

**August 2000**

**2000 Legislation Relating to  
Local and Metropolitan Government**

This report describes legislation enacted in the 2000 session relating to local and metropolitan government. It also briefly describes vetoed legislation. This report does not cover *all* legislation that affects local governments. It does not cover civil or criminal law, employment or pensions, health and human services, transportation, economic development, or environmental issues, with a few exceptions.

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All the citations in this report are to Laws 2000 unless otherwise indicated. For information on other laws enacted in 2000 that may affect local government that are not covered in this report, see the act summaries for:

Omnibus Data Practices Act	<a href="#">Chapter 468</a>
Omnibus Jobs and Economic Development, Environment, Natural Resources, Agriculture, Courts, Public Safety, Corrections, Health Care, Human Services, and State Government Act	<a href="#">Chapter 488</a>
Omnibus Public Pensions Act	<a href="#">Chapter 461</a>
Omnibus Transportation Act	<a href="#">Chapter 479</a>
Omnibus Capital Investment Funding Act	<a href="#">Chapter 492</a>
Election Law	<a href="#">Chapter 467</a>

Act summaries are available on the House Research web site ([www.house.leg.state.us/hrd/hrd.htm](http://www.house.leg.state.us/hrd/hrd.htm)).

## **Local Government Generally**

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### **Land Use, Planning, Annexation**

#### **Municipal Boundary Adjustments**

After the transfer of the Minnesota Municipal Board's (MMB) responsibilities to Minnesota Planning June 1, 1999, there continued to be concern about how municipal boundary adjustment proceedings would be handled and whether the authority given to Minnesota Planning was clear enough to withstand litigation.

The 2000 Legislature clarified the 1999 provisions, effective retroactively to June 1, 1999, when the MMB was abolished and its powers and duties were transferred to Minnesota Planning.

**Authority.** First, the director of Minnesota Planning's authority to resolve boundary adjustment matters is clarified. The director may require parties to a boundary adjustment dispute to use an alternative dispute resolution process in place of the hearings in chapter 414. The alternative processes may include contested case procedures under the administrative procedures law, mediation and arbitration under [chapter 572A](#), or another mediation and arbitration process. The director may delegate the director's authority to hear and decide cases to the Office of Administrative Hearings if the chief administrative law judge (ALJ) agrees. If parties to a case do not agree to resolve a matter by mediation or arbitration, then the case is referred to an ALJ.

**Costs.** The costs of arbitration or administrative hearings must be equitably allocated between the parties; Minnesota Planning is not responsible for any costs, with certain exceptions. Costs in excess of what they would have been under the MMB for three cases begun but not concluded before the MMB was abolished, must be paid for by Minnesota Planning. In the fourth case of St. Cloud and St. Augusta, the legislature authorized local government aid (LGA) for 2001 of \$32,000 to St. Cloud and \$75,000 to St. Augusta (city of Ventura) to cover their additional costs, financed out of the existing LGA appropriation increase.

**Report.** Finally, Minnesota Planning is directed to study and report to the legislature by February 1, 2002, on the transfer of powers to Minnesota Planning and the new procedures. The report must include the comments, suggestions, and criticisms of the processes by those who have participated in them.

*Ch. 446, §§ 1 and 2, amending Minn. Stat. § 414.12, subd. 1, and adding subds. 2 to 4, and § 4, repealing Minn. Stat. § 414.10, effective retroactively to June 1, 1999; § 3 (report) is effective April 27, 2000; ch. 490, art. 6, § 19, for aids payable in 2001 only, effective after local approval*

**Plat Review  
Procedures Clarified**

This legislation was intended to fix three problems that have arisen in communications between a few cities, towns, and counties. First, it was unclear *who* had to give the county the preliminary plat, and on occasion, no one gave the county the preliminary plat in time for the county to make comments. The law now specifies that the city or town has to submit the plat to the county engineer within five days after the city or town receives the plat filing.

Second, it has not always been clear what guidelines the county used for review of the plat. The law now specifies that the county engineer reviews the plat only for factors of county significance, following guidelines adopted by the county.

