

Public Indebtedness, Borrowing

CHAPTER 475

PUBLIC INDEBTEDNESS

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NOTE: For special laws relating to specific political subdivisions, see Table 1, Vol. 4.

- 475.01 [Repealed, 1949 c 682 s 26]
- 475.02 [Repealed, 1949 c 682 s 26]
- 475.03 [Renumbered 475.51]
- 475.04 [Superseded by 475.03]
- 475.05 [Repealed, 1947 c 296 s 6]
- 475.06 [Repealed, 1947 c 296 s 6]
- 475.07 [Renumbered 475.55]
- 475.08 [Superseded by 475.31]
- 475.09 [Repealed, 1947 c 296 s 6]
- 475.091 [Repealed, 1947 c 296 s 6]
- 475.10 [Repealed, 1947 c 296 s 6]
- 475.11 [Renumbered 475.56]
- 475.12 [Renumbered 475.71]
- 475.13 [Superseded]
- 475.14 [Renumbered 475.52]
- 475.15 [Repealed, 1949 c 682 s 26]
- 475.16 [Repealed, 1949 c 682 s 26]
- 475.17 [Repealed, 1949 c 682 s 26]
- 475.18 [Renumbered 475.65]
- 475.19 [Renumbered 475.69]
- 475.20 [Renumbered 475.70]
- 475.21 [Renumbered 475.64]
- 475.22 [Renumbered 471.69]
- 475.23 [Renumbered 475.53]
- 475.24 [Renumbered 475.54]
- 475.25 [Renumbered 475.58]
- 475.26 [Repealed, 1949 c 682 s 26]
- 475.27 [Renumbered 475.62]
- 475.28 [Renumbered 475.63]
- 475.29 [Repealed, 1949 c 682 s 26]
- 475.30 [Renumbered 475.66]
- 475.31 [Repealed, 1949 c 682 s 26]
- 475.32 [Renumbered 475.72]
- 475.33 [Renumbered 471.70]
- 475.34 [Renumbered 475.67]
- 475.35 [Repealed, 1949 c 682 s 26]
- 475.36 [Superseded]
- 475.37 [Superseded]
- 475.38 [Superseded]

475.39 [Repealed, 1949 c 682 s 26]

475.40 [Repealed, 1949 c 682 s 26]

475.41 [Renumbered 475.68]

475.42 [Repealed, 1949 c 682 s 26]

475.43 [Repealed, 1949 c 682 s 26]

475.51 DEFINITIONS. Subdivision 1. For the purposes of sections 475.51 to 475.75 the terms defined in this section shall have the meanings given them.

Subd. 2. "Municipality" means a city of any class, village, borough, county, town, or school district.

Subd. 3. "Obligation" means any promise to pay a stated amount of money at a fixed future date, regardless of the source of funds to be used for its payment.

Subd. 4. "Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

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

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

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

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

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

(6) Debt service loans and capital loans made to a school district under the provisions of sections 124.42 and 124.43.

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

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

Subd. 5. "Assessed value" means the latest valuation for purposes of taxation, as finally equalized, of all property taxable within the municipality.

Subd. 6. "Sinking fund" means any fund or money held in the treasury of a municipality appropriated or set aside to pay the principal and interest, or either of them, or any of its obligations.

Subd. 7. "Acquisition" includes purchase, condemnation, construction, and acquisition of necessary land, easements, buildings, structures, machinery or equipment.

Subd. 8. "Betterment" includes reconstruction, extension, improvement, repair, remodeling, lighting, equipping, and furnishing.

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

Subd. 10. "General obligations" means any obligations which pledge the full faith and credit of the municipality to their payment.

[R L s 778; 1943 c 656 s 30 subd 3; 1947 c 296 s 2; 1949 c 682 s 1; 1951 c 422 s 1; 1961 c 752 s 8; 1971 c 903 s 1] (1936)

475.52 BOND ISSUES; PURPOSES. Subdivision 1. **Not under home rule charter.** Any city not governed by a home rule charter, any village, or any borough may issue bonds or other obligations for the acquisition or betterment of public buildings, means of garbage disposal, hospitals, nursing homes, homes for the aged, schools, libraries, museums, art galleries, parks, playgrounds, stadia, sewers, sewage disposal plants, subways, streets, sidewalks; for any utility or other public convenience from which a revenue is or may be derived; for a permanent improvement revolving fund; for changing, controlling or bridging streams and

other waterways; for the acquisition and betterment of bridges and roads within two miles of the corporate limits; and for acquisition of equipment for snow removal, street construction and maintenance, or fire fighting. Without limitation by the foregoing any such city, village, or borough may issue bonds to provide money for any authorized corporate purpose except current expenses.

Subd. 2. Home rule charter cities. Any city governed by a home rule charter may issue bonds for any purpose enumerated in subdivision 1 unless forbidden by its charter, except that any such city may issue bonds for the acquisition of ambulances and related equipment notwithstanding the provisions of its charter; and for other purposes as authorized by its charter.

