orders, bonds, certificates and other indebtedness and liability so to be funded and/or refunded, specifying the dates, names of payees, and holders, if known, purposes, amounts, maturities, rates of interest, and dates from which interest remains unpaid, of each item thereof, with such other information as the governing body shall prescribe, certifying said items according to the purposes for which tax levies may be made. Said proposal shall constitute and become a part of said proposition, and said proposal shall be advertised in such manner as shall be deemed advisable. The governing body shall furnish said list to the state auditor for examination and approval. Provided, further, the governing body, in their discretion, may submit said proposition, and the further procedure thereon may comply with the provisions of law applicable to bonds issued to said state; provided, further, the governing body, in their discretion, may submit said proposition.
at the next election or meeting thereafter regularly held for the election of officers of such municipality, for which notice thereof may be given in the manner so required by law. (Act Apr 25, 1929, c. 351, §5.)

1946-22. Must receive majority of all votes cast.—If the proposition so submitted to the voters shall receive the affirmative votes of a majority of the qualified electors voting on the same, the bonds may be advertised for sale and issued and sold in accordance with the provisions of Section 1942, General Statutes 1923, and acts amendatory thereof. In lieu of, or in addition to, receiving bids for such bonds, or any thereof, if the proposition submitted to the voters shall have specifically so authorized, the governing body may cause same to be offered for and sold by public subscription from time to time, and may permit the holder of outstanding bonds or other indebtedness herein contemplated to use and apply same and any interest or other items legally accruing thereon in payment, in whole or in part, for bonds herein authorized, purchased by him. (Act Apr. 25, 1929, c. 351, §6.)

1946-22 1/4, May issue bonds without vote in certain cases,—In lieu of submitting such proposition to the voters, the governing body may, at any regular or called special meeting thereof, after the proceedings, other than the elections hereinafter contemplated, may adopt, by majority vote, a resolution reciting the proceedings therefore taken, stating the authority of law under which the right is claimed to issue such bonds, the purpose for which it is proposed to issue the same, the number and the face value of each thereof, and the time when each bond to be issued thereunder shall mature, and any further details with respect thereto in this act authorized to be contemplated by such proposition, and directing that such bonds be issued, negotiated and sold, as in this act and said resolution provided. Such last mentioned resolution may be published not less than one nor more than three weeks successively in a legal newspaper published in such municipality, or in the county seat of the county, if there be no such newspaper in said municipality, and proof of the publication thereof filed in the office of the recording officer. But if, within ten days after the first publication of said last mentioned resolution, or prior thereto, there be filed with such recording officer a petition of ten per cent of the voters of such municipality, setting forth the allegations thereof provided, praying that such proposition and the details thereof be submitted to the voters of said municipality, the same shall thereupon be so submitted to the legal voters of such municipality, and favorably voted on, before it shall be authorized to take effect. (Laws 1929, c. 351, §6 1/4; Apr. 13, 1931, c. 155, §2.)

1946-23. Tax Levy.—Before the issuance of any of the bonds herein authorized, except in cases of bonds sold to the state, the governing body shall 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 and of the other outstanding indebtedness and obligations mentioned in Section 4 hereof, when and as such principal and interest shall mature, thereupon and thereafter the other provisions of Sections 5, 6, 7, 8, 9 and 10 of Chapter 131, Laws of 1927 [§§1945-7 to 1938-12], shall apply. (Act Apr. 25, 1929, c. 351, §7.)

1946-24. Outstanding warrants, etc., legalized.—Any and all outstanding warrants, orders and other indebtedness which shall have been issued or incurred for purposes for which public moneys thereof might lawfully be expended, are hereby declared to have become and shall be considered fully funded and by the favorable action of the voters at the election on the funding or refunding proposition shall finally and conclusively bind the municipality to the validity of the items in the list provided for in Section 2 [§1946-18], revised or revised provided for in Section 3 [§1946-21]; provided, if at the time of the election an action is pending involving or affecting the validity of any or all of such indebtedness, the item or items in controversy shall not be paid unless and until the validity of such proposition is upheld by a vote of a majority of the legal voters of such municipality held for the election of officers of such municipality, determined as hereinbefore provided. Such last mentioned resolution provided. Such last mentioned resolution shall be in effect. (Laws 1929, c. 351, §6.)

1946-25. Levy to be fixed by voters.—The proposition submitted to the voters as aforesaid may contemplate and specify that the amount which may be included by any such municipality in its annual tax levy in the year in which the bonds herein authorized shall be issued, and in each year thereafter, shall not in the aggregate exceed the amount otherwise authorized by law, less all or such part, as is in said proposition specified, of the amount hereinbefore required to be levied for the same year to pay principal and interest on bonds herein authorized, and/or that the amount so levied for any class of purposes for which the funded or refunded indebtedness was incurred shall not exceed the amount otherwise authorized by law for that class of purposes, less all, or such part, as is so specified, of that proportion of the amount levied for the same year to pay principal and interest which is chargeable, pro rata, to funded or refunded indebtedness incurred for that class of purposes; provided, the amount of principal of such bonds payable in each of the first five years after the issuance thereof which is in excess of the average amount of principal payable in each of the years thereafter shall not be deducted from the amount of such authorized tax levies for current purposes, unless the proposition approved by the voters shall expressly so require. (Act Apr. 25, 1929, c. 351, §9.)

1946-26. Governing body to make budget.—The governing body of each municipality 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 such purposes for which public money might lawfully be expended therefor in the preceding year and from state aid and from other sources known or reasonably anticipated to be due and payable into its treasury during such year, and shall thereupon, at such meeting, make a budget of the expenditures and indebtedness which shall be made, nor additional expenditures made nor in-
debtedness 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 issued for such 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 not be used to pay extraordinary items of lawful expenditures occasioned by emergency which could not be anticipated when the budget was made. (Act Apr. 25, 1929, c. 351, §10.)


410-26-½. May apply to court for authority to issue bonds.—If in any year it shall become actually necessary to incur indebtedness or expend funds for the purpose of meeting court expenses, mothers' pension allowances, poor relief and other items, the amounts of which are beyond the control of the governing body of such municipality and could not be reasonably and definitely anticipated and fixed at the time of making the budget contemplated by Section 10 (§1946-26 & a. Same—Application of act.—This Act shall not apply to any municipality governed by any special law. (Mar. 2, 1937, c. 56, §2.)

1940-27. Recording officer to keep records.—The recording officer shall keep a record showing accurately the amount allotted to each item of the budget for the current and the amount of the expenditures incurred from time to time on account of each of such items, which record shall be presented and examined at each meeting of the governing body and show the true condition of affairs at the date of such meeting. No indebtedness shall be incurred for any purpose except pursuant to action of the governing body taken at a meeting of the governing body and present to the court at its next meeting, and at such meeting such claim shall be acted upon; provided, in case of counties, all expenditures for constructing, improving, maintaining or repairing any public road or bridge by day labor may be paid for by the time check method as provided by Section 30, of Chapter 323, Laws 1921 [§2570, Mason’s Minn. Stat., 1927], and acts amendatory thereof; but no time check shall be honored by the auditor, nor shall any claim thereon be valid against the county, unless the duplicate thereof be duly filed in the office of the county auditor within thirty days after the date of the issuance thereof, or unless and until funds shall be appropriated therefor as provided in the first sentence of this section. (Act Apr. 25, 1929, c. 351, §12.)