Third, while a county needs to exercise control over county roads that can be affected by city or town land use decisions, cities and towns did not want the county to preempt a city's or town's authority over land use. Thus, the law spells out a communications process between the local governments. Within 30 days of receiving the plat, the county engineer must provide written comments to the city or town, including recommended modifications. Within ten days of the city or town approving the preliminary plat it would submit notice of approval to the county board along with a statement explaining how the county's comments were addressed. If the plat does not incorporate the recommendations of the county engineer, the county and city or town must meet to determine whether changes are appropriate.

Finally, municipal ordinances that govern the establishment of subdivisions must require review of subdivision applications for subdivisions that include lands that abut on present or proposed trunk highways and county highways.

The penalty for offering to sell (as opposed to actually disposing of or leasing) land included in a plat by reference to the plat before the plat has been recorded is stricken.

*Ch. 497, amending Minn. Stat. §§ 462.358, subd. 3b, 505.03, subd. 2, 505.08, subd. 3, effective August 1, 2000*

**Regional Development Commission Planning** \$200,000 is appropriated to Minnesota Planning to provide grants of up to \$50,000 each to regional development commissions or regional organizations to support planning work on behalf of local governments. A region that received a grant from the 1999 appropriation is not eligible for any of these funds.

*Ch. 488, art. 12, § 3, effective May 12, 2000*

## Governmental Powers and Duties

**Corporations Created by Political Subdivisions** The 1999 Legislature delayed the expiration of corporations created by political subdivisions until July 1, 2001. It also established a task force to review the findings and recommendations of the state auditor on corporations created by political subdivisions and to develop legislation for the 2000 Legislature on whether existing corporations created by political subdivisions should be continued, dissolved, or restructured as private corporations. Legislation was developed by the task force and, with some changes, enacted by the 2000 Legislature.

**Creation of new corporations.** The 2000 Legislature decided to continue to prohibit political subdivisions from creating corporations unless they are specifically authorized by law to do so. However, a joint powers entity is permitted to incorporate as a nonprofit corporation as long as it complies with all laws that apply to the member local governments.

**Existing corporations may be continued.** A political subdivision that created a corporation before May 31, 1997, may ratify its creation and provide for its continued existence. If it does not do so by August 1, 2003, however, the corporation is dissolved. The new law spells out the required findings and procedures for providing for the continued existence of a corporation created by a political subdivision.

**When a corporation is “created” by a political subdivision.** Key to the law is the definition of a corporation “created” by a political subdivision. A corporation is “created by a political subdivision” if:

- (1) the governing body of the political subdivision serves as the corporation’s board,

**Corporations Created  
by Political  
Subdivisions**

(2) members of the political subdivision's governing body or appointees of the governing body (or a combination of the members or appointees) serve on the corporation's board by virtue of their appointment or election to office and they constitute a majority of the corporation's board, or

(3) the governing body of the political subdivision approves the budget or expenditures of the corporation (other than for oversight of public grants or loans).

"Corporation" does not include a corporation created under other state statute or special law, or a corporation that raises funds for the political subdivision if less than a majority of the board are elected officials serving on the board by virtue of their election to office.

**Powers.** The political subdivision must specify the corporation's powers and the corporation cannot exercise any powers exceeding those of the political subdivision that creates the corporation.

**Laws that apply to the corporation.** All laws that apply to the political subdivision apply to the corporation unless the resolution specifically exempts the corporation from part or all of a law. An exemption requires a detailed and specific finding why the corporation cannot fulfill its purpose without the exemption. The corporation cannot be exempted from the open meeting law, the Government Data Practices Act, or the law governing records management. A person can sue in district court to void the resolution on the grounds that the findings are not sufficiently detailed and specific, or that the corporation can fulfill its purpose if subject to a law from which the resolution exempts the corporation.

**Community TV.** Municipalities may construct, purchase, and operate cable communications systems, or community television facilities and channels. "Municipality" includes cities, towns, and counties with respect to the unorganized parts of the county. This makes explicit the authority of a political subdivision, and therefore also of a corporation created by a political subdivision, to operate community television.