Subd. 3. Counties. Any county may issue bonds for the acquisition or betterment of courthouses, jails, poor farms, morgues, libraries, and hospitals, for roads and bridges within the county or bordering thereon and for road equipment and machinery and for ambulances and related equipment, except that the power of counties to issue bonds in connection with a library shall not exist in a county containing a city of the first class of over 300,000 according to the 1960 United States census.

Subd. 4. Towns. Any town may issue bonds for the acquisition and betterment of town halls, town roads and bridges, nursing homes and homes for the aged, and for acquisition of equipment for snow removal, road construction or maintenance, and fire fighting.

Subd. 5. School districts. For capital improvements any school district may issue bonds for the acquisition or betterment of school facilities, including gymnasiums, athletic fields, stadia, teacherages, school garages, school buses, and all other facilities for administration, academic instruction, and physical and vocational education.

Subd. 6. Certain purposes. Any municipality may issue bonds for paying judgments against it; for refunding outstanding bonds; or for funding floating indebtedness.

[*R L s 784; 1907 c 297 s 1; 1909 c 261 s 1; 1921 c 209 s 2; 1939 c 223 s 1; 1945 c 126 s 1; 1947 c 296 s 4; 1949 c 682 s 2; 1959 c 42 s 2, 3; 1961 c 51 s 1; 1967 c 583 s 4; 1969 c 333 s 5, 6*] (1942)

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

Subd. 2. Special state aid. Any municipality, except school districts, receiving special state aid under the provisions of sections 276.15 to 276.18 may incur, by vote of a majority of the electors, an indebtedness not to exceed 40 percent of the assessed value.

Subd. 3. Cities first class. Unless its charter permits a greater net debt a city of the first class may not incur a net debt in excess of five percent of the full and true valuation of all taxable property therein. If the charter of the city permits a net debt of the city in excess of five percent of its valuation, it may not incur a net debt in excess of ten percent of the full and true valuation of the taxable property therein. In any event, unless the charter of the city or an existing law otherwise provides, in calculating the net debt each of the following obligations shall be deducted from its gross debt:

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

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

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

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

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

(6) Amount of all money and the face value of all securities held as a sinking

fund for the extinguishment of obligations other than those deductible under this subdivision.

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

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

Subd. 4. School districts. Except as otherwise provided by law, no school district shall be subject to a net debt in excess of ten percent of the actual market value of all taxable property and of exempt property referred to in section 275.49, situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the adjusted market value of all such property and the ratio of such value to the market value of all such property, as most recently ascertained and reported to him in accordance with section 272.03, subdivisions 8 and 12 and sections 273.11 and 276.04. The county auditor of each county containing exempt property referred to in section 275.49, situated within any school district, shall certify to the district upon request the total adjusted market value of all such property as determined under section 275.49. If 20 percent or more in value of the taxable property in any school district consists of property on which taxes are paid into the state treasury under gross earnings tax laws applicable to common carrier railroads, the public service commission shall certify to the district upon request the adjusted market value of railroad property within the district as most recently determined by the commission. The commissioner of taxation shall certify to each school district upon request the ratio most recently determined by the state equalization aid review committee, in accordance with section 124.211, subdivision 3, to exist between the assessed valuation of the district furnished by county auditors and the correct assessed valuation. The actual market value of property within a district, on which its debt limit under this subdivision is based, is that value determined by dividing the adjusted market value of all taxable and exempt property within the district, as certified by the county auditors and, where applicable, by the public service commission, by the ratios certified by the county auditors with respect to properties in their counties, respectively, or by the ratio certified by the commissioner of taxation, whichever results in a higher value.

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

Subd. 6. Portion of expenditure for area vocational-technical school. Only that proportion of the principal amount of obligations issued by a school district or districts for the acquisition or betterment of an area vocational-technical school equal to the percentage of the total principal amount of the obligations which is or would be currently borne by the district, shall be included in calculating the district's net debt. The commissioner of education shall certify to each district upon request the current percentage of the total principal amount of the obligations which is or would be borne by the district, which certification shall be conclusive in favor of the holders of the obligations as against the district.

[1927 c 131 s 2; 1935 c 256; 1937 c 285 s 1; 1943 c 480 s 1; 1945 c 549 s 1; 1947 c 296 s 5; 1949 c 682 s 3; 1955 c 304 s 1; 1955 c 356 s 1; 1955 c 656 s 1; 1957 c 879 s 1; 1961 c 560 s 37; 1965 c 875 s 11; 1969 c 6 s 46; 1969 c 1056 s 10; 1971 c 480 s 1] (1938-4)

475.533 [Repealed, 1969 c 1056 s 11]

475.54 MATURITIES; REDEMPTION. Subdivision 1. Except as provided in subdivision 3, all obligations authorized under this chapter shall mature serially in annual or semiannual installments. The first installment shall mature not later than three years from the date of the obligations and the last installment shall mature not more than 30 years from such date. No amount of principal of any obligations payable in any calendar year shall exceed five times the amount of the smallest amount payable in any preceding calendar year ending three years or more after date of issue.