1940-29. Violation a misdemeanor.—Any officer of the governing body or other officer or employee of such municipality knowingly authorizing or participating in any violation of this act shall be guilty of a misdemeanor, punishable by a fine not exceeding one hundred dollars or imprisonment in the county jail not exceeding three months for each offense. Every contract 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 respect to the municipality; and no claim therefor shall be allowed by the governing body, nor shall any officer issue or pay any warrant, order or other evidence of debt on account thereof. Each member of the governing body or other officers or employees so knowingly participating in or authorizing any violation of this act shall be individually liable to the corporation or to any person for any damages and for the purpose of enforcing such liability without impairing any other remedy, one-fourth of the salary of each such officer and employee shall be withheld from him and applied towards reimbursing the corporation or any other person for any damages

1940-30. Provisions may be modified by voters.—Except as otherwise provided, the voters of any such municipality 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 it applies when not inconsistent with the provisions hereof 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. (Act Apr. 25, 1929, c. 351, §14.)

1946-31. Provisions 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. (Act Apr. 25, 1929, c. 351, §15.)

1946-32. Application.—This act shall not be construed to repeal or modify any other act or part of act having similar import or purpose to any part hereof but shall be deemed to provide an additional cumulative and optional remedy for the financial situation of municipalities within the class defined in section 1. (§1946-17.) No limitations of net indebtedness prescribed in any other act, except as herein expressly provided, shall affect the validity of any bonds issued by authority hereof. (Act Apr. 25, 1929, c. 351, §16.)

1946-33. Exceptions.—This act shall not apply to and shall not be taken into account for the valuation, exclusive of moneys and credits, in excess of $100,000,000, nor to any other municipality whose per capita assessed valuation, exclusive of moneys and credits, is in excess of $300. (Act Apr. 25, 1929, c. 351, §17.)

1946-34. Independent school districts may issue bonds to fund floating indebtedness.—Any independent school district with territorial limits which coincide with the territorial limits of any city of the first class in the State of Minnesota, and the government of which independent school district is not provided for in the charter of such city, may issue floating bonds to an amount not exceeding one (1) per cent of the assessed value, as last determined, of the taxable property within such district; including moneys and credits, 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. (Act Mar. 3, 1933, c. 54, §1.)

1946-35. Funding bonds to retire outstanding obligations in certain school districts.—Such funding bonds shall be the direct and general obligations of the independent 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. Such bonds shall bear interest at not to exceed six per cent per annum payable semi-annually and shall mature in not to exceed twenty (20) years from the date thereof but otherwise said bonds shall mature in such amounts and at such times and shall be subject to such conditions as to redemption or payment before maturity as may be authorized by resolution duly adopted by the said governing body. (Act Mar. 3, 1933, c. 54, §2; Apr. 21, 1933, c. 383.)

1946-36. Sale of bonds to be advertised.—Such bonds to be issued in such amount 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 said governing body. Said bonds shall not be sold for less than their par value. The proceeds from all bonds sold shall be applied by said 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 bond shall be under any obligation whatever in respect to the application of the proceeds when received by said school district. (Act Mar. 3, 1933, c. 54, §3.)

1946-37. Tax levy to retire bonds.—The governing body of any independent 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 (5%) in excess of the sum required to pay the principal and interest thereof when and as the same mature notwithstanding any existing limitation. After such bonds have been delivered to the purchaser thereof, such tax shall be irrepealable until such bonds have been paid and no further action of the governing body shall be necessary to authorize the collection of the amount of such tax. The recording officer of such independent school district shall forthwith furnish a certified copy of such 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 such county auditor or county auditors shall enter the same in the register provided for such case and shall extend and assess the tax so levied. (Act Mar. 3, 1933, c. 54, §4.)

1946-38. Statute remedial.—The fact that due to deficiencies in local tax collections such independent 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 the provisions of this Act unless a resolution authorizing such issuance as hereinafter provided shall be adopted by the governing body of such independent school district within ninety (90) days after this Act is in force. The term "floating indebtedness," as used in this Act shall include all the outstanding obligations of said independent school districts with accrued interest existing at the time this Act becomes effective, exclusive of bonds indebtedness and interest thereon. In order to facilitate the issuance of the funding bonds hereinafter authorized, the floating indebtedness of any such independent school district outstanding at the time this Act becomes effective, exclusive of bonds indebtedness and interest thereon, may be authorized by resolution duly adopted by the said governing body, and without regard to the amount of any or all other outstanding debts of such district and notwithstanding any existing limitations. (Act Mar. 3, 1933, c. 54, §5.)

1946-39. Effective on passage.—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. (Act Mar. 3, 1933, c. 54, §6.)

1946-40. Bond issue authorized.—Any county in this State, having an assessed valuation, exclusive of moneys and credits, of less than $5,000,000.00, and in which the real and personal property taxes levied in 1931, payable in 1932, were delinquent as of January 1, 1932, in excess of 40% of the amount so levied, is hereby authorized to issue, negotiate, sell or exchange its bonds, at one time or from time to time, for the purpose of funding and refunding the indebtedness of such county heretofore issued and outstanding, or any part thereof, in the manner and under the conditions hereinafter prescribed. (Act Mar. 31, 1933, c. 137, §1.)

1946-41. County Board to adopt resolution.—Before any such bond is issued, the county board shall at any regular or duly called special meeting thereof adopt by a four-fifths vote a resolution setting forth the necessity of the issuance of such bonds, the portion of the outstanding indebtedness to be funded or refunded thereof, the amount of such bonds to be issued, and the manner in which the right is claimed to issue such bonds, the amount of bonds proposed to be issued under such resolution and direct the auditor to prepare a list of the same and the auditor shall be bound by the auditor in his office and may be referred to in the resolution so adopted. Such list shall at all times be open to public inspection and copies thereof shall
be furnished on request, certified if desired, on payment of a fee not exceeding five cents per folio. Said resolution shall be published once in each week for two successive weeks in the official newspaper of said county and the county board shall upon petition of ten per cent of the number of voters voting for Governor at the last general election submit to the voters of the county at a regular or special election the proposition of issuing such bonds, and, in such case, the affirmative vote of a majority of those voting on the proposition shall be sufficient to authorize the same; provided, that unless said petition is filed within twenty days after the first publication of said resolution, the proposition shall be void and all outstanding warrants to be payable solely from the proceeds of taxes previously levied and uncollected; but such bonds shall not be sold for less than their par value and accrued interest and shall not bear interest in excess of six per cent per annum, payable semi-annually. Such bonds shall be in denominations not to exceed the amount of bonds maturing in any one year. Bonds sold, and in the word "sold" as used herein is included the exchange of bonds for warrants remain outstanding and unpaid on any such bonds exchanged therefor. (Act Mar. 31, 1933, c. 137, §3.)

