

CHAPTER 476

STATE LOANS

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476.01 SPECIAL TAX LEVY. The annual tax levy for the payment of principal and interest on account of such bonds shall be for an amount 50 per cent in 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 August first each year, who shall deduct 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, has 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 bonds. Any such municipality 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 exempt from the provisions of this section.

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, fix the amount of the tax levy therefor at such amount, not exceeding the amounts above provided, as in his opinion will produce sufficient moneys to pay the principal and interest falling due during the next ensuing year, after taking into consideration the probable collections upon such levy and the probable collections during the 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:

(1) 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;

(2) 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

(3) 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. s. 790; 1909 c. 94 s. 1; Ex. 1936 c. 81] (1958)

476.02 MUNICIPALITY. The word "municipality," as used in sections 476.02 to 476.11, means and includes the respective counties, cities, villages, boroughs, towns, and school districts of the state.

[1907 c. 122 s. 1] (1959)

476.03 MUNICIPALITY MAY SELL ITS BONDS TO STATE. When any municipality is authorized by law to issue its bonds and borrow money thereon, the same may be issued, negotiated, sold, and delivered to the State of Minnesota by conforming to the provisions of sections 476.02 to 476.11.

[1907 c. 122 s. 2] (1960)

476.04 PROCEDURE FOR SALE OF BONDS WHEN VOTE OF ELECTORS IS NOT REQUIRED. When any municipality desires to issue its bonds for any purpose not now or hereafter requiring a vote of the electors thereof the governing body of such municipality, at any regular meeting or at any regularly called special meeting, may adopt by majority vote a resolution 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, the face value of each thereof, the time when each bond to be issued thereunder shall mature, the rate of interest the same shall bear, and direct that the same be issued to the State of Minnesota in accordance therewith. Thereupon the treasurer of such municipality shall forthwith make application to the state board of investment to purchase the same; and, upon the approval of such application by the attorney general, as to form and execution, and otherwise by the state board of investment, such bonds may be issued, executed by the officers of the respective municipalities, sold to and purchased by the State of Minnesota, and shall thereupon become and be the valid obligation of the municipality issuing the same. Money obtained upon bonds issued to refund indebtedness previously existing shall be used for that purpose, and no other. When the state board of investment shall so request, each municipality issuing refunding bonds by virtue of sections 476.02 to 476.11 shall file with the state auditor the bonds or other evidence of indebtedness so refunded.

[1907 c. 122 s. 3] (1961)

476.05 WHERE VOTE OF ELECTORS IS REQUIRED; PROCEDURE. When any municipality desires to issue its bonds to the State of Minnesota for any purpose now or hereafter requiring a vote of the electors, the governing body of such municipality may adopt, by majority vote, a resolution stating that it is expedient, in the opinion of such governing body, to issue to the State of Minnesota the bonds of such municipality for the purpose or purposes therein stated, to the amount therein mentioned, to mature, to bear the rate of interest, and to be of the number and amount therein set forth; or when a petition is filed with the clerk or other like officer of such municipality, signed by ten or more freeholders, residents therein, stating that, in the opinion of the persons signing the same, it is expedient to issue to the State of Minnesota the bonds of such municipality for the purpose or purposes therein stated and to the amount therein mentioned, the clerk or other like officer shall furnish and give proper notice to the governing body, which shall meet within ten days after such notice, and, if the proposition contained in the petition be deemed by it expedient, it shall adopt a resolution setting out the same facts as hereinbefore provided in case the initiative for such bond issue to the state is taken by the governing body. In either event the clerk or other like officer of such municipality shall submit the proposition or propositions therein contained to the electors thereof at a special election to be held therein at a date not more than 30 days after the adoption of such resolution, and shall give notice thereof by posting in three or more public places in the municipality, and, in case of counties, the same notice in each election precinct therein; and if there be one or more legal newspapers in the municipality, by publishing twice in not less than one such newspaper to be designated by the clerk or other like officer, at least ten days before such election, the following notice:

"NOTICE OF SPECIAL ELECTION

Notice is hereby given that a special election will be held in the
(village, city, town, county) of, on the day of
....., 19....., for the purpose of voting upon the proposition
of issuing to the State of Minnesota the bonds of such municipality in the aggregate
sum of \$....., bearing interest at the rate of per cent per annum,
the proceeds thereof to be used for the purpose of
(describing it generally, as construction of electric light plant, water-works, municipal building, naming it, or bridge, as the case may be), and to be numbered and

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to mature as set forth in the (resolution) now on file in the office of the (clerk or other like officer).

Dated, 19....."

Such notice shall be signed by the clerk or other like officer.