Subd. 2. A serial maturity schedule conforming to subdivision 1 may be established for each new issue of obligations of a municipality, or the governing body may in its discretion adjust such schedule so that the combined maturities of the new issue and any other designated issue or issues will conform to subdivision 1, provided that all such issues are general obligations or all are payable from a common fund. Notwithstanding the provisions of any other general or special law, any school district having an outstanding state loan or loans, if it issues and sells bonds on the public market for any purpose other than refunding such loans, shall adjust the schedule of the maturities thereof so that the total amount of principal and interest to become due on these bonds and on all other bonds of the school district, during each of the 30 fiscal or calendar years next following, will be as nearly equal as practicable, provided that the annual amounts of maturing principal may be fixed at multiples of \$5,000.

Subd. 3. Obligations payable solely from a special fund, for payment of which the full faith and credit of the issuer is not pledged, may mature at any time or times within 30 years from date of issue, if the receipts pledged to the fund are estimated by the governing body to be sufficient and are irrevocably appropriated first to pay annual or semiannual interest on all obligations payable from the fund and to provide such reserve as may be agreed upon for the security of interest payments, and then to retire a specified portion of the principal in each year according to a schedule of redemption and prepayment which conforms to the requirements for the maturity schedule of other obligations in subdivision 1.

Subd. 4. Any obligation may be issued reserving the right of redemption and payment thereof prior to maturity, at par and accrued interest or at such premium and at such time or times as shall be determined by the governing body. Notice of the call of any prepayable obligation shall be published in a daily or weekly periodical published in a Minnesota city of the first class, or its metropolitan area, which circulates throughout the state and furnishes financial news as a part of its service. When any such obligation has been validly called for redemption in accordance with its terms, and the principal thereof and all interest thereon to the date of redemption have been paid or deposited with the paying agent, interest thereon shall cease; provided that no obligation issued subsequent to July 1, 1967, shall be deemed validly called for redemption unless the notice herein required has been published prior to the date fixed for its redemption.

Subd. 5. [Repealed, 1971 c 903 s 6]

Subd. 6. [Repealed, 1971 c 903 s 6]

Subd. 7. [Repealed, 1971 c 903 s 6]

Subd. 8. [Repealed, 1971 c 903 s 6]

Subd. 9. [Repealed, 1971 c 903 s 6]

Subd. 10. [Repealed, 1971 c 903 s 6]

Subd. 11. [Repealed, 1971 c 903 s 6]

Subd. 12. [Repealed, 1971 c 903 s 6]

Subd. 13. [Repealed, 1971 c 903 s 6]

Subd. 14. [Repealed, 1971 c 903 s 6]

[1927 c 131 s 3; 1949 c 682 s 4; 1951 c 422 s 2; 1955 c 179 s 1; 1959 c 687 s 11; Ex1959 c 27 s 11; 1963 c 825 s 1; 1965 c 435 s 1, 2; 1967 c 481 s 1, 2; 1967 c 583 s 5] (1938-5)

475.55 OBLIGATIONS; EXECUTION; INTEREST LIMITATIONS. Subdivision 1. **Execution, contents.** All obligations shall be signed by the officers as authorized by resolution of the governing body and shall express the amount and the terms of payment. Interest thereon shall not exceed the rate of seven percent per annum, payable half yearly. All obligations shall be negotiable instruments notwithstanding any limitation in the source of the funds for payment. The validity of every obligation so executed shall remain unimpaired by the fact that one or more of such officers shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal date of the bonds. Such resolution may provide that one of the officers shall sign such bonds manually and that the other signatures may be printed, lithographed, stamped or engraved thereon. Where the municipality has a seal such seal may be impressed on each bond or a facsimile thereof may be printed, lithographed or engraved on each bond as determined by the resolution of the governing body.

Subd. 2. **Interest limitations, effect on other laws.** The interest limitation stated in this section shall supersede all lower limitations contained in any law or charter applicable to obligations of the state or any municipality or governmental

or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, but shall not restrict the power of the issuer to fix the interest on any obligation in accordance with the law authorizing its issuance.

[*R L s 781; 1947 c 296 s 3; 1949 c 682 s 5; 1951 c 422 s 3; 1969 c 93 s 1; 1971 c 903 s 2*] (1939)

475.551 EXCESSIVE INTEREST, VALIDATION. In all cases where obligations have been or shall hereafter be issued and sold upon terms and conditions conforming to the provisions of section 475.55, and otherwise in conformity with law, such issuance and sale are hereby authorized, legalized and validated.

