HOUSE RESEARCH

Bill Summary

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    Subject: Lakes Area Economic Development Authority

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Overview

A similar version of this bill was passed as part of the public finance bill during the 2002 legislative session, but never became effective because the local approval conditions were not met. That bill would have established an economic development authority (EDA) for the city of Alexandria and the towns of Alexandria, Carlos and La Grand in Douglas County. The current bill removes the town of Carlos and adds the city of Garfield. The EDA would have most of the statutory powers of a city or county EDA. Other municipalities in Douglas County may join the EDA after its establishment; the bill also contains provisions for withdrawal from the EDA (with a two-year notice).

<u>Section</u>

1   **Legislative purpose and policy.** Statement of need for a single entity to work on economic development issues in the Alexandria area.

2   **Definitions.** Defines the terms for the purposes of the bill (Lakes area EDA, Person, Member, and Municipality). The "members" include the cities of Alexandria and Garfield, and the towns of Alexandria and La Grand. However, local approval is needed from each before they are members of the EDA.

3   **Lakes area economic development authority.**

        Subd. 1. Establishment. Establishes the lakes area EDA.

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> **Subd. 2. Board of commissioners.** Provides that the elected chief executive of each member shall select one commissioner, subject to the approval of the governing body of each member municipality.

> **Subd. 3. Time limits for selection, alternative appointment by district judge.** Requires that members select commissioners no later than 60 days from the effective date of the act. Successors must be selected within 60 days of the expiration of existing commissioners' terms. Vacancies must be filled within 60 days. Directs the chief judge of the seventh judicial district to appoint a commissioner when a selection has not been made within the prescribed time.

> **Subd. 4. Vacancies.** Provides that when an office of a commissioner becomes vacant, the vacancy must be filled for the remainder of the term in the usual manner.

> **Subd. 5. Terms of office.** Provides that initial commissioners serve terms of various lengths, selected by lot. Elected chief executives of new member municipalities must select the length of their first commissioner's term. Succeeding terms are six years in length.

> **Subd. 6. Removal.** Provides for removal by unanimous vote of the appointing governing body, with or without cause.

> **Subd. 7. Qualifications.** Commissioners need not be residents of the territory of the appointing member.

> **Subd. 8. Compensation.** Provides that commissioners receive per diem as well as expenses incurred in duties.

4 **Powers; application of EDA law.**

> **Subd. 1. Use of EDA powers.** The lakes area EDA may use any statutory powers of EDAs, except as otherwise provided in this act. Provides that the authority's fiscal year is the calendar year.

> **Subd. 2. Law that is not applicable.** Provides that certain laws governing an EDA are not applicable to the lakes area EDA: requiring an enabling resolution; setting out terms of commissioners; and establishing a procedure for a city to increase its levy amount for an EDA. The lakes area EDA does not have the authorization to issue general obligation bonds.

5 **Members must levy taxes for authority.** Requires member municipalities to levy a tax for the benefit of the EDA, with each member's share being a pro rata portion of the total amount of tax requested based upon the taxable market value within each member's jurisdiction, but not to exceed 0.01813 percent of taxable market value. The treasurer of each member city and town shall, within 15 days after receiving the property tax settlements from the county treasurer, pay to the treasurer of the authority the amount collected for this purpose. The money must be used by the authority as provided by this act.

6 **Addition and withdrawal of members.**

> **Subd. 1. Additions.** Allows municipalities within Douglas county to petition the authority to join after adopting a resolution by a four-fifths vote of all of its governing body.

Section

> **Subd. 2. Withdrawals.** Allows a municipality to withdraw from the authority by resolution of its governing body. Provides that the municipality must notify the board of commissioners at least two years in advance of the proposed withdrawal. Unless the authority and the withdrawing member agree otherwise, the taxable property of the withdrawing member is subject to the property tax levy under section 5 for two taxes payable years following the notification to withdraw, and the withdrawing member retains any rights, obligations, and liabilities obtained or incurred during its participation.

7   **Contracts with nonprofit corporations.** Authorizes the lakes area EDA to enter into contracts with nonprofit organizations for projects it undertakes. Provides that laws governing corporations created under a political subdivision before May 31, 1997, do not apply as long as the governing board of the nonprofit is not the same as, or a majority of the members are not the same as, the governing body of the creating entity.

8   **Relation to existing laws.** Asserts that this law must be given full effect even if inconsistent with any other charter or law.

9   **Local approval; effective date.** Provides that the provisions are effective after the governing bodies of each of the municipalities named have adopted a resolution and have filed a certificate of compliance with the secretary of state.