1946-42. Funding and refunding bonds.— Said proposition shall contemplate the issuance of bonds payable serially in annual installments, the first thereof to become due and payable not more than fifteen years from their date and the last installment thereof to become due and payable not more than twenty-five years from their date, no annual maturing installment of principal, except as hereinafter provided, shall be more than two times the smallest maturing installment of principal; provided, however, that in fixing the installments of bonds issued at any one time hereunder, the maturities of bonds previously issued hereunder may be taken into consideration as to the maturities of bonds maturing in any one year. Bonds issued hereunder to take up outstanding warrants shall be called "Funding Bonds" and bonds issued to take up outstanding bonds shall be called "Refunding Bonds". Such bonds may be sold, and in the word "sold" as used herein is included the exchange of such bonds for the indebtedness or any part thereof to be funded or refunded, at such time and in such manner as the county board shall determine, but such bonds shall not be sold for less than their par value and accrued interest and shall not bear interest in excess of six per cent per annum, payable semi-annually. Such bonds shall be in denominations of not more than $10,000.00 and the maturities of outstanding warrants for any such bonds, the county board is authorized to direct the issuance of a warrant for the difference between the amount of warrants so exchanged and the face value of the bonds exchanged therefor. (Act Mar. 31, 1933, c. 137, §2.)

1946-43. County Auditor to prepare statement.— The county auditor of any county issuing bonds under this act shall annuallv prepare and submit to the county board at its regular meeting in July a statement showing the amount of taxes levied which were payable in the preceding year, the amount of such taxes which has been paid at the time such report was made, an estimate of the amount which should be levied for each of the several county funds to maintain them on a cash basis and the amount which will be required for the payment of principal and interest of any bonds hereunder during the ensuing year. Thereupon the board at such annual meeting shall make up a budget of the amounts needed to maintain the several funds on a cash basis and, taking into account the anticipated delinquency in tax collections, shall levy an amount sufficient to provide for the payment of the bonds authorized hereby and the interest thereon and to maintain the several funds of the county on a cash basis. Provided, further, that if any warrants remain outstanding and unpaid on any of the funds of the county, the board shall levy an annual tax of 3 mills to retire the same. (Act Mar. 31, 1933, c. 137, §4.)

1946-44. Tax levy to be used for bonds only.—All moneys received from taxes levied for the payment of principal and interest of bonds shall be applied solely to the purpose for which such taxes were levied; all moneys received from taxes levied for the payment of outstanding warrants shall be applied solely to the payment of such warrants; all moneys received from taxes levied for road and bridge purposes shall be used as the first and application of any such excess for the construction and maintenance of roads and bridges in the county; provided, however, that nothing herein shall be construed as affecting the expenditure of moneys received by the county from the State as its portion of any general state levy for roads or its share of any gasoline tax. (Act Mar. 31, 1933, c. 137, §5.)

1946-45. Expenditures limited.—No expenditures shall be made or indebtedness incurred in excess of the budget adopted and no warrants shall be issued in excess of the cash on hand in the funds against which such warrant is issued; provided, however, that if the moneys received from the collection of taxes are insufficient to meet the ordinary expenses of the county as provided for in the budget for the revenue fund, the county board may authorize the issuance of warrants to be payable solely from the proceeds of taxes previously levied and uncollected; but in no event shall such expenditures exceed the amount set forth in the budget adopted by the county board at its annual July meeting. Such warrants shall be known as Delinquent Tax Warrants and all moneys derived from the collection of Delinquent Tax Warrants shall be placed in a separate fund and used solely for the payments of such warrants until all such warrants are paid. (Act Mar. 31, 1933, c. 137, §6.)

1946-46. Filing of claims.—All claims against any such county must be filed with the Auditor within sixty days after the accrual thereof; if not so filed, no such claim shall be honored and all moneys received from taxes levied for the payment of such warrants; all moneys received from taxes levied for road and bridge purposes shall be used as the first and application of any such excess for the construction and maintenance of roads and bridges in the county; provided, however, that nothing herein shall be construed as affecting the expenditure of moneys received by the county from the State as its portion of any general state levy for roads or its share of any gasoline tax. (Act Mar. 31, 1933, c. 137, §5.)

1946-47. Violations a misdemeanor.—Any member of the county board or other officer or employee of the county knowingly authorizing or participating in any violation of this act shall be guilty of a misdemeanor, punishable by a fine not exceeding $100 or imprisonment in jail not exceeding three months for each offense. Every contract 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 respect to any obligation sought thereby to be imposed upon the county and no claim therefor shall be allowed by the county board unless the officer pay any amount of tax, order or other evidence of debt on account thereof. Each member of the governing body or other officer or employee so knowingly participating in or authorizing any violation of this act shall be individually liable for any damages thereby suffered and the proceedings of enforcing such liability, without impairing any other remedy, one-fourth of the salary of each such member of the governing body or officer or employee shall be withheld from him and applied toward the payment of such damages until all claims by reason thereof have been paid. (Act Mar. 31, 1933, c. 137, §8.)

1940-48. Provisions separable.—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. (Act Mar. 31, 1933, c. 137, §9.)

1940-49. Limitations of act.—This act shall not be construed to repeal or modify any other act or part of act having similar import or purpose to any part hereof but shall be deemed to provide an additional cumulative and optional remedy for the financial situation of the several counties, refunds, and refunding bonds and the form and terms thereof, shall comply with the provisions of Act Mar. 31, 1933, c. 137, §10. When and if the county board of any county shall order the issuance of refunding bonds, the county board may issue refunding bonds to take up, pay, and retire such bonds issued to be exchanged for such outstanding bonds without advertisement thereof. The proceeds therefrom may be used to retire such outstanding bonds and the holders of such bonds shall be paid at the same time and in the same manner as if they had been issued to a purchaser thereof. (Act Apr. 15, 1933, c. 272, §1; Dec. 31, 1933, Ex. Sess., c. 36, §2; Feb. 9, 1935, c. 10, §2.) Title amended.—Act Feb. 9, 1935, c. 10, §1, amends the title of Laws 1933, Chapter 272, as amended by Special Laws 1931-34, Chapter 36, to read as follows: An act empowering various municipalities to issue refunding bonds.有这样的句子。

1946-55. Warrants in excess of certificates void. — All warrants attempted to be issued hereunder and all obligations for indebtedness attempted to be incurred hereunder, in excess of the principal amount of the certificates of indebtedness so held by such treasurer, shall be void. Neither the governing body of such village, city, town and school district, nor any officer, board or employee thereof shall have the power, and no power shall exist to create any indebtedness or obligation of such village, city, town and school district contrary to the terms of the law regulating the issuance of certificates of indebtedness and the incurring of obligations in such village, city, town and school district, as amended hereby and by Section 2 of this Act. (Act Apr. 15, 1932, c. 272, §5; Dec. 31, 1932, Ex. Sen., c. 36, §4; Feb. 9, 1935, c. 10, §5.)

1946-54. Definitions. — The term "municipality" as used herein, which includes any village, city, town or school district operating upon a cash basis system under which certificates of indebtedness are issued, and under which system checks and warrants cannot be issued without money in the treasury. (Act Feb. 9, 1935, c. 10, §5.)

1946-55. Inconsistent acts repealed. — All Acts or parts of Acts inconsistent herewith are hereby repealed. (Act Feb. 9, 1935, c. 10, §5.)

1946-56. Act to be supplementary. — This Act shall not be construed as limiting the power of any home rule chartered city, but shall be construed as being supplementary and in addition thereto. (Act Feb. 9, 1935, c. 10, §7.)