[1969 c 93 s 2]

475.552 [Repealed, 1971 c 903 s 6]

475.553 PAYING AGENT; CREMATION OF OBLIGATIONS AND COUPONS. Subdivision 1. The governing body may appoint as paying agent for an issue of obligations one or more national banks or banks incorporated under the laws of any state, and may direct the treasurer to remit funds for payment of both principal and interest to such paying agent although such paying agent has not complied with statutes relating to public depositories. It may also direct the county treasurer to remit any proceeds from assessments or taxes levied for payment of obligations directly to such paying agent. In such case, the county treasurer shall furnish a duplicate statement of each remittance to the treasurer of the municipality who shall enter the amount on his books.

Subd. 2. The governing body may by resolution direct that all bonds, obligations, coupons appertaining thereto, or any specified obligations or coupons, when paid, shall be cancelled and cremated by the paying agent. Before such authority is granted, the municipality shall enter into an agreement with the paying agent specifying (a) the obligations and coupons to be cremated, (b) the procedure therefor, (c) the information to be recorded in a cremation certificate to be delivered by the paying agent to the municipality, (d) the indemnification of the municipality by the paying agent in the event of duplicate payment, wrongful and improper payment to unauthorized persons and nonpayment to authorized persons by the agent occurring as a result of any cremation of bonds, obligations, or coupons, (e) such other terms and conditions as may be determined by the governing body of such municipality.

Subd. 3. Cremation certificates provided under subdivision 2 shall be retained in the official records of the municipality and the paying agent. Such cremation certificates may subsequently be destroyed at the times and upon the conditions otherwise permitted by law, but no earlier than the time of final payment and redemption of all obligations of the respective issues to which they pertain.

Subd. 4. Where any obligations are payable at the option of the holder at two or more places, the municipality may direct cancelled obligations and coupons to be delivered to a designated paying agent for cremation and certification as herein provided.

Subd. 5. Any obligation, as defined in section 475.51, issued or to be issued by the state or any agency, instrumentality, or subdivision thereof, by written order and agreement executed by the officer or officers authorized by law to issue such obligations, may be cremated as provided herein, and for this purpose such officers shall have all the powers granted herein to governing bodies of municipalities. The public examiner, pursuant to the administrative procedures act, may formulate and prescribe requirements for resolutions, orders, agreements, and certificates relating to the cremation of public obligations and coupons. The provisions of any other law relating to the destruction of public records shall not apply to the cremation of obligations and coupons.

[1951 c 422 s 10; 1953 c 64 s 1; 1963 c 833 s 1]

475.56 INTEREST RATE. Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized

to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

[1933 c 171; 1949 c 682 s 6; 1959 c 36 s 1; 1963 c 829 s 1; 1967 c 481 s 3] (1938-2½)

475.57 INITIATION OF PROCEEDINGS; RESOLUTION. Proceedings for issuing bonds under sections 475.51 to 475.75 shall be initiated by a resolution of the governing body of the municipality stating the amount proposed to be borrowed and the purpose for which the debt is to be incurred. Such resolution may provide for the submission of the question to vote of the electors. A town board may adopt such resolution without a statement for special town meeting being filed with the clerk.

[1949 c 682 s 7]

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

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

Subd. 1a. Resubmission limitation. If the electors do not approve the issuing of obligations at an election required by section 475.58, subdivision 1, the question of authorizing the obligations for the same purpose and in the same amount may not be submitted to the electors within a period of 180 days from the date the election was held. If the question of authorizing the obligations for the same purpose and in the same amount is not approved a second time it may not be submitted to the electors within a period of one year after the second election.

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

[1927 c 131 s 4; 1949 c 682 s 8; 1951 c 422 s 4; 1955 c 298 s 1; 1969 c 446 s 1; 1971 c 886 s 1; 1971 c 903 s 3] (1938-6)

475.59 MANNER OF SUBMISSION; NOTICE. When the governing body of a municipality resolved to issue bonds for any purpose requiring the approval of the electors, it shall provide for submission of the proposition of their issuance at a general or special election or town or school district meeting. Notice of such election or meeting shall be given in the manner required by law and shall state the maximum amount and the purpose of the proposed issue. In any school district, the school board or board of education may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance for any one or more of the following, stated conjunctively or in the alternative: acquisition or enlargement of sites, acquisition, betterment, erection, furnishing, equipping of one or more new schoolhouses, remodeling, repairing, improving, adding to, betterment, furnishing, equipping of one or more existing schoolhouses.

[1949 c 682 s 9; 1957 c 318 s 1]

475.60 SALE OF BONDS. Subdivision 1. **Advertisement.** All obligations shall be negotiated and sold by the governing body, except when authority therefor is delegated by the governing body or by the charter of the municipality to a board, department, or officers of the municipality. Except as provided in section 475.56, obligations shall be sold at not less than par value plus accrued interest to date of delivery. Except as provided in subdivision 2 all obligations shall be sold at public sale after notice given at least ten days in advance by publication in a legal newspaper having general circulation in the municipality and ten days in advance by publication in a daily or weekly periodical, published in a Minnesota city of the first class, which circulates throughout the state and furnishes financial news as a part of its service.

