

475.53 LIMIT ON NET DEBT.

Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to 475.74, 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 three percent of the market value of taxable property in the municipality.

Subd. 2. [Repealed, 1Sp1981 c 4 art 1 s 193]

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 two percent of the market value of all taxable property therein. If the charter of the city permits a net debt of the city in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3 percent of the market value of the taxable property therein.

The county auditor, at the time of preparing the tax list of the city, shall compile a statement setting forth the total net tax capacity and the total market value 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 15 percent of the actual market value of all taxable property 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 market value of all such property. Whenever the commissioner of revenue, in accordance with section 127A.48, subdivisions 1 to 6, has determined that the net tax capacity of any district furnished by county auditors is not based upon the market value of taxable property in the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between such value and the actual market value of property within the district. The actual market value of property within a district, on which its debt limit under this subdivision is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, 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 obligations with a term of more than two years, whenever the aggregate of the outstanding obligations of the district equals or exceeds 0.7 percent of the market value of the taxable property within the school district.

Subd. 6. **Portion of expenditure for technical college.** Only that proportion of the principal amount of obligations issued by a school district or districts for the acquisition or betterment of a technical college 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.

Subd. 7. **Adjustment of debt limits.** If the amount of debt a municipality may incur is limited by special law or city charter to a stated percentage or proportion of assessed value, the limit must be calculated as a percentage or proportion of tax capacity. The percentage or proportion provided in the special law or charter provision must be multiplied by 8.2 to determine the applicable percentage or proportion of gross tax capacity and must be multiplied by 10.2 to determine the applicable percentage or proportion of net tax capacity.

Subd. 8. **Debt limit reservation.** A municipality may, by ordinance, reserve a portion of its unencumbered debt limit for the purpose of providing proof of financial responsibility for the contingency action portion of the response costs at a solid waste disposal facility, subject to the rules adopted by the Pollution Control Agency under section 116.07, subdivision 4h. Reservation of a portion of a municipality's debt limit under this subdivision may not be revoked by the municipality until the expiration of the required time period for maintaining proof of financial responsibility or the municipality adopts and adequately funds, as of the date of implementation, an alternate method of financial responsibility under the rules of the agency, whichever occurs earlier. If the municipality reserves its debt limit under this subdivision, the debt limit is computed as if the municipality had issued obligations, subject to the limit, in the amount of the reservation specified in the ordinance. Notwithstanding the amount of market value in the municipality, the reserved amount of the limit is available for issuance of bonds to pay the municipality's response costs.

History: (1938-4) 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; 1973 c 582 s 3; 1974 c 380 s 2-6; 1979 c 303 art 7 s 14; 1981 c 358 art 1 s 48; 1984 c 593 s 42-44; 1987 c 258 s 12; 1987 c 268 art 7 s 54; 1988 c 719 art 5 s 65,84; 1989 c 1 s 7-9; 1989 c 246 s 2; 1989 c 277 art 2 s 65; 1989 c 329 art 15 s 20; 1990 c 604 art 10 s 21; 1994 c 614 s 16; 1Sp1995 c 3 art 16 s 13; 1997 c 7 art 1 s 159; 1998 c 397 art 11 s 3; 1Sp2001 c 5 art 2 s 26; 2003 c 130 s 12; 2008 c 154 art 10 s 24