



STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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Statement of Position Public Expenditures: Donations and Dues

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This Statement of Position is not legal advice and is subject to revision.

Public entities are often asked to give funds to support various groups and activities. While the causes may be worthwhile, public entities need to be cautious when making any financial commitments involving public funds.

In most circumstances, public entities have no authority to give away public funds as donations. Generally, in order to spend money, a public entity must have authority to do so. Authority for an expenditure may be specifically stated in a statute or charter, or it may be implied as necessary to do what an express power authorizes. In addition, the expenditure must be for a “public purpose.”

Gifts/Donations to Private Individuals/Organizations

Following these general principles, donations to people, non-profits, charities, or other groups are not permitted unless they are based upon specific statutory or charter authority. For example, the Minnesota Attorney General’s Office has issued opinions finding that cities have no authority to donate city funds to organizations such as the Red Cross or the Boy Scouts.¹ The assumption is that a gift of public funds to an individual or private entity serves a private rather than a public purpose.

Before a public entity makes a contribution, it is important for that entity to determine that it has specific authorization to make the expenditure. Here are some examples of specific, statutorily authorized appropriations:

- **Artistic Organizations.** A county, city or town may appropriate money to support artistic organizations.²
- **Historical Causes.** A town or city may appropriate annually a specified amount to a town, city, or county historical society, so long as the society is affiliated with, and approved by, the Minnesota Historical Society.³ Cities have express authority to commemorate important and outstanding events in city history, and to appropriate money to collect, preserve and distribute

¹ See, for example, Op. Att’y Gen. 59-A-3 (May 21, 1948).

² Minn. Stat. § 471.941.

³ Minn. Stat. § 138.053.

its history data for future generations.⁴ The Attorney General's Office recognizes that a city can advance money to a nonprofit to sponsor a centennial celebration.⁵

- Prevention of Cruelty to Animals. A county may appropriate money for maintenance and support of the local society for the prevention of cruelty to animals.⁶
- Food Shelves. Cities, towns, and counties may donate funds in the form of grants to food shelves providing food to the needy without charge.⁷
- Senior/Youth Centers. A county, city or town may appropriate money to support the facilities, programs, and services of a public or private, not-for-profit senior citizen center or youth center.⁸
- Public Recreation Programs. Counties, cities, towns, and school districts may spend funds to operate programs of public recreation, recreational facilities, and playgrounds.⁹ These programs may be conducted independently or with any nonprofit organization.
- Promotion. A city or urban town may appropriate up to \$50,000 annually to an incorporated development society or organization of this State, for promoting, advertising, improving, or developing the economic and agricultural resources of the city or urban town.¹⁰ A city may appropriate money to advertise the city and its resources and advantages.¹¹ Similarly, a county may appropriate funds to a similar entity for promoting, advertising, improving or developing the economic and agricultural resources of the county.¹² The county statute does not contain an annual spending limit.
- Employee Recognition. Towns may spend funds to recognize volunteers, service efforts, and retiring town officers.¹³ Counties and cities may spend funds for preventive health and employee recognition services.¹⁴
- Community Celebrations. Towns may spend funds to host or support a community celebration.¹⁵ Cities or towns may spend funds on Memorial Day observances,¹⁶ and may appropriate money for county or district fairs,¹⁷ centennial and historical celebrations.¹⁸

⁴ Minn. Stat. § 471.93.

⁵ See Op. Att'y Gen. 59a-3 (Jan. 18, 1968) (citing Minn. Stat. § 471.93).

⁶ Minn. Stat. § 343.11.

⁷ Minn. Stat. § 465.039.

⁸ Minn. Stat. § 471.935.

⁹ See generally, Minn. Stat. §§ 471.15 to .1911. Minn. Stat. Minn. Stat. § 469.189., and 471.16, subd. 1.

¹⁰ Minn. Stat. § 469.191. In addition, Economic Development Authorities (EDAs) have authority to conduct activities advancing the city and its economic development, and to carry out other public relations activities to promote the city and its economic development. See generally, Minn. Stat. §§ 469.090-.1081 and Minn. Stat. § 469.1082 (county EDAs).

¹¹ Minn. Stat. § 375.83.

¹² Minn. Stat. § 469.189.

¹³ Minn. Stat. § 365.10, subd. 12 (but electors must approve).

¹⁴ Minn. Stat. § 15.46.

¹⁵ Minn. Stat. § 365.10, subd. 12 (but electors must approve).

¹⁶ Minn. Stat. § 465.50.

¹⁷ Minn. Stat. § 38.12.

¹⁸ Minn. Stat. § 471.93.

Statutory cities may spend funds to provide free musical entertainment.¹⁹ The authority to purchase fireworks seems to be implied.²⁰

As an alternative to a donation, a public entity may enter into a contract with an organization to accomplish tasks that the entity is authorized to perform by statute or charter. For example, a city could not give money to the Boy Scouts for a recycling program, but the city could enter a contract with the Boy Scouts to do part of its recycling program. The amount of money paid to the Boy Scouts must be related to the value of the services they provide to the city.

Memberships and Dues

There is no general authorization for cities to join “private” organizations; but there may be specific statutory or charter authority to join specific organizations. For example, cities and urban towns in Minnesota may pay dues to become members of the League of Minnesota Cities.²¹

Similarly, cities, counties, and towns may appropriate money for membership in county, regional, state, and national associations of a civic, educational, or governmental nature. These associations must have as their purpose the betterment and improvement of municipal governmental operations.²² This authorization also allows public entities to participate in the meetings and activities of these associations.

A school board may authorize and pay for the membership of the school district or of any district representative designated by the board in those local economic development associations or other community or civic organizations that the board deems appropriate.²³

The Attorney General’s Office has determined that local units of government may *not* pay dues to a local chamber of commerce.²⁴ However, because cities and urban towns may appropriate up to \$50,000 to an incorporated development society or organization for promotional activities, a city or urban town could contribute to a local chamber of commerce for one of the purposes authorized by statute, such as promoting the city or urban town.²⁵ Counties have similar authority but do not have the \$50,000 monetary cap.²⁶ The use of public funds would be limited to statutorily authorized activities. As a result, the OSA recommends that counties, cities, and urban towns create and maintain documentation that shows the funds have been given for specific statutory purposes.²⁷

¹⁹ Minn. Stat. § 412.221, subd. 15.

²⁰ Minn. Stat. § 624.22, subd. 1(a) (2) (A municipality may stage a fireworks display after obtaining a permit).

²¹ Minn. Stat. § 465.58.

²² Minn. Stat. § 471.96.

²³ Minn. Stat. § 123B.02, subd. 24.

²⁴ See Attorney General Letter dated June 27, 1997 (attached).

²⁵ Minn. Stat. § 469.191. An EDA has broader authority to join an official, industrial, commercial or trade association, or other organization concerned with one of the EDA’s authorized purposes.

²⁶ Minn. Stat. § 375.83.

²⁷ Documentation includes, but is not limited, to minutes, resolutions and contracts.