Subd. 2. Requirements waived. The requirements as to public sale shall not apply to:

(1) Obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale;

(2) Obligations payable wholly or partly from the proceeds of special assessments when such obligations do not exceed the total sum of \$100,000;

(3) Obligations payable wholly from the income of revenue-producing conveniences when such obligations do not exceed the total sum of \$50,000; and

(4) Obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency.

Subd. 3. Published notice. Published notice, where required, shall specify the principal amount and purpose of the obligations, the time and place of receipt and consideration of bids and such other details as to the obligations and terms of sale which the governing body deems suitable. Additional notice may be given for such time and in such manner as the governing body deems suitable. At the time and place so fixed, the bids shall be opened and the offer complying with the terms of sale and deemed most favorable shall be accepted, but the governing body may reject any and all such offers and award the bonds to a lower bidder or upon like notice it may invite other bids.

Subd. 4. Public subscription. In lieu of calling for bids, obligations may be sold on public subscription, after notice given in the manner required for public sale. Such notice of call for public subscription shall specify the interest rate and all terms of sale, including the date and place of delivery of the obligations.

Subd. 5. Compliance mandatory. No contract for the sale and delivery of obligations shall be enforceable unless made in accordance with this section.

Subd. 6. Prohibitions and penalties. Any officer of any municipality who shall enter into or approve any contract or agreement for the sale of obligations contrary to the provisions hereof or which lessens, restricts or tends to prevent competitive bidding shall be guilty of a misdemeanor.

[1949 c 682 s 10; 1965 c 583 s 1; 1971 c 903 s 4]

475.61 TAX LEVIES. Subdivision 1. The governing body of any municipality issuing general obligations shall, prior to delivery of the obligations, levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years shall be specified and such that if collected in full they, together with estimated collections of special assessments and other revenues pledged for

the payment of said obligations, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the obligations. Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's sinking fund or a special sinking fund or account created for the payment of one or more issues of obligations. The governing body may, in its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected, and remitted as hereinafter provided, and the amount or amounts therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

Subd. 2. The recording officer of the municipality shall file in the office of the county auditor of each county in which any part of the municipality is located a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the municipality is required to authorize the extension, assessment and collection of the tax, but the municipality's liability on the obligations is not limited thereto and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The county auditor shall forthwith certify to the municipality that he has entered the obligations in the register required by sections 475.51 to 475.75 and that the tax levy required by sections 475.51 to 475.75 has been made. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof which bears the same ratio to the whole amount as the assessed value of taxable property in that part of the municipality located in his county bears to the assessed value of all taxable property in the municipality.

Subd. 3. Tax levies so made and filed shall be irrevocable, except that if the governing body in any year makes an irrevocable appropriation to the sinking fund of moneys actually on hand or if there is on hand any excess amount in the sinking fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Subd. 4. All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the sinking fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality.

[1949 c 682 s 11; 1951 c 422 s 5; 1955 c 811 s 8; 1957 c 187 s 1; 1961 c 673 s 1]

475.62 REGISTER. Each county auditor shall keep a register in which shall be entered, as to each issue of such obligations by any municipality located, in whole or in part, in the county, a record of the aggregate amount authorized, the aggregate amount issued, the purpose for which issued, the number, denomination, date, and maturity of each, the rate of interest, the time of payment, the place of payment of principal and interest, and the amount of tax levied for the payment thereof. The auditor shall also enter in said register the date and amount of each debt service loan and capital loan made by the state to any school district situated wholly or partly within the county, in accordance with section 124.42, subdivision 2, or section 124.43, subdivision 5, and shall enter on or before November 1 in each year thereafter the amount of the maximum effort debt service levy and the additional amount of the levy for interest on state loans to be extended on the tax rolls in that year, as certified by the commissioner of education in accordance with section 124.42, subdivision 4, and section 124.43, subdivision 4. In each such year the auditor shall extend on the tax rolls against all taxable property within each such district either (a) the aggregate amount of all tax levies required by section 475.61 to be so extended in such year, less the principal amount of any new debt service loan granted in the current year, or (b) the maximum effort debt service levy of the district as certified by the commissioner of education, if greater than the levy required by the preceding clause (a); adding in either case (c) the amount of the levy for interest on state loans as certified by the commissioner of education, including interest on any new debt service loan granted in the current year. If the school district is situated in more than one county, the aggregate levy shall be apportioned among the counties as provided in section 475.61, subdivision 2, by

the county auditor of the county in which is situated the largest portion by assessed valuation of the taxable property within the school district.

[1927 c 131 s 6; 1949 c 682 s 12; 1965 c 875 s 12] (1938-8)

475.63 CERTIFICATE AS TO REGISTRATION. Before any obligations shall be delivered to the purchaser, the municipality shall obtain and deliver to the purchaser a certificate of the county auditor that the issue has been entered on his register. If a tax levy is required by law, such certificate shall also recite that such tax has been levied as required by law.