1946-57. Villages may issue bonds. — Any village in the State of Minnesota whose existing bonded judgment and floating indebtedness is less than 20 per cent of the assessed value of its taxable property, exclusive of money and credits, is hereby authorized to issue the bonds of such village to refund or fund any such indebtedness, in the manner hereinafter provided. (Act Mar. 25, 1935, c. 66, §1.)

1946-58. Issuance of bonds—rate of interest. — Before any bonds are issued pursuant to the provisions of this act, the issuance of such bonds shall be authorized by the board of investment after the vote of a majority of the members of the village council. Such bonds shall bear interest at not to exceed four per cent, payable semi-annually, and shall be subject to the approval of the governing body thereof; and provided further, that any such investment shall be made by a resolution duly signed by the president and countersigned by the clerk, and may be sold at either private or public sale, with or without notice, as may be determined by such village council. (Act Mar. 25, 1935, c. 66, §2.)


1946-59. School districts may purchase bonds. — The governing body of any school district lying wholly or partially within the corporate limits of such village may purchase any bonds refunded or funded pursuant to the provisions hereof by a resolution duly adopted to that effect by the governing body of such school district and by a vote of the majority of the members of the governing body of such school district. (Act Mar. 25, 1935, c. 66, §3.)

1946-60. Act not to limit power to levy tax. — This act shall not be construed as limiting the powers of a municipality to levy taxes to pay obligations issued hereunder, and the governing body of each municipality shall have authority and it shall be its duty to levy any taxes necessary to provide revenues to pay such obligations. (Act Mar. 25, 1935, c. 66, §4.)

1946-61. Act supplemental. — The provisions of this act shall be supplemental and additional to the powers in that regard now conferred by law on villages. (Act Mar. 25, 1935, c. 66, §5.)

1946-62. Proceedings to be initiated within nine months. — Any proceedings initiated under the provisions of this act shall be commenced within nine months after the enactment of this act. (Act Mar. 25, 1935, c. 66, §6.)

1949. Investing of sinking funds in school districts. — The treasurer of any other school district in the state is authorized to invest any of the sinking funds in his bonds belonging to such school district in bonds of the United States, of the State of Minnesota, or of any other state, or in bonds of any county, school district, city, town or village of the state but no investment shall be made in bonds issued to aid in the construction of any railroad; provided, however, that the net return of any such investment, taking into account the price paid for the bonds, the date when the same fall due and the rate of interest thereon, shall be at a rate not less than 1½ per cent per annum for the whole period elapsing before the maturity thereof; and provided further, that any such investment shall be made only after the same has been duly authorized at a general or special meeting of the board of directors or trustees of such school district. (70' c. 354, §1; G. S. '13, §18567; Feb. 19, 1929, c. 25.)


Amendment made by Laws 1929, c. 25, did not have the effect of repealing or superseding the provisions of Laws 1927, c. 131, §3, and school district may invest its sinking fund in warrants issued by a locality to refund bonds, provided, the maturity date of the warrants shall be a definite maturity date. Op. Atty. Gen., Feb. 23, 1930.


1953. Division of bonded indebtedness of townships and villages. — This section relates only to situations where township and village are jointly liable, and not to a situation where town issued bonds prior to incorporation of village. Op. Atty. Gen. (449a), Mar. 25, 1937.


City charter debt limits have no binding application where bonds are to be purchased by the board of investment. Op. Atty. Gen. (59a-7), April 15, 1939.

Valid when issued warrants do not become invalid later on by reason of change in assessed valuation which municipal charter uses as yardstick, and a fund operating creates no new debts. id.


Chisholm has power to refund certificates of indebtedness without a vote of its electors, and state board of investment has authority to purchase such bonds. Op. Atty. Gen. (59a-51), Feb. 4, 1936.
1958. Special tax levy.—The annual tax levy for the payment of principal and interest on account of such bonds, whether or not any such bond is held by the state, shall be made for an amount not less than fifty per cent excess of the sum to be paid therefrom. The state auditor, at the time of certifying the state tax, shall also certify to each county auditor the amount necessary to pay such principal and interest. When collected so much of such tax as may be necessary shall be paid into the state treasury. The excess remaining shall be held over in the county treasury to be applied on the next future payment due on such bonds, and the amount of such excess shall be reported by the county auditor to the state auditor on or before March 1st of each year, who shall determine the same from his next annual tax levy for such purpose. The remainder, when such bonds are paid in full, shall be credited to the general fund of the municipality; and in case a portion of the territory embraced in such municipality at the time such bonds were issued, have since been set off to another municipality, such remainder shall be divided with such other municipality, using as a basis for such division the last assessed valuation of the territory affected by such bond prior to such bond having been issued, which shall make payment to the state of the full amount of principal and interest due on account of such bonds prior to the extending of such tax therefor by the state auditor shall be excepted from the proportion.

In the case of loans to any municipal corporation more than 70 per cent of the valuation of which consists of iron ore, the State Auditor shall each year examine the tax levy therefor at such amount not exceeding the amounts above provided, in his opinion will produce sufficient money to pay the principal and interest falling due during the next ensuing year, after taking into consideration the probable collections therefrom during said year on tax levies previously made therefor.

The County Auditor, upon authorization by the State Auditor, may amend the 1935 levy of any such municipality by reducing the state loan levy by such amount as the State Auditor may find to be in excess of requirements for the year 1936, and increasing the levy for general purposes by an amount not exceeding the reduction in the state loan levy in any case where:

(a) The State Auditor finds that the levy for state loan purposes has been spread at an amount in excess of that needed to meet principal and interest falling due in the year 1936, and

(b) The levy for general purposes of such municipality has been reduced by the county auditor below that levied by the municipality for general purposes in order to permit the spread of the state loan levy without raising the total levy above statutory limitations, and

(c) The levy for general purposes will not be increased by such amendment above the amount originally levied for such purposes by the municipality, or above the statutory limitations upon such levy, (R. L. §790. Amended '09, c. 94, §1; G. S. '13, §1878; Jan. 24, 1936, Ex. Ses. c. 81.)

1. A distribution of villages operating under laws 1885, c. 448,ville of Kewaunee, which take levy of taxes only for one year in amount limited by the statutes, and any other village in the county that may be created during subsequent year. Op. Atty. Gen. (462a-4), Aug. 20, 1936.

Town which levied tax to pay principal and interest on bonds sold to the state cannot apply the money to something else, even though it may be able to refund bonds. Op. Atty. Gen. (433-3), July 6, 1939.

1958-1. School district tax levies for payment of interest


School board has authority to transfer a surplus in the general fund to the sinking fund for the purpose of pur-
1963. Election—Form of ballot—Several propositions.
Section 1963 does not apply to a limited amount of loan made pursuant to this section. Op. Atty. Gen., (44a-2), Nov. 18, 1936.

1963. Purchase of bonds by state.
Section 1963 does not apply to a limited amount of loan made pursuant to this section. Op. Atty. Gen., (44a-2), Nov. 18, 1936.

1963. Purchase of municipal bonds by State Board of Investment.
Act validates all municipal bonds purchased by state board of investment. Laws 1936, c. 312; the municipal bonds issued under Laws 1927, c. 351, or Laws 1929, c. 251, etc. Laws 1938, c. 320.

