

126C.68 DEBT SERVICE LOANS.

Subdivision 1. **Qualification; application; award; interest.** Any district in which the required levy for debt service in any year will exceed its maximum effort debt service levy by ten percent or by \$5,000, whichever is less, is qualified for a debt service loan hereunder in an amount not exceeding the amount applied for, and not exceeding one percent of the net debt of the district, and not exceeding the difference between the required and the maximum effort debt service levy in that year. Applications must be filed with the commissioner in each calendar year up to and including July 1. The commissioner shall determine whether the applicant is entitled to a loan and the amount thereof, and on or before October 1 shall certify to each applicant district the amount granted and its due date. The commissioner shall notify the county auditor of each county in which the district is located that the amount certified is available and appropriated for payment of principal and interest on its outstanding bonds. The auditors shall reduce by that amount the taxes otherwise leviable as the district's debt service levy on the tax rolls for that year. Each debt service loan shall bear interest from its date at a rate equal to the average annual rate payable on Minnesota state school loan bonds most recently issued prior to the disbursement of the loan to the district, but in no event less than 3-1/2 percent per annum on the principal amount from time to time remaining unpaid. Interest is payable on December 15 of the year following that in which the loan is received and annually thereafter.

Subd. 2. **Note.** Each debt service loan must be evidenced by a note executed on behalf of the district by the signatures of its chair or vice-chair and the school district clerk. The note must be dated November 1 of the year in which executed, and must state its principal amount, interest rate, and that it is payable at the commissioner's office. The note must have printed thereon, or the commissioner shall attach thereto, a grill for entry of the date and amount of each payment and allocations of each payment to accrued interest or principal. The note must also include a certificate to be executed by the county auditor of each county in which any portion of the district is situated, prior to the delivery of the note, stating that the county auditor has entered the debt service loan evidenced thereby in the auditor's bond register. The notes must be delivered to the commissioner not later than November 15 of the year in which executed. The commissioner shall cause a record to be made and preserved showing the obligor district and the date and principal amount of each note.

Subd. 3. **Warrant.** The commissioner shall issue to each district whose note has been so received a warrant on the debt service loan account of the maximum effort school loan fund, payable on presentation to the commissioner of finance out of any money in such account. The warrant shall be issued by the commissioner in sufficient time to coincide with the next date on which the district is obligated to make principal or interest payments on its bonded debt in the

ensuing year. Interest must accrue from the date such warrant is issued. The proceeds thereof must be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Subd. 4. **Levy.** Each district receiving a debt service loan shall levy for debt service in that year and each year thereafter, until all its debts to the fund are paid, (a) the amount of its maximum effort debt service levy, or (b) the amount of its required debt service levy less the amount of any debt service loan in that year, whichever is greater. The district shall remit payments to the commissioner according to section 126C.71. By September 30, the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year, and said county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

History: *Ex1959 c 27 s 7; 1961 c 752 s 3,4; 1965 c 875 s 4,5; 1969 c 1056 s 3,4; 1973 c 492 s 14; 1975 c 432 s 55-57; 1981 c 358 art 9 s 5,6; 1986 c 444; 1989 c 271 s 29; 1Sp1989 c 1 art 9 s 2,3; 1Sp1997 c 4 art 4 s 12; 1998 c 397 art 7 s 53,164; art 11 s 3; 2003 c 112 art 2 s 50*