[1927 c 131 s 7; 1949 c 682 s 13; 1951 c 422 s 6] (1938-9)

475.64 LEVY BY AUDITOR. In the event no method of levying a tax for the payment of the indebtedness of any municipality and the interest thereon is provided, or the municipal authorities fail to cause such levy to be made, the county auditor shall add to the other taxes charged upon the property taxable in the municipality an amount sufficient to meet such obligations when due, which additional levy shall be extended and collected with the other taxes of the year.

[R L s 787; 1949 c 682 s 14] (1945)

475.65 DELIVERY OF BONDS; USE OF PROCEEDS. Upon payment to the treasurer of the purchase price by the successful bidder, the obligations shall be delivered, and the treasurer shall hold the proceeds thereof as a separate fund for the use named in the resolution or other instrument or instruments authorizing such obligations. The purchaser shall not be obligated to see to the application of the purchase price. When the use authorized is the acquisition or betterment of any land, easements, buildings, structures, machinery, or equipment, the proceeds may be used to pay all expenses, incurred and to be incurred, which are reasonably necessary and incidental to such acquisition or betterment, including, but without limitation, the cost of necessary professional planning studies to determine desirable locations, architectural, engineering, legal and other professional services, printing and publication, and interest to accrue on the obligations prior to the anticipated date of commencement of the collection of taxes or special assessments to be levied or other revenues pledged for the payment of the obligations and interest thereon. When the obligations are payable wholly from the income from a utility or other public convenience, for the acquisition or betterment of which the obligations are issued, the proceeds may be used in part to establish a reserve in an amount not exceeding the maximum amount of principal and interest to become due on the obligations in any subsequent year, as security for the payment of all such principal and interest when due. If the contemplated use be afterward abandoned, or if any balance of the proceeds of the obligations remains after the use is accomplished, such fund may be devoted to any other public use authorized by law, and approved by resolution adopted or vote taken in the manner required to authorize bonds for such new use and purpose. Any balance remaining after the improvement has been completed and paid for, unless devoted to a new use as herein authorized, shall become a part of the sinking fund of the municipality.

[R L s 786; 1949 c 682 s 15; 1967 c 481 s 4; 1969 c 183 s 1] (1944)

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

interest to maturity or to their earliest redemption dates. Any obligation issued after July 1, 1961, held in the sinking fund from which it is payable may be cancelled at any time unless otherwise provided in the other obligations payable from such fund or in a resolution or ordinance authorizing their issuance.

[1927 c 131 s 9; 1949 c 682 s 16; 1951 c 422 s 7; 1955 c 179 s 2; 1961 c 96 s 1; 1965 c 300 s 1; 1971 c 504 s 1] (1938-11)

475.67 REFUNDING BONDS AND OTHER OBLIGATIONS; VALIDITY;

PROCEDURE. Subdivision 1. No purchaser or owner of bonds or other obligations issued by a municipality for the purpose of refunding its outstanding obligations or floating indebtedness need inquire into the validity of the debts refunded by such bonds or other obligations. The determination by resolution of the governing body to issue the bonds or other obligations of the municipality for such purpose, as to such purchaser or owner, shall be conclusive evidence of the validity of the debts thereby refunded.

Subd. 2. As between the municipality and the owner or holder of any bond, warrant, or order so refunded, nothing in this section validates any invalid bond, warrant, or order.

Subd. 3. Obligations and interest thereon may be refunded if and when and to the extent that for any reason the taxes or special assessments, revenues, or other funds appropriated for their payment are not sufficient to pay all principal and interest due or about to become due thereon. Obligations but not interest thereon may be refunded before maturity, if consistent with covenants made with the holders thereof, when determined by the governing body to be necessary or desirable for the reduction of interest cost to the municipality or for the extension or adjustment of the maturities in relation to the resources available for their payment, or in the case of obligations payable solely from a special fund, for the more advantageous sale of additional obligations payable from the same fund. No general obligations, for which the full faith and credit of the issuer is pledged, shall be issued to refund special obligations previously issued for any purpose, payable solely from a special fund, unless such issuance is authorized by such election, hearing, petition, resolution, or other procedure as would have been required as a condition precedent to the original issuance of general obligations for the same purpose.

Subd. 4. Refunding obligations shall not be issued and sold more than six months before the earliest date on which all obligations to be refunded thereby will have matured or become subject to call for redemption in accordance with their terms, unless the actions and conditions described in the following subdivisions of this section are taken or exist at or before the time when the refunding obligations are delivered to the purchasers.

Subd. 5. The proceeds of the refunding obligations shall be deposited, together with any other funds available and appropriated by the governing body for the purpose, in escrow with a suitable banking institution within or without the state, whose deposits are insured by the Federal Deposit Insurance Corporation, and whose combined capital and surplus is not less than \$500,000.