1968-1. Purchase of municipal bonds by State Board of Investment.
Act validates all municipal bonds purchased by state board of investment. Laws 1936, c. 312; the municipal bonds issued under Laws 1927, c. 351, or Laws 1929, c. 251, etc. Laws 1938, c. 320.

1968. Validity of bonds not to be questioned, except, etc.
State board of investment may purchase village bonds upon which it has received no bids without an election, but it has not done so. Op. Atty. Gen., July 23, 1932.

1968-4. State board of investment to investigate loans.—In acting on the application of any municipality for a loan hereunder, the state board of investment shall diligently consider the reasonable safety of the investment, and the fiscal and other conditions thereon, also the importance to the general credit of the State and all its political subdivisions and municipalities of preserving the credit and solvency of the applicant, and shall, when requested, furnish to the municipality such study, advice and supervision with respect to its financial situation and the improvement thereof as are practicable. The funds used for the purchase of bonds hereunder shall be
derived as hereinafter provided and not otherwise; and the principal of bonds at any time held by the state, acquired hereunder, shall not exceed the sum of $4,000,000.00. (Act Apr. 21, 1933, c. 389, §2; Apr. 29, 1935, c. 329, §1.)

1968-5. State may issue certificates of indebtedness.—When an application for a loan, or any part thereof, shall be approved by the state board of investment, the state auditor, on its request, shall issue and call certificates of indebtedness of the State in an aggregate sum not to exceed the maximum amount to be paid out by the State in completing the purchase contemplated by such application and approval, such certificates to be numbered separately and to be denominated and bear such dates of issue and of maturity and bear interest at such rate, not exceeding five per cent per annum, and payable at such intervals, as the state auditor shall determine; provided none of such certificates of indebtedness shall run beyond a time reasonably feasible for its retirement out of collections on the bonds for the purchase of which it was issued. The interest on such certificates shall be less, by at least one-fourth of one per cent and not more than one per cent, than the interest on any bonds so purchased by the State. Such certificate shall be so issued from time to time as the proceeds thereof are needed for the taking of the municipal bonds contemplated to be purchased. Said certificates shall be in such form and upon such terms and conditions, not inconsistent with the terms of this act, as the state auditor and shall be sold for not less than par. Such certificates may be purchased by the State under the provisions of Mason's Stat., 1927, Section 7731, and shall be deeded "authorized securities" within the meaning of Section 1 of this act. (Act Apr. 21, 1933, c. 389, §3.)

1968-6. Tax levy to retire certificates.—There is hereby levied for payment in each year in which an instalment or instalments of interest and/or principal of all certificates issued under this act shall become due and payable, an instalment of taxes at the rate of one per cent on the assessable valuation of the taxable property in each county in this state, as such term is defined in Mason's Minnesota Statutes of 1927, Section 528, and extended upon the tax rolls for the tax levy payable in each such year, less the amount remaining in the fund applicable thereto at the time of the certification of state taxes payable in such year, after satisfaction of all obligations payable therefrom for the payment of the taxes levied and extended upon the tax rolls for the tax levy payable in each such year, and shall be collected as other state taxes and extended and collected; and the proceeds of such levies, together with the proceeds of collections of interest and principal of such certificates of indebtedness issued pursuant to this act, (Act Apr. 21, 1933, c. 389, §4.)

1968-7. May purchase certain county bonds.—The State Board of Investment, in its discretion is hereby authorized to purchase and take in the name of the State of Minnesota the full issue of bonds of any county in this state in which a game preserve has been created or established by Laws 1929, Chapter 528, or a Reformation area has been created or established by Laws 1931, Chapter 407; and bonds are issued under the provisions of Laws 1929, Chapter 361, as amended by Laws 1931, Chapter 155; provided that the loan to any one county under this section shall not exceed $150,000.00. All of the provisions of this act which are applicable to the purchase and taking of bonds as provided in Section 1 of this act shall be applicable to the purchase and taking of bonds under this section. (Act Apr. 21, 1933, c. 389, §5.)

Sec. 6 of act Apr. 21, 1933, cited, provides that the act shall take effect from the date of its passage. Act Apr. 24, 1937, c. 355, §10, authorizes investment board to purchase state certificates of indebtedness for bonds issued by school boards at state educational institutions.

1968-8. Sale of bonds to the United States—advertisement—rate of interest.—That any municipality in this state, as such term is defined in Mason's Minnesota Statutes of 1927, Section 539, which has, or may hereafter have, authority to issue and sell its bonds for the purpose of carrying on public works the cost of which will be defrayed in part from funds granted by the United States of America through its public works administration, under the provisions of the National Industrial Recovery Act, shall have full authority, and is hereby expressly authorized, to sell and dispose of any of its said bonds to said United States of America, by contract therefor entered into between any such municipality and said federal government, upon such terms and conditions as the governing body of any such municipality shall deem to be in the public interest, without advertising for bids for the purchase thereof; provided the maximum rate of interest on any such bonds shall not exceed four per cent per annum payable semi-annually. (Act Dec. 23, 1933, Ex. Ses, c. 17.)


1968-9. Same.—Acts legalized.—That any and all Acts heretofore performed by any such municipality in entering into contract with said federal government for the purchase or sale of any such bonds, are hereby legalized and declared valid in all respects. (Act Dec. 23, 1933, Ex. Ses., c. 17, §2.)

1968-10. Same—repeal.—That any and all Acts conflicting with the provisions of this Act are hereby expressly repealed in so far as necessary to give effect to this Act. (Act Dec. 23, 1933, Ex. Ses., c. 17, §3.)

1968-11. Proceedings and bonds legalized.—Where any city of the third class has heretofore initiated proceedings for the issuance of bonds, and has heretofore held an election upon the question of issuing the same, and had advertised for bids and accepted bids for the sale of said bonds, such proceedings and the election thereunder are hereby legalized and declared valid in all respects. Act Dec. 23, 1933, Ex. Ses., c. 17, §4.

1968-12. 1935 validating act.—This Act may be cited as "The 1935 Validating Act." (Act Mar. 20, 1935, c. 58, §1.)

(a) The term "public body" shall mean any city or county in this state, including a city organized under a charter, a township, a village, a town, a city, or a county. [Section 4 of the Constitution, town, village, borough, county or any school, road, sanitary or drainage district.

(b) The term "bonds" includes bonds, notes, warrants, debentures, certificates of indebtedness, temporary bonds, temporary notes, interim receipts, interim certificates and all instruments or obligations evidencing or representing indebtedness, or evidencing or representing the borrowing of money, or evi-


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decing or representing a charge, lien or encumbrance on specific revenues, income or property of a public body, including all instruments or obligations payable from a special fund. (Act Mar. 20, 1935, c. 55, §2.)