*Ch. 455, art. 1, adding Minn. Stat. §§ 465.717 and 465.719; repealing Minn. Stat. § 465.715; effective August 1, 2000; and art. 2, amending Minn. Stat. 238.08, subd. 3, effective August 1, 2000*

**Uniform Municipal  
Contracting**

The threshold for contracts requiring sealed bids under the uniform municipal contracting law is raised from \$25,000 to \$35,000 for municipalities with less than 2,500 population and to \$50,000 for all other municipalities.

The range for contracts that can be entered into by direct negotiation is now between \$10,000 and \$35,000 for municipalities under 2,500 population, and \$10,000 and \$50,000 for all other municipalities.

Finally, a municipality may purchase materials, supplies, or equipment through a national municipal association's purchasing alliance or cooperative that purchases from more than one source on the basis of competitive bids or competitive quotations.

These provisions are substantially similar to those vetoed by the governor in the 1999 session. See [Laws 1999, chs. 82 and 167](#).

*Ch. 328, §§ 2 to 4, amending Minn. Stat. § 471.345, subs. 3 and 4, and adding subd. 15, effective August 1, 2000*

**Funding Student  
Activities Sponsored  
by School District**

A home rule charter or statutory city, county, or town may spend money to support student academic or extracurricular activities sponsored by the local school district.

*Ch. 489, art. 6, § 38, amending Minn. Stat. § 471.15, effective July 1, 2000*

**Metropolitan  
Intercounty  
Association Group  
Insurance**

Local governmental units may include employees of the Metropolitan Intercounty Association under group policies or contracts for various types of employee benefits.

*Ch. 273, amending Minn. Stat. § 471.61, subd. 1, effective March 24, 2000*

**Impounded Bicycle  
Registration**

A political subdivision selling impounded bicycles may require purchasers to register these bicycles with the Department of Public Safety. Under prior law, if a political subdivision had the authority to license or register bicycles before March 1, 1977, it could require all bicycles used within its borders to be registered. Bicycle registration is currently voluntary for bicycle owners in all other areas of the state.

*Ch. 462, adding Minn. Stat. § 168C.13, subd. 3, effective August 1, 2000*

**Representation of  
Supervisory and  
Confidential Public  
Employees**

The 2000 Legislature expanded the list of supervisory or confidential public employees who may be represented by an employee organization that is affiliated with another employee organization representing nonsupervisory or nonconfidential employees of the same employer. The list now includes emergency medical service employees and 911 system public safety dispatchers, as well as firefighters, peace officers, corrections guards, hospital employees, and persons not employed by the state or the University of Minnesota.



*Ch. 387, amending Minn. Stat. § 179A.06, subd. 2, effective August 1, 2000*

## **Data Practices**

A number of changes to the Government Data Practices Act may be of particular interest to local governments. The more significant changes are described below. For further information, see chapter 468 and the act summary.

A governmental entity must provide data in an electronic medium if a copy can reasonably be made. The governmental entity may charge the actual cost of providing the copy. Governmental entities may not require persons to identify themselves or justify a request for information, unless it is for the sole purpose of facilitating access to the data.

Each responsible authority must designate an employee to serve as the entity's data practices compliance official. This is the person to whom citizens may direct questions or concerns regarding problems in obtaining access to data.

A court may impose a \$300 civil penalty on a governmental entity that fails to provide public data in a timely manner. There are a number of factors the judge must consider when determining whether to impose this fine.

*Ch. 468, §§ 4, 6 to 8, amending Minn. Stat. §§ 13.03, subd. 3, 13.05 by adding subds. 12 and 13, and 13.08, subd. 4, effective August 1, 2000*

**New administrative complaint procedure.** Anyone may file a data practices compliance complaint about a government entity with the Commissioner of Administration. The commissioner must specify the form of complaint and investigate whether the complaint is valid or whether there is an alternative dispute resolution process for the complaint. The commissioner must dismiss the complaint if it is not valid or an alternative process would be more appropriate. If the commissioner finds the complaint valid, the commissioner may informally resolve the complaint or, with both parties' consent, refer it to the Office of Dispute Resolution or the Office of Administrative Hearings to arbitrate or mediate. A government entity and a citizen may jointly decide to use an alternative dispute resolution process to resolve complaints.

