2020

LEAGUE OF MINNESOTA CITIES

CITY ISSUE FACT SHEET

Infrastructure fees support development and taxpayer fairness

If not addressed, existing taxpayers will foot the bill for streets that are only needed because of proposed residential development.

PROBLEM:

When a new subdivision proposal is presented to a city by a developer, city officals consider how that development will connect with the rest of the community through new city streets, or how the added capacity will impact existing city streets.

Many cities plan street work years in advance, and new development creates additional demand.

However, legal interpretation of current law does not allow for cities to collect fees from developers to help pay for these future investments.

LEAGUE-SUPPORTED SOLUTION:

The League supports **HF2296 / SF2442 and HF2297 / SF2443** (Rep. Brad Tabke, Sen. Eric Pratt), providing the necessary statutory authority for cities to be able to charge developers fees that cover the infrastructure improvements that are needed because of the new residential development.

DID YOU KNOW?

Without legislative action, cities who want to grow must rely on property taxes to pay for development-related infrastructure. If these cities don't have the tax capacity to absorb these costs, they may be forced to forego new development entirely.

BACKGROUND:

The Minnesota Supreme Court found in *Harstad v. City of Woodbury* that cities do not have the statutory authority necessary to impose a fee for future street improvements when approving residential development. Cities need a clear and lawful path forward to support development while protecting the interests of current taxpayers.

LMC LEAGUE of MINNESOTA CITIES

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