1968-14. Bonds validated.—All bonds heretofore issued for the purpose of financing or aiding in the financing of any work, undertaking or project of any public body, to which any loan or grant has heretofore been made by the United States of America through the Federal Emergency Administrator of Public Works for the purpose of financing or aiding in the financing of such work, undertaking or project, including all proceedings for the authorization and issuance of such bonds, and the sale, execution and delivery thereof, are hereby validated, ratified, approved and confirmed, notwithstanding any lack of power (other than constitutional) of such public body, or the governing board or commission or officers thereof, to authorize and issue such bonds, or to sell, execute or deliver the same, and notwithstanding any defects or irregularities (other than constitutional) in such proceedings, or in such sale, execution or delivery; and such bonds are and shall be binding, legal, valid and enforceable general obligations against all of the taxable property of such public body. (Act Mar. 20, 1935, c. 55, §3.)

1968-45. Not to affect pending actions.—This act shall take effect from and after its passage, provided this act shall not apply to or affect any action or proceedings now pending in which the validity of such proceedings or bonds is questioned. Nothing herein shall be construed as repealing, abrogating or amending any existing statutes relating to penal or civil liability concerning any specific expenditure or disbursement included in such bond issue. (Act Mar. 20, 1935, c. 55, §4.)

1968-10. Notice of redemption of bonds.—Any independent school district with territorial limits which coincide with territorial limits of any city of the first class in the State of Minnesota, and the government of which independent school district is not provided for in the Charter of said City, which district including moneys and credits, to fund the floating indebtedness to be funded and provide for the details of the bonds to be issued. Such bonds shall bear interest at not to exceed six per cent per annum payable semi-annually and shall mature in not to exceed twenty (20) years from the date thereof but otherwise said bonds shall mature in such amounts and at such times and shall be subject to such conditions as to redemption or payment before maturity as may be authorized by resolution duly adopted by the said governing body. (Act Mar. 26, 1935, c. 67, §2.)

1968-22. Sale of bonds.—Such 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 twenty (20) notices of redemption not less than sixty (60) days nor more than sixty (60) days before publication, as may be published in a newspaper designated by said governing body. Said bonds shall not be sold for less than their par value. The proceeds from all bonds so sold shall be applied by said 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 so paid by said school district. (Act Mar. 26, 1935, c. 67, §3.)

1968-23. Tax levy.—The governing body of any independent 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 (5%) in excess of any tax required to pay the principal and interest thereof when and as same mature notwithstanding any existing limitation. After such bonds have been delivered to the purchaser thereof, such tax shall be irrepealable until such bonds have been paid and retired. The taxing power of the governing body shall be necessary to authorize the extensions, assessments, and collection of such tax. The recording officer of such independent school district shall forthwith furnish a certified copy of such 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 tax is levied and such 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. (Act Mar. 26, 1935, c. 67, §4.)

1968-24. Act remedial.—The fact that due to inequalities in tax collections such independent 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 refunding bonds shall be issued under authority of this Act unless a resolution authorizing such issuance as hereinafter provided shall be adopted by the governing body of such independent school district within Four (4) months after this Act is in force. The term "floating indebtedness," as used in this Act shall include all the outstanding obligations of said independent school district with accrued interest existing at the time this Act becomes effective, exclusive of bonded indebtedness and interest thereon.
In order to facilitate the issuance of the funding bonds hereinbefore authorized, the existing indebtedness hereby authorized, independent school district outstanding at the time this Act becomes effective is hereby validated. (Act Mar. 25, 1935, c. 67, §6.)

1908-25. Act paramount and controlling. — The provisions of this Act shall be paramount and controlling, notwithstanding any other Act or part thereof which makes thereby the floating indebtedness beyond the bonds hereinbefore authorized, the floating indebtedness therein contained shall affect the powers conferred upon school districts in the State of Minnesota. (Act Apr. 24, 1935, c. 294, §1.)

1908-27. Bonds validated. — Whenever the State Board of Investment shall have heretofore loaned the funds of the State of Minnesota to any municipality, in this state, the validity of the bonds issued by said municipality to the state shall never be questioned except upon the ground that the same and the loan made thereof was not approved by the State Board of Investment; that the bond in question made the entire bonded indebtedness exceed fifteen (15) per cent of the assessed valuation of the taxable property of the municipality issuing such bonds; that such bonds bear a lower rate of interest than three (3) per cent; that such bonds run for a shorter period than five years, or for a longer period than twenty years; or that the principal thereof was never paid by the state to, or received by, the officers of the municipality issuing the same; and no change of the boundary lines of any such municipality shall release the real property therein at the time of the issuing of such bonds from any liability for interest due, or moneys paid for the same, and all such bonds so purchased are hereby declared to be the valid and subsisting indebtedness of each municipality respectively issuing the same. (Act Apr. 24, 1935, c. 294, §1.)


Independent school district proceeding legalized to validate bond issue of less than $40,000. Laws 1935, c. 134.

1908-29. Same—Definitions. — The following terms, wherever used or referred to in this Act, shall have the following meaning:

(a) The term “public body” shall mean any city of any class, including a city organized under a charter framed pursuant to Article 4, Section 36 of the constitution, town, village, borough, county or any school, road, drainage, special or drainage district.

(b) The term “bonds” includes bonds, notes, warrants, debentures, certificates of indebtedness, temporary bonds, temporary notes, interim receipts, interim certificates and all instruments or obligations evidencing or representing indebtedness, or evidencing or representing the borrowing of money, or evidence of or representing a charge, lien or encumbrance on specific revenues, income or property of a public body, including all instruments or obligations payable from a special fund. (Apr. 21, 1937, c. 327, §2.)

1908-30. Same—Bonds validated. — All bonds heretofore issued for the purpose of financing or aiding in the financing of any work, undertaking or project by any public body to which any loan or grant has heretofore been made by the United States of America through the Federal Emergency Administration of Public Works for the purpose of financing or aiding in the financing of such work, undertaking or project, including all proceedings for the authorization and issuance of such bonds, and the sale, execution and delivery thereof, are hereby validated, made proved and confirmed, notwithstanding any lack of powers (other than constitutional) of such public body, or the governing board of commission or officers thereof to authorize issues such bonds, or to sell, execute or deliver the same, and not withstanding any defects or irregularities (other than constitutional) in such proceedings, or in such sale, execution or delivery, and such bonds are and shall be binding, legal, valid and enforceable general obligations against all of the taxable property of the public body. (Apr. 21, 1937, c. 327, §3.)

1908-31. Same—Not to affect pending actions.—This Act shall take effect from and after its passage, provided this Act shall not apply to or affect any action or proceedings now pending in which the validity of such proceedings or bonds is questioned. Nothing herein shall be construed as abolishing or amending any existing statutes relating to penalty or civil liability concerning any specific expenditure or disbursement included in such bond issue. (Apr. 21, 1937, c. 327, §4.)


1973. [Repealed.] —Repealed Apr. 5, 1935, c. 123, §1. Saving pending proceedings involving validity of bonds. — Sec. 3 of Act Apr. 8, 1921, c. 296, provides that nothing therein contained shall affect the powers conferred upon school districts by this section.


Consolidated school district may not issue bonds for purpose of paying running expenses of school, but may issue bonds to fund floating indebtedness originally incurred in paying such running expenses. — Op. Atty. Gen., Mar. 8, 1933.