*Ch. 468, § 9, adding Minn. Stat. § 13.081, effective July 1, 2001*

**Municipal Ambulance Services: Revenue Recapture**

Municipal ambulance services are added to the list of claimant agencies under the Revenue Recapture Act. This will allow these services to submit their unpaid bills to the Department of Revenue to be offset against tax refunds that the department pays to the debtor.

*Ch. 490, art. 13, § 7, amending Minn. Stat. § 270A.03, subd. 2, effective for claims submitted after June 30, 2000*

**Septic System Ordinances**

The statute that allows a city, county, or town ordinance governing new or replacement individual sewage treatment systems to be more restrictive than the Pollution Control Agency's rules was amended to prohibit an ordinance from delaying recording of a deed or other instrument otherwise entitled to be recorded.

*Ch. 320, § 1, amending Minn. Stat. § 115.55, subd. 7, effective August 1, 2000*

**Firefighter Training Board Established**

A board of firefighter training and education is established to: review fire service training needs and make recommendations on training; establish standards for educational programs for the fire service; and establish qualifications for fire service training instructors.

*Ch. 344, adding Minn. Stat. ch. 299N, effective August 1, 2000, and expiring Dec. 31, 2003*

**State Funding and Regulation**

**Regulatory Relief for Local Governments**

The 1999 Legislature passed a temporary law creating a process for a city or county to petition a state agency for the amendment or repeal of a rule, including a hearing process with an administrative law judge if the agency does not agree with the petition (see the House Research report, *1999 Legislation Relating to Local and Metropolitan Government*). The 1999 legislation included a July 31, 2001, sunset date. The 2000 Legislature extended the sunset date for this legislation to July 31, 2006, and expanded the scope to include sanitary districts as well as cities and counties.

*Ch. 335, amending Minn. Stat. § 14.091, effective August 1, 2000, and expiring July 31, 2006*

**Public Safety Radio System Study**

The Commissioners of Administration, Transportation, and Public Safety must convene a planning committee to report to the legislature on a plan to develop an 800 MHz statewide public safety radio system. The plan may consider an analysis of future needs, implementation potential, and guidelines for governance. The committee must present the draft report to local governments and major user groups outside the metropolitan area, and consider their comments, before submitting the report to the legislature by February 1, 2001.

*Ch. 479, art. 1, § 10, effective July 1, 2000*

**Cemeteries**

Maintenance services for human cemeteries are now exempt from the sales and use tax. This applies to all cemeteries, as well as cemeteries owned or maintained by local governments.

*Ch. 490, art. 8, § 13, amending Minn. Stat. § 297A.25, by adding a subdivision, effective for sales and purchases occurring after July 1, 2000*

**Local Sales Tax on Motor Vehicles Prohibited**

Political subdivisions are prohibited from imposing a tax on the sale, transfer, or use of a motor vehicle greater than \$20 per vehicle. The only local government with this type of tax is the city of Duluth. The law provides that Duluth must reduce its tax on motor vehicles by 25 percent a year beginning in calendar year 2001 and the tax must be eliminated by January 1, 2004. The city may replace its old tax with a \$20 per vehicle tax.

*Ch. 490, art. 8, § 21, effective July 1, 2000*

**Special Assessments: Hearing Notices, Assessment Methodology**

Special assessment hearing notices sent to affected property owners must state that a reasonable estimate of the impact of the assessment will be available at the public hearing. At the hearing, the local government must provide a reasonable estimate of the total amount to be assessed for the project, and a description of the methodology used to calculate individual assessments for affected parcels.

*Ch. 490, art. 5, § 32, amending Minn. Stat. § 429.031, subd. 1, effective for mailed notices and hearings held on and after June 1, 2000*

**Business Subsidies**

The 2000 Legislature made changes to the regulations established in 1999 on business subsidies awarded by state and local government units (city, county, town, HRA, EDA, port authority, CDA, nonprofit created by a local government, etc.).

**Exceptions.** The new law provides some additional exceptions to the definition of a subsidy. (Excepted projects are not required to comply with the reporting requirements.)