Subd. 6. The funds so deposited shall be invested in securities maturing or callable at the option of the holder on such dates and bearing interest at such rates as shall be required to provide funds sufficient, with any cash retained in the escrow account, to pay when due the interest to accrue on each obligation of the issue refunded to its maturity or, if prepayable, to an earlier date on which it may be called for redemption, and to pay the principal amount of each such obligation at maturity or, if prepayable, at such earlier redemption date, and to pay any premium required for redemption on that date; and the governing body shall irrevocably appropriate for these purposes the escrow account and all payments of principal and interest on the securities deposited therein, provided that it may direct payment, from funds in the escrow account in excess of the amounts from time to time needed for the foregoing purposes, of the reasonable compensation of the banks acting as escrow agent and as paying agent or agents for the refunded obligations.

Subd. 7. Notice of the call of all prepayable obligations of each issue refunded shall be given in accordance with their terms, and in accordance with section 475.54, subdivision 4. Each prepayable obligation of the issue refunded shall be called for redemption on the earliest date on which, according to its terms, it may be prepaid from the proceeds of refunding obligations or from such other funds,

if any, as are appropriated for such prepayment, and shall not subsequently be called for redemption on any date earlier than that designated in the notice, unless such call is required by the terms of the refunded bonds to be made from surplus funds subsequently becoming available.

Subd. 8. Securities purchased for the escrow account shall be limited to general obligations of the United States, securities whose principal and interest payments are guaranteed by the United States, and securities issued by the following agencies of the United States: Banks for Cooperatives, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, and the Federal National Mortgage Association.

Subd. 9. The municipality shall enter into an agreement with the banking institution acting as escrow agent under which the agent shall acknowledge receipt of the cash and securities and their sufficiency to comply with the requirements of this section, and shall agree to hold them, and all money received in payment of principal and interest on the securities, in a special trust account, and to remit from this account to each paying agent for the refunded obligations sufficient funds to pay the principal and interest due thereon at each maturity, interest payment date, and redemption date. The agent may be directed to reinvest the balance held in the account from time to time in other securities of the kinds authorized in this section, maturing at the times and in the amounts required to meet all payments of principal and interest when due on the refunded obligations, which securities may be purchased from its own investment department at prices not higher than those at which similar securities are currently being sold by it to others.

Subd. 10. The escrow agent shall be directed to cause notice of the call of the refunded obligations which are to be prepaid to be republished not more than 90 nor less than 45 days before the date fixed for their redemption, in the manner provided in subdivision 7; but failure to republish shall not affect the validity of the call for redemption.

Subd. 11. When advance refunding obligations have been issued pursuant to subdivisions 4 to 10, they shall not be refunded by the issuance of similar advance refunding obligations pursuant to these subdivisions until and unless all of the original obligations refunded have been actually retired by payment or by deposit at their respective maturities or redemption dates of sufficient funds.

Subd. 12. In the refunding of general obligations, for which the full faith and credit of the issuing municipality has been pledged, the following additional conditions shall be observed: No refunding obligations shall be issued and sold more than ten years before the date on which all general obligations of the issue to be refunded will have matured or are called for redemption in accordance with their terms. No refunding obligations shall be issued and sold more than six months before said date, unless the average annual net interest rate of the refunding obligations, computed to their stated maturity dates, is lower by at least one fourth of one percent per annum than the average annual net interest rate of the general obligations refunded, computed to their stated maturity dates; provided that in computing the average annual net interest rate of the refunding obligations, the expenses of the refunding shall be added to the dollar amount of interest on the refunding obligations. Expenses of the refunding include the amount, if any, in excess of the proceeds of the refunding obligations, which is required to be deposited in escrow to provide cash and purchase securities sufficient to retire the refunded obligations in accordance with subdivision 5; charges of the escrow agent and of the paying agent for the refunding obligations.

[1921 c 185 s 1, 2; 1933 c 232 s 2; 1949 c 682 s 17; 1971 c 903 s 5] (1946-1, 1946-2)

475.68 JOINT LIABILITY OF TOWN AND VILLAGE. In the event a town and a village are jointly liable for the payment of any bonded indebtedness or in the event all the property within any town or village is liable to be taxed for the payment of any such indebtedness, any such town or village, at the time bonds mature, may pay that proportion of such indebtedness that the amount of the last assessment of property situate in the town or the village bears to the assessed valuation of both the town and the village. If either the town or the village deems such assessment to be inequitable, its governing body may demand, in writing, that the commissioner of taxation appoint a disinterested assessor, not a resident of either the town or the village, to make a reassessment of all the property situate in the town and the village. Thereupon the commissioner shall appoint such asses-

sor. The reassessment so made governs in the division of such indebtedness. Any such town or village may issue bonds for the payment of the amount thereof for which it is liable.