1973-h. Cities of second class may issue bonds for school buildings. — In any city of the second class in the State of Minnesota and not operating under a Home Rule Charter, the Board of Education in such city is hereby authorized and empowered to issue and sell bonds of said City to an amount not exceeding $100,000.00 for the purpose of providing funds for the erection or replacement of school buildings and to provide equipment, heating and lighting apparatus and other necessary equipment for the same and to secure additional grounds if required for a site for such building, providing, such issue shall have been authorized or may be authorized by a vote of a majority of the electors of such city voting upon such proposition providing for the issuance of an aggregate amount of bonds for such purpose with in a period of two years just preceding such issuance. (Act Apr. 1, 1931, c. 112, §1.)

Upon insolvency of bank, county may sell bonds held as collateral, though not yet due, and prior to such sale banking department is not obligated to entertain claims thereon. — Op. Att’y Gen. 162-20. May 25, 1934.


1973-i. Cities of second class may issue bonds for school buildings. — That in any city of the second class in the State of Minnesota and not operating under a Home Rule Charter, the Board of Education in such city is hereby authorized and empowered to issue and sell bonds of said City to an amount not exceeding $100,000.00 for the purpose of providing funds for the erection or replacement of school buildings and to provide equipment, heating and lighting apparatus and other necessary equipment for the same and to secure additional grounds if required for a site for such building, providing, such issue shall have been authorized or may be authorized by a vote of a majority of the electors of such city voting upon such proposition providing for the issuance of an aggregate amount of bonds for such purpose with in a period of two years just preceding such issuance. (Act Apr. 1, 1931, c. 112, §1.)

1973-k. Bonds—denomination—rate of interest. — Such bonds shall be of the denomination of $1,000.00 each and shall bear interest to be represented by coupons attached thereto at the least attainable annual rate of three (3%) per cent, payable semi-annually. The principal thereof shall be made to mature and fall due at such different times and in such amounts as said Board may prescribe, providing, however, that the said bonds shall be made to mature and fall due at or before five years from the date of issuance thereof. Said bonds and the coupons attached thereto shall be
signed severally by the President and the Clerk of said Board and drawn payable to bearer, and shall have the seal of said Board affixed thereto. (Act Apr. 1, 1931, c. 112, §2.)

1973-1/2b. Shall not be sold for less than par.—Such bonds shall not be sold at less than their par value, and the proceeds arising from their sale shall be deposited with the city treasurer and held subject to the order of said board for application to the purposes for which the bonds were issued. The full faith and credit of each such city shall be pledged and all of the taxable property in each such city shall be liable for the payment of the principal and interest of said bonds when issued. Provided, however, that no bonds shall be issued under this act if such issue shall make the total indebtedness of said city aggregate more than ten per cent of the assessed valuation of such city according to the last preceding assessment. (Act Apr. 1, 1931, c. 112, §3.)

1973-1/2c. Tax levy to retire.—When any of the bonds herein authorized shall have been issued and sold as above provided, it shall thereafter be the duty of the city officials or officials, to levy a tax to the full amount of the levy of an annual tax of such amount as may be necessary to pay the principal and interest of such bonds as the same become due, and such annual tax shall be certified, levied and collected in the manner provided by law, other school taxes being certified, levied, and collected, and when collected shall be paid over to the city treasurer to be applied to the payment of the principal and interest of said bonds to and no further. (Act Apr. 1, 1931, c. 112, §4.)

1973-1/2d. Bonds validated.—All bonds otherwise valid heretofore issued by any school district under authority of any law other than General Statutes 1894, except those special bonds or certificates of indebtedness, issued or ordered to be issued, and the proceeds arising from their sale shall have the seal of said Board affixed thereto. (Act Apr. 24, 1937, c. 462, provides that state treasurer and state investment board may surrender bonds of fourth class cities having a home rule charter, loans and obligations of said cities may be issued and sold for the payment of the principal and interest of such bonds, and no bonds herein authorized shall have been issued and sold as above provided, it shall thereafter be the duty of the city officials or officials, to levy a tax to the full amount of the levy of an annual tax of such amount as may be necessary to pay the principal and interest of such bonds as the same become due, and such annual tax shall be certified, levied and collected in the manner provided by law, other school taxes being certified, levied, and collected, and when collected shall be paid over to the city treasurer to be applied to the payment of the principal and interest of said bonds to and no further. (Act Apr. 1, 1931, c. 112, §4.)

1973-1/2e. Not to affect pending litigation.—This act shall not apply to or affect any action or proceedings now pending in which the validity of such proceedings or bonds is questioned. (Act Jan. 21, 1936, Sp. Ses., c. 30, legalizes bonds theretofore authorized or issued for erecting school buildings, and authorizes issuance of certificates of indebtedness to complete same.)


Laws 1929, c. 112, authorizes counties having bonded debt not exceeding $7,500,000, assessed valuation of not less than $200,000,000, 96% of which is in cities, to issue bonds for community hall. Laws 1931, c. 239, validates proceedings of county board relating to funding bonds. Laws 1932, c. 110, authorizes counties having bonded debt not exceeding $150,000 for public sewerage and drainage works, to issue bonds for the construction of a sewage disposal plant. Omitted as temporary. Laws 1933, c. 387, provides that the county board in counties having assessed valuation of not more than $4,000,000, and bonded debt of not more than $14,000, and which have resolved to issue funding bonds in amount not exceeding $50,000, may sell bonds hereof or hereafter authorized to be issued.

Act Ex. Ses., Dec. 29, 1938, c. 18, legalizes special road bonds issued pursuant to special election held within 6 months prior to passage of act. Omitted as temporary. Act Ex. Ses., Dec. 29, 1938, c. 1, legalizes bonds having $2,000,000 to $5,000,000 assessed valuation, in which warrants drawn on general and poor funds have

POWERS OF CITIES OF THE FOURTH CLASS WITH RESPECT TO BONDS

Act Feb. 10, 1929, c. 10, authorizes bonds not to exceed $15,000 to fund outstanding warrants for cleaning and repairing ditches; the resolution of the county board to be accepted within 90 days after passage of this act. It is omitted as temporary. Laws 1929, c. 112, authorizes counties having bonded debt not exceeding $7,500,000, assessed valuation of not less than $200,000,000, 96% of which is in cities, to issue bonds or certificates of indebtedness for roads, streets, bridges and parkways. Laws 1931, c. 239, validates proceedings of county board relating to funding bonds. Laws 1929, c. 121, authorizes counties having assessed valuation of $25,000,000 or more, bonded debt of not more than $3,000,000, exclusive of drainage and road bonds, and entitled to reimbursement from state road and bridge fund to amount of $200,000 or more, to issue refunding bonds and authorize issuance of certificates of indebtedness to complete same.

Act Apr. 4, 1939, c. 142, legalizes bonds and certificates of indebtedness, to amount of not more than $2,000,000, issued by fourth class cities having a home rule charter, located in counties having 39 to 40 congressional townships, population of 21,000 to 25,000, assessed valuation, exclusive of monies and credits, of $6,000,000 to $10,000,000. The act is omitted as local and special within Const. Art. 4, §23.