**Wage goals.** The law requires that all subsidy grantors develop criteria that include wage floors for any jobs a subsidy is intended to create. Grantors may deviate from those floors in some circumstances, and those grantors that have already developed subsidy criteria to comply with the previous law have until 2003 to comply with the new criteria requirement.

**Relocation.** The new law allows grantors to permit recipients to move to another site if a public hearing is held first. Prior law required holding recipients to a five-year requirement to remain at the location where the subsidy was given.

**Public hearing.** Multiple grantors of subsidies to a particular recipient may hold a joint hearing rather than separate hearings.

Finally, effective January 1, 2001, the reporting requirements repealed in 1999 that govern business subsidies made between 1995 and 1999 are reinstated for those subsidies.

*Ch. 482, amending Minn. Stat. § 116J.993, subd. 3, in part effective retroactively to January 1, 2000, in part effective August 1, 2000; § 116J.994, subds. 1 to 9, and adding subd. 10; and § 116J.995, effective August 1, 2000*

## **Bleacher Safety**

The 2000 Legislature relaxed the requirements of the bleacher safety laws first passed in 1999. The 2000 changes apply the bleacher safety standards to bleachers and bleacher open spaces over 55 inches high (previous threshold was 30 inches high), with the added provision that bleacher guardrails are also covered by the standards if any part of the guardrail is over 30 inches above grade or the floor. Retractable bleachers in place as of January 1, 2001, and all bleachers owned by higher education institutions are allowed to have open spaces up to nine inches (i.e., these bleachers do not have to comply with the bleacher safety law's four-inch gap requirement).

Bleacher safety standards apply to bleachers in places of public accommodation, which includes public or privately owned sports or entertainment arenas, gymnasiums, auditoriums, stadiums, halls, special event centers in public parks, or other facilities for public assembly. Municipalities (including cities, counties, and urban towns) may not opt out of bleacher safety requirements.

The deadline for gaining a certificate of compliance for bleachers is delayed from January 1, 2001, to January 1, 2002. The person responsible for a school district's buildings and grounds may certify the district's bleachers.

*Ch. 417 and ch. 492, art. 1, §§ 35 and 36, amending Minn. Stat. § 16B.616, subds. 3 and 4, effective January 1, 2001*

### **Lawful Gambling**

A city's trade area now includes neighboring townships for the purposes of regulating spending of lawful gambling proceeds.

*Ch. 300, § 8, amending Minn. Stat. § 349.213, subd. 1, effective April 1, 2000*

### **Deputy Registrars: Recourse for Bad Checks**

The Department of Public Safety may suspend the registration of a vehicle where the tax was paid to a deputy registrar by a check that was then dishonored. The suspension would continue until the tax is paid.

*Ch. 479, art. 1, § 15, amending Minn. Stat. § 168.17, effective May 16, 2000*

### **Wastewater Treatment Facility Evaluation Reporting**

Local governments now only have to report in odd-numbered years on the condition of their wastewater treatment facility and future capital improvements needed, rather than annually.

*Ch. 370, § 1, amending Minn. Stat. § 115.03, subd. 1, effective August 1, 2000*

## **Municipal Tort Liability**

### **Geographic Information Systems (GIS) Data**

Local governments are granted immunity from claims of alleged or actual inaccuracies in GIS information used by the public, if the local government provides a disclaimer of accuracy at the point of initial contact between the GIS and the public.

GIS data is "government data" and therefore presumed to be public data under the Government Data Practices Act. The law defines GIS data as data generated by computer and designed to do specified things with geographically referenced information. GIS data is deemed accurate for its intended use by a municipality but may be inaccurate for other uses.

*Ch. 468, § 27, amending Minn. Stat. § 466.03, by adding subd. 21, effective May 16, 2000, and applies to causes of action arising on or after that date*

### **Recreational Motor Vehicle in Right-of- Way**

The state and political subdivisions now have limited liability from tort claims arising out of the use or operation of a recreational motor vehicle (e.g., snowmobile, ATV) in highway right-of-ways. The government remains liable for conduct that would entitle a trespasser to damages if the claim were brought against a private person. That is, the government remains liable for damages arising from its failure to exercise reasonable care to warn of hidden, artificial dangers created or maintained by the government.