[1907 c. 122 s. 4] (1962)

476.06 ELECTION; BALLOT; SEVERAL PROPOSITIONS. Such special election may be held on a day separate, or on the day fixed for any other election, in which latter event the judges acting as such for the election then to be held shall act as the judges for such special election, but, in either case, a special ballot box shall be provided and the ballots cast on the proposition of issuing bonds shall be kept separate from all other ballots cast. Such special election shall be by ballot and the ballot to be used thereat shall be in the following form:

"BOND BALLOT

Shall the bonds of the (town, city, village, county) of be issued to the State of Minnesota in the aggregate amount of \$....., bearing interest at the rate of per cent per annum, the proceeds thereof to be used for the purpose of (describing it generally, as construction of electric light plant, water-works, municipal building, naming it, or bridge, as the case may be), and to be numbered and to mature as set forth in the (resolution) now on file in the office of the (clerk or other like officer).

YES.....
NO....."

More than one proposition may be submitted at such special election, in which event each proposition contained in such resolution or petition shall be stated separately on the notice and on the ballot and shall be voted on separately, and the wording of any proposition to be voted for, as the same appears in the notice, shall also be the wording employed to state such proposition upon the ballot. Electors desiring to vote in favor thereof shall make their crossmark, thus, X, opposite the word "yes," and electors desiring to vote against the proposition shall make their crossmark, thus, X, opposite the word "no."

[1907 c. 122 s. 5] (1963)

476.07 CONDUCT OF SPECIAL ELECTION; APPLICATION TO STATE FOR LOAN. The special election shall be conducted, the ballots counted and canvassed, and the result certified in the manner then fixed by law, for the conduct of general elections therein; and, if it appears therefrom that a majority of the electors voting thereat have voted in favor of any proposition, then submitted, to issue bonds to the State of Minnesota, the governing body of such municipality shall forthwith adopt a resolution issuing the bonds to the State of Minnesota, in accordance with the terms of such proposition and directing its treasurer or other like officer to apply to the state for a loan thereon. Such application shall be directed to the state board of investment (of which the state auditor shall be clerk) and shall also state the law or laws under which authority is claimed to issue the bonds therein mentioned.

[1907 c. 122 s. 6] (1964)

476.08 PURCHASE OF BONDS BY STATE. Upon the approval of such application by the attorney general, as to form and execution, and otherwise by the state board of investment, such governing body and the respective officers thereof shall have authority to issue, execute, and deliver to the State of Minnesota the bonds of such municipality, in accordance with the vote of the electors, and the state board of investment shall have authority to purchase the same to an amount not exceeding 15 per cent of the assessed valuation of the taxable property of such municipality, according to the last preceding assessment. Such bonds shall not run for a shorter period than five years, nor for a longer period than 20 years. Forthwith upon the delivery to the State of Minnesota of any bonds issued by virtue thereof, the state auditor shall certify to the respective auditors of the various counties wherein are situated the municipalities issuing the same, the number, denomination, amount, rate of interest, and date of maturity of each such bond,

and each county auditor shall keep a record thereof in his office in a book to be furnished him by the state auditor at the expense of the state.

[1907 c. 122 s. 7; 1917 c. 270 s. 1] (1965)

476.09 STATEMENT SHOWING VALUATION OF PROPERTY FURNISHED BOARD OF INVESTMENT. Any municipality issuing its bonds in accordance with the terms of sections 476.02 to 476.11 shall also furnish a copy of the ballots used and such other information as may be required by the state board of investment, including a statement showing the valuation of the real and personal property situated therein at the last preceding assessment.

[1907 c. 122 s. 8] (1966)

476.10 BLANKS TO BE FURNISHED BY STATE. The various forms of petitions, resolutions, notices, ballots, applications, and bonds contemplated by sections 476.02 to 476.11 shall be printed by and at the expense of the state, from forms prepared by the attorney general, and shall be furnished by the state auditor without cost to any municipality applying for the same.

[1907 c. 122 s. 9] (1967)

476.11 VALIDITY OF BONDS NOT TO BE QUESTIONED; EXCEPTION; CHANGE OF BOUNDARIES. The validity of any bond issued under the terms of sections 476.02 to 476.11 shall never be questioned except on the ground that the same and the loan made thereon was not approved by the state board of investment; that the bonds in question made the entire bonded indebtedness exceed 15 per cent of the assessed valuation of the taxable real property of the municipality issuing such bonds; that such bonds bear a lower rate of interest than three per cent; that such bonds run for a shorter period than five years, or for a longer period than 20 years, or that the principal thereof was never paid by the state to, or received by, the officers of the municipality issuing the same. No change of the boundary lines of any such municipality shall relieve the real property therein at the time of the issuing of such bonds from any liability for taxation to pay for the same.

