

**Subject** Orderly annexation and detachment provisions modified

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## Overview

This bill makes amendments to annexation and detachment provisions under chapter 414, which is the chapter of the Minnesota Statutes that governs municipal boundary adjustments. Notably, the bill creates an annexation election process, which would put the question of an annexation to the voters residing in the area of a proposed annexation.

## Summary

Section	Description
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1	<b>Annexation election.</b>
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Adds a new subdivision to the contested case annexation statute. The subdivision states that if an annexation is denied or defeated in a referendum under the procedures created under section 2 of the bill, no proceeding for the annexation of the same area may be initiated within two years from the date of the administrative law judge's (ALJ) order unless the proceeding is initiated by a majority of the area's property owners and the petition is supported by abutting townships and municipalities.

2	<b>Annexation election.</b>
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Creates a new section 414.0322 governing annexation elections.

**Subd. 1. Proceedings triggering an election.** Requires the chief ALJ to order an election on the question of annexation in the case of a contested case annexation and certain annexations by ordinance. The chief ALJ must designate the date and place of the election, post the order and notice of election, publish the notice of election in a qualified newspaper, and appoint and supervise election judges from the area.

**Subd. 2. Eligible voters.** Limits the eligible voters in the annexation election to those residing in the area of the proposed annexation.

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**Subd. 3. Election.** Requires the election judges to conduct the election in accordance with special election laws as much as possible. Establishes the procedures for the election and requires the petitioners or the annexing municipality to pay for the costs.

If the majority of votes are in favor of annexation, the chief ALJ may issue an annexation order. If the majority of votes are against annexation, or if the votes are tied, the chief ALJ must not issue an annexation order. The chief ALJ must notify all parties of record of the election results.

If the annexation is denied or defeated, no annexation proceeding for the same area may be initiated within two years from the date of the ALJ's order, unless the new proceeding is initiated by a majority of the area's property owners and the petition is supported by abutting townships and municipalities.

3 **Initiating the proceeding.**

Changes the word "may" to "shall only" to remove permissive language describing the initiation of annexation of an area designated as in need of orderly annexation.

4 **Notice of intent to designate an area.**

Requires a notice of intent to include property in an orderly annexation area to be provided to municipalities adjacent to the designated area at least 30 days before the adoption of an orderly annexation agreement.

A technical change is made to reference the new paragraph (a).

5 **Validity, effect of orderly annexation agreement.**

Requires mutual agreement of the parties to the terms of orderly annexation agreements entered into on or after August 1, 2022. The agreement must not run for more than ten years. Prohibits the annexation of the designated area by any other means than those in the orderly annexation agreement or by a nonparty to the orderly annexation agreement. A petition or filing by a nonparty to the orderly annexation agreement must be denied as soon as the parcel to be annexed is identified as being subject to an orderly annexation agreement. An ordinance adopted by a nonparty municipality seeking to annex property subject to an orderly annexation agreement is void and unenforceable.

6 **Annexation election.**

Adds a new subdivision to the annexation by ordinance statute. The subdivision states that if an annexation is denied or defeated in a referendum under the procedures created under section 2 of the bill, no proceeding for the annexation of the same area may be initiated within two years from the date of the ALJ's order

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	unless the proceeding is initiated by a majority of the area's property owners and the petition is supported by abutting townships and municipalities.
7	<b>City reimbursement to town to annex taxable property; ceasing reimbursement if property detached.</b> Adds a new paragraph that requires reimbursement from the municipality to the town to cease on the date of the order or approval of the detachment of property subject to reimbursement, unless otherwise agreed to by the annexing town and affected city.
8	<b>Effect of annexation and detachment on township roads.</b> Adds a new paragraph which states that whenever a town detaches property abutting one side of a township road, the segment of road abutting the detached property must be treated as a line road and is subject to section 164.14. If a town detaches property on both sides of the township road, the portion of road abutting the detached property is an obligation of the detaching town, not an obligation of the municipality. The detaching town may choose to contract with the municipality for continued maintenance of the road.
9	<b>Initiating the proceeding.</b> Creates a new method of initiating a detachment proceeding by submitting to the chief ALJ a resolution of the township of the land to be detached if the land was annexed by ordinance, over five years have lapsed since the annexation, and the land remains rural in character and not developed for urban residential, commercial, or industrial purposes.  Adds a statement of the reasons the township is seeking the detachment as information that may be included in a detachment petition or resolution.  Requires a township that submits a detachment resolution to provide a copy of the resolution to the city from which the land may be detached and each property owner subject to the resolution. A copy must also be mailed or delivered to the clerk of the city from which the property would be detached, the clerk of any other abutting town or city, and the county recorder.
10	<b>Hearing, if needed.</b> Allows for an ALJ to grant a detachment resolution without a hearing if a resolution from a town is submitted along with a resolution of support from the municipality and a petition by all property owners.

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	Requires no hearing to be held and a denial of the resolution by the ALJ if both the municipality and all property owners subject to the detachment submit a petition or resolution opposing the town resolution.
11	<b>Order.</b> Makes conforming changes based on other changes in the bill.
12	<b>Costs.</b> Requires the party initiating the proceeding to be responsible for at least 50 percent of the costs of the mediation and hearing unless the chief ALJ makes specific findings as to why a party shall be responsible for a greater share.



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