*Ch. 373, amending Minn. Stat. § 3.736, subd. 3 (which applies to municipalities under the Municipal Tort Liability Act, Minn. Stat. § 466.04, subd. 15), effective August 1, 2000*

## **Tax Increment Financing (TIF)**

<b>Special Laws</b>	For specific TIF authority granted to individual local governments, see Special Legislation, 31.
<b>Technical Changes</b>	The 2000 Legislature made a number of technical changes to TIF law, including provisions: defining a “housing project” for TIF purposes; clarifying eligible administrative expenses; and clarifying that municipalities always must make but-for findings. See the act summary for chapter 490 for details.
<b>Reduction in State TIF Aid for Housing Districts</b>	<p>Qualified housing districts are exempt from statutory provisions reducing state TIF aid. The 2000 Legislature extended the definition of “qualified housing district” to include single family home ownership projects in which at least 95 percent of the home purchasers have incomes at or below 70 percent of the greater of (1) the area median gross income or (2) the statewide median gross income. The income limit is adjusted for family size.</p> <p><i>Ch. 490, art. 11, § 1, amending Minn. Stat. § 273.1399, effective May 16, 2000, and applicable to all districts subject to the underlying law</i></p>
<b>Mined Underground Space Development</b>	<p>The 2000 Legislature repealed the authority to establish TIF districts for mined underground space development.</p> <p><i>Ch. 490, art. 11, §§ 13, 16, 22, and 44, amending Minn. Stat. § 469.174, subds. 9 and 12, 469.175, subd. 3, and repealing §§ 469.174, subd. 13, 469.176, subd. 4a, effective May 16, 2000</i></p>
<b>Redevelopment Districts: Qualifications</b>	The areas that qualify as redevelopment districts are expanded to include unused or underused tank facilities with capacities of one million or more gallons adjacent to railroad facilities. Properties on which the tank facilities have been removed also qualify. In addition, a redevelopment district may qualify by using more than one of the three tests (blight, railroad facilities, or tank facilities) to qualify parts of the district.

Previously, an area could qualify as redevelopment districts if: (1) 70 percent of the area was occupied by buildings and improvements and 50 percent of the buildings were structurally substandard (the blight test); or (2) the area was vacant, unused, or inappropriately used railroad facilities. The law adds another test—presence of unused or underused large tank facilities—for qualifying a district.

*Ch. 490, art. 11, § 14, amending Minn. Stat. § 469.174, subd. 10, effective for new districts or additions to existing districts requesting certification after June 30, 2000*

### **Tourism Facilities**

The 2000 Legislature changed the definition of a tourism facility for the purposes of TIF to be consistent with the 1999 prohibition on using increments for social and recreational facilities. The 1999 law limited use of increments to privately owned meeting facilities. Amusement and recreational facilities and cultural facilities are not permitted, regardless of whether they are publicly or privately owned.

In addition, the legislation clarifies which counties qualify to use economic development districts for tourism-type projects. Prior law required a county to derive at least 15 percent of its earnings from tourism-related entities. However, as a practical matter, no government data series exists to verify which counties satisfy this requirement. The new legislation designates counties within development regions 2, 3, 4, and 5 as qualifying. This includes 26 counties: Aitkin, Becker, Beltrami, Carlton, Cass, Clay, Clearwater, Cook, Crow Wing, Douglas, Grant, Hubbard, Itasca, Koochiching, Lake, Lake of the Woods, Mahnommen, Morrison, Otter Tail, Pope, St. Louis, Stevens, Todd, Traverse, Wadena, and Wilkin. To qualify, a county is also subject to a restriction (under prior law) that its income be less than 85 percent of the state median. These tourism projects may not be located in cities with populations that exceed 20,000.

*Ch. 490, art. 11, § 18, amending Minn. Stat. § 469.174, subd. 22, effective for districts requesting certification after June 30, 2000, except that the prohibition on using TIF for tourism-related social and recreational facilities does not apply to expenditures for which there was a binding contract or a letter of intent entered into before January 1, 2000*

### **County Road Costs**

The 2000 Legislature increased from 30 days to 45 days the time that counties have to submit proposed road improvements