[1909 c 254 s 1; 1949 c 682 s 18] (1953)

475.69 DEFACED BONDS; DUPLICATES. When any obligation of a municipality becomes unfit for circulation, it may be surrendered and canceled. Upon the authorization of the governing body, a duplicate of the obligation except as to signatures and a duplicate of any unpaid coupons, may be issued to the owners. These duplicates shall be marked "DUPLICATE" and the date of issue shown thereon. Such marking shall be signed by the treasurer then in office.

[R L s 791; 1949 c 682 s 19] (1970)

475.70 LOST INSTRUMENTS; INDEMNITY. If the owner of any obligation which is destroyed or lost, first gives a satisfactory surety bond to the municipality, in a sum double the amount of such obligation, conditioned to save it harmless in the premises, the governing body thereof may authorize the issuance of another to the owner in its place, corresponding with the missing obligation as to number, date, amount, and unpaid coupons. Such obligation shall be signed by the proper officials who are then in office, and shall be marked and dated as provided in section 475.69. The treasurer shall keep a record of all reissues and duplicates showing the date of issue and the persons to whom issued.

[R L s 792; 1949 c 682 s 20] (1971)

475.71 REGISTRATION OF BONDS. If the purchaser or holder of negotiable bonds issued by a city shall so request, the governing body, by a resolution prescribing the method and terms of exchange, may authorize the proper officers to issue registered bonds in lieu thereof, in such denominations as may be desired. The governing body of any municipal corporation may, by a resolution prescribing the method and terms of registration, authorize the proper officer of such municipal corporation designated in such resolution to register as to the payment of principal only any negotiable bonds issued by such municipal corporation, such registration to be by endorsement on such bonds of a certificate of registration, which shall recite that the principal thereof will be payable only to such person as by such registration appears to be the owner thereof or his legal representatives, and such resolution shall provide for the keeping of a permanent record of bonds so registered.

[R L s 782; 1923 c 313; 1949 c 682 s 21] (1940)

475.72 VIOLATIONS AND PENALTIES. Any officer of any municipality who knowingly fails to comply with any provision of Laws 1949, Chapter 682 is guilty of a misdemeanor.

[1927 c 131 s 10; 1949 c 682 s 22] (1938-12)

475.73 STATE BOARD OF INVESTMENT. Subdivision 1. Obligations sold under the provisions of section 475.60 may be purchased by the State Board of Investment, upon the approval of the Attorney General as to form and execution of the application therefor, and under such rules and regulations as the board may specify, 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 obligations shall not run for a shorter period than one year, nor for a longer period than 30 years and shall bear interest at a rate to be fixed by the State Board of Investment, but not less than two per cent per annum. Forthwith upon the delivery to the State of Minnesota of any obligations 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 obligation.

Subd. 2. The annual tax levy for the payment of principal and interest on account of such obligations 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 obligations, 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 obligations 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 obligations. Any such municipality which shall make payment to the state of the full amount of principal and interest due on account of such obligations prior to the extending of such tax therefor by the state auditor shall be exempt from the provisions of this section.

[1949 c 682 s 23]

475.74 PER CAPITA LIMITATION NOT APPLICABLE. The provisions of any law limiting taxes on a per capita basis or otherwise shall not limit the power of any city of the first or second class or any independent school district in any city of the first class, or any special school district in a city of the second class having a population of not less than 28,000 nor more than 32,000 according to the 1950 federal census, to levy taxes to pay its general obligation bonds nor shall such provisions limit the power of any municipality to levy taxes to make good any deficiency in any prior levies made pursuant to section 475.61. The governing body shall levy such taxes without limitation as to rate or amount.

[1949 c 682 s 24; 1951 c 422 s 8; 1957 c 43 s 1; 1957 c 743 s 1]

475.75 EFFECTIVE DATE. Subdivision 1. Except as provided in subdivision 2, sections 475.51 to 475.75 shall be in full force and effect on and after July 1, 1949. Notwithstanding any amendment or repeal of existing laws by sections 475.51 to 475.75, any municipality which has theretofore commenced any proceedings for the authorization or issuance of bonds or other obligations may complete such proceedings either under such laws as in force prior to July 1, 1949, or under such laws as hereby amended, as determined by its governing body.

Subd. 2. The provisions of section 475.74 shall apply to bonds or other obligations issued pursuant to proceedings heretofore commenced.

[1949 c 682 s 25]

475.753 MUNICIPALITIES ARE SUBJECT TO CHAPTER 475. All municipalities are subject to the provisions of Minnesota Statutes, Chapter 475, in the issuance of obligations and may incur indebtedness to the extent of but not in excess of the debt limit in said chapter notwithstanding any home rule charter provision or charter law adopted prior to April 1, 1951. Nothing herein shall prevent the adoption after that date of additional debt limitations or restrictions. This section shall not be deemed to amend or otherwise affect or change Minnesota Statutes, Section 475.53, Subdivision 3.

[1951 c 422 s 9]