

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Biwabik and Town of White agreement

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This bill permits Biwabik and the Town of White to implement the permanent revenue sharing provisions of their September 2002 orderly annexation agreement. It is effective on local approval.

Under Minnesota Statutes, section 414.036, an orderly annexation agreement may provide for the city to reimburse the town for lost property tax revenues in payments that are substantially equal and paid over time between two and six years.

Under a law enacted last year, "[a]n orderly annexation agreement is a binding contract upon all parties to the agreement and is enforceable in the district court in the county in which the unincorporated property in question is located. The provisions of an orderly annexation agreement are not preempted by any provision of this chapter unless the agreement specifically provides so. If an orderly annexation agreement provides the exclusive procedures by which the unincorporated property identified in the agreement may be annexed to the municipality, the municipality shall not annex that property by any other procedure." Minn. Stat. § 414.0325, subd. 6.

The orderly annexation agreement between Biwabik and Town of White states that the city and town believe that section 414.0325, subdivision 6, allows the agreement's provisions to override the limitations in section 414.036, but to add certainty, the parties would seek special legislation to specifically permit the arrangement.