

Below the State of Minnesota discusses how public funds must be made for a public purpose and gives a definition of that.

I. MINNESOTA PUBLIC PURPOSE DOCTRINE

The public purpose doctrine is based on the Minnesota State Constitution, Art. X § 1. Pursuant to the doctrine, public entities may only spend public funds “[i]f the purpose is a public one for which tax money may be used, and there is authority to make the expenditure, and the use is genuine”⁸ Thus, for an expenditure of a public entity to be proper, the public entity must first have the authority to make the expenditure.⁹ As explained in a Minnesota Attorney General Opinion, public funds cannot be expended, regardless of how desirable or commendable the purpose may be, unless there is statutory or charter authority to do so.¹⁰

Second, the expenditure must be made for a public purpose.¹¹ The courts have generally construed “public purpose” to mean “such an activity as will serve as a benefit to the community as a body and which, at the same time, is directly related to the functions of government.”¹² The benefit that the public receives from the expenditure of public funds cannot be merely incidental.¹³ According to the Minnesota Attorney General, any benefit which results from an employee social function is too remote and speculative in nature to justify the expenditure as being for a public purpose.¹⁴

Furthermore, the public purpose requirement applies to funds of governmental entities derived not only from taxation, but from other sources as well.¹⁵

Minnesota law also states that “[a]ll officers and agencies of . . . cities . . . shall make and preserve all records necessary to a full and accurate knowledge of their official activities.”¹⁶ The chief administrative officer is responsible for the preservation of the records, which include written or printed books, papers, letters, contracts, documents, computer-based data, and other records made or received pursuant to law or in connection with the transaction of public business.¹⁷ Therefore, a city must maintain documentation to establish that all city expenditures served a public purpose.

⁸ *Tousley v. Leach*, 180 Minn. 293, 296, 230 N.W. 788, 789 (1930).

⁹ *Id.*

¹⁰ Op. Att’y Gen. 59a-22 (December 4, 1934).

¹¹ *Visina v. Freeman*, 252 Minn. 177, 184, 89 N.W.2d 635, 643 (1958).

¹² *Id.*

¹³ *See Burns v. Essling*, 156 Minn. 171, 174, 194 N.W. 404 (1923).

¹⁴ Op. Att’y Gen. 59a-22 (November 23, 1966).

¹⁵ Op. Att’y Gen. 107-a-3 (January 22, 1980) (expenditures from a hospital which had been self-sufficient for several years were still required to satisfy a public purpose because the hospital had been established with public funds).

¹⁶ Minn. Stat. § 15.17, subd. 1 (2000).