POWER OF COUNTIES WITH RESPECT TO BONDS

Laws 1929, c. 112, authorizes counties having bonded debt not exceeding $7,500,000, assessed valuation of not less than $200,000,000, 96% of which is in cities, to issue bonds or certificates of indebtedness for roads, streets, bridges and parkways. Laws 1931, c. 121, authorizes counties having assessed valuation of $25,000,000 or more, bonded debt of not more than $3,000,000, exclusive of drainage and road bonds, and entitled to reimbursement from state road and bridge fund to amount of $200,000 or more, to issue refunding bonds and authorize issuance of certificates of indebtedness to complete same. Laws 1929, c. 121, authorizes counties having assessed valuation of $25,000,000 or more, bonded debt of not more than $3,000,000, exclusive of drainage and road bonds, and entitled to reimbursement from state road and bridge fund to amount of $200,000 or more, to issue refunding bonds and authorize issuance of certificates of indebtedness to complete same. Laws 1929, c. 121, authorizes counties having assessed valuation of $25,000,000 or more, bonded debt of not more than $3,000,000, exclusive of drainage and road bonds, and entitled to reimbursement from state road and bridge fund to amount of $200,000 or more, to issue refunding bonds and authorize issuance of certificates of indebtedness to complete same.
been paid from other funds, to issue funding bonds not exceeding $4,000 in amount, to refund warrants in excess of $1,500. Omitted as local.

Act Ex. Ses., Dec. 27, 1933, c. 24, authorizes counties having assessed valuation of $1,000,000 to $3,000,000, population of 15,000 to 25,000, to refund road and bridge fund of not more than $6,000, to issue funding bonds of not more than $35,000. Omitted as local.

Act Ex. Ses., Dec. 28, 1933, c. 31, authorizes counties having assessed valuation, including moneys and credits, of $1,000,000 to $2,000,000, population of 10,000 to 15,000, of less than 15 sectional warrants outstanding in excess of $50,000, to issue road and bridge bonds of not more than $15,000, to refund warrants, and certificates of indebtedness, issued for several different purposes.

Act Ex. Ses., Jan. 5, 1934, c. 44, authorizes counties having assessed valuation, exclusive of monies and credits, of not less than $5,000,000, and outstanding warrants in excess of $100,000, to issue county highway bonds of not exceeding $4,000,000. Omitted as involving improper classification.

Act Aug. 28, 1933, c. 24, Sp. Ses., 1933, c. 178, authorizes school districts in counties having not less than 2,500 population, and assessed valuation of not less than $5,000,000, to issue bonds to refund outstanding warrants existing Jan. 1, 1939, without vote of electors. Probably unconstitutional as involving improper classification.

Act Mar. 25, 1939, c. 83, authorizes counties having 13 to 15 congressional townships, population of 11,000 to 12,000, assessed valuation of $4,000,000 to $5,000,000, to issue $50,000 bonds to fund such warrants, to be issued prior to July 1, 1939, without vote of electors. Probably unconstitutional as involving improper classification.

Act Mar. 25, 1939, c. 83, authorizes counties having 13 to 15 congressional townships, population of 11,000 to 12,000, assessed valuation of $4,000,000 to $5,000,000, to issue $50,000 bonds to fund such warrants, to be issued prior to July 1, 1939, without vote of electors. Probably unconstitutional as involving improper classification.

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INTRODUCTION

Independent school district bond issue legalized. Laws 1923, c. 262.

Where electors of Wells school district voted to issue bonds in the sum of $125,000, and a request for a special election was refused, it was held the authorizing resolution for issuance of bonds was filed, it would be conclusive and possibly invalid to call another election to vote upon propo-
sition of issuing bonds for a lesser amount without hav-


CHAPTER 10A

Depositories of Public Funds

1973-1. Depository bonds.—Any bank or trust company authorized to do a banking business in this state, designated as a depository of county, city, village, borough, town or school district funds, as provided by law, may, in lieu of the corporate or personal surety bond required to be furnished to secure such funds, deposit with the treasurer of the municipality making such designations, such bonds, certificates of indebtedness or warrants, except bonds secured by real estate, as are legally authorized for the investment of savings banks under the laws of the state of the bonds of any of the insular possessions of the United States, or the bonds of any state, or its agency, the notes secured by the municipal bonds of any state, or the notes of any county in the State of Minnesota. The total in amount of such collateral computed at its market value shall be at least ten per cent more than the limit of the collateral which would be permitted in the event the corporate or personal surety bond was furnished. The depository may in its discretion furnish both a bond and collateral aggregating the required amount. Any collateral so deposited shall be accompanied by an assignment made by the municipality designating such depository, which assignment shall recite that such depository shall pay over to the treasurer, or his order, on demand, or if a time deposit, when due, free of exchange or any other charges all moneys deposited therein at any time during the period such collateral shall be so deposited, and to pay the interest thereon when due at the agreed rate; and that in case of any default upon the part of the depository, the governing body of the municipality making the designation shall have full power and authority to sell such collateral, or as much thereof as may be necessary to realize the full amount due the municipality and to pay over any surplus to the deposi-
tory or the assignee. A depository may in its discretion deposit collateral of a value less than the total designation and may from time to time during the period of its designation deposit additional collateral and make withdrawals of excess collateral, substitute other collateral for that on deposit, or pay or return any part thereof. Authority is vested in the treasurer to return the collateral to the depository when the trust so created is terminated and paid in the manner prescribed by the designating statute. This section must be construed as a part of a deposi-
tory bond, and liability of sureties is limited to the full amount of such collateral. A commercial bank has no power to pledge its collateral as additional collateral and liability of sureties becomes absolute, and when they pay the loss they are subrogated to the rights of the obligee, and such collateral shall be held by the depository by said bank, when deposited, for the benefit of the surety. See Dug., 217M2324, 221NW1174.

§1973-2. Designation of depositories.—A municipality may designate banks as depositories by resolution fix and determine some other place for the safe keeping of such collateral. Provided such collateral shall not be re-deposited in the bank or trust company furnishing the same. (25, c. 173, §1; Apr. 22, 1929, c. 370, §1; Mar. 1, 1933, c. 41, §1.)

Where an unauthorized pledge of assets is made by bank and it becomes insolvent, receiver may recover as damages, if they have been converted. 174M2328, 215NW1174.

A commercial bank has no power to pledge bills receivable to secure deposits, even though it be in the nature of an extension of a past due deposit. 175M3242, 221NW242.

Surety held not liable where bank continued to do business several years after the close of the year covered by the bond. 175M422, 221NW959.

This section must be construed as a part of a deposite-

dory bond, and liability of sureties is limited to the

penalty of the bond, and where the bank closes, the li-

ability of the sureties becomes absolute, and when they

pay the loss they are subrogated to the rights of the

obligee, and such collateral shall be held by the de-

pository by said bank, when deposited, for the benefit of

the surety. See Dug., 217M2324, 221NW1174.

Bondmen of depository for school district, designated without any specifications as to time, were liable to school district where bank was taken over for liquidation three years and two days after designation. School Dist. No. 75 of Kittson County v. P., 182M281, 224NW954. See Dug., Dug. 1934.

The evidence is not sufficient to sustain a finding that Liberty bonds deposited with the depository by a designated depository of the plaintiff school district, were a substitute or in lieu of a bond executed in indi-

vidual sureties, or that the taking of Liberty bonds dis-

charged such bond, or that another bank was designated as a depository; and the trial court was right in so di-


City treasurer had authority to make agreements with depositories as to interest rates and to agree or consent to changes in such interest rates from time to time, as