[1907 c. 122 s. 10] (1968)

476.12 BOARD OF INVESTMENT TO BUY MUNICIPAL BONDS. Subdivision 1. **May be bought in open market.** The state board of investment shall have power to purchase upon the open market any bonds heretofore or hereafter issued by any municipality of this state and to purchase for its trust funds direct from any such municipality any bonds which such municipality may have authorized or shall hereafter authorize to be sold upon competitive bids, and any municipality which has authorized or may hereafter authorize the issuance and sale of any bonds may issue and sell such bonds to the state for its trust funds without first advertising for bids therefor.

Subdivision 2. **Information furnished.** Any municipality desiring to sell any such bonds to the state shall furnish to the board of investment certified copies of all proceedings relating to the issuance and sale thereof, together with such other information as may be requested by the board, all of which shall be filed with the state auditor upon the approval of the bonds and the consummation of the sale.

[1925 c. 350 ss. 1, 2] (1968-1) (1968-2)

476.13 STATE BOARD OF INVESTMENT MAY PURCHASE CERTAIN BONDS. In its discretion, the state board of investment is hereby authorized to purchase and take, in the name of the State of Minnesota, within the limitations expressed in sections 476.14 to 476.17, except as provided in section 476.17, not more than 50 per cent of the bonds heretofore or hereafter issued by any municipality under the provisions of sections 477.01 to 477.09 or sections 477.10 to 477.28. The procedure to that end on the part of the municipality shall substantially comply with the provisions of sections 476.04 to 476.12, so far as applicable and adaptable to the provisions of the act under which the bonds are or were issued; but the requirements of section 476.06 as to maturities and as to limiting the bonds to a percentage of the assessed valuation shall not apply. The bonds issued to the state may bear a lower rate of interest than those sold upon competitive bids; and the municipality may issue new bonds to the state to replace or refund and call in not over 50 per cent of

outstanding bonds issued under either sections 477.01 to 477.09 or sections 477.10 to 477.28.

[1933 c. 389 s. 1] (1968-3)

476.14 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 bearing 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.

[1933 c. 389 s. 2; 1935 c. 329 s. 1] (1968-4)

476.15 STATE MAY ISSUE CERTIFICATES OF INDEBTEDNESS. When an application for 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 certificate to be numbered serially and to be of such denomination 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 the bonds so purchased by the state. Such certificates 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. The certificates shall be in such form and upon such terms and conditions, not inconsistent with the terms of sections 476.13 to 476.17, as the state auditor shall determine, shall be signed by the governor, attested by the state auditor, and sold for not less than par. Such certificates may be purchased by the state board of investment for the permanent school fund, swamp land fund, internal improvement land fund, or any other trust fund of the state of Minnesota, and shall be deemed authorized securities, within the provisions of section 48.78 and acts supplemental thereto.

[1933 c. 389 s. 3] (1968-5)

476.16 TAX LEVY TO RETIRE CERTIFICATES. There is hereby levied for payment, in each year in which an instalment or instalments of interest or principal of all certificates issued under sections 476.13 to 476.17 shall become due, the aggregate of the same becoming due thereunder for 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 preceding year. The levy so made shall be certified and extended upon the tax rolls for the tax levy payable in each such year, and shall be collected as other state taxes are certified and extended and collected; and the proceeds of such levies, together with the proceeds of collections of interest and principal of municipal bonds purchased by the state hereunder, are hereby appropriated and pledged to the payment of the interest and principal of the certificates of indebtedness issued pursuant to sections 476.13 to 476.17.

[1933 c. 389 s. 4] (1968-6)

476.17 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 sections 84.16 to 84.26 and 84.42, or a reforestation area has been created or established by sections 94.20 to 94.30, which bonds are issued under the provisions of sections 477.10 to 477.28; provided, that the loan to any one county under this section shall not exceed \$150,000. All of the provisions of sections 476.13 to 476.17 which are applicable to the purchase

and taking of bonds as provided in section 476.13 shall be applicable to the purchase and taking of bonds under this section.

[1933 c. 389 s. 5] (1968-7)

476.18 SALE OF BONDS TO THE UNITED STATES. Any municipality in this state, as such term is defined in section 476.02, 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 through its public works administration, under the provisions of the national industrial recovery act, shall have full authority, and it is hereby expressly authorized, to sell and dispose of any of its said bonds to the United States, by contract therefor entered into between any such municipality and the 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 semiannually.

[*Ex. 1933 c. 17 s. 1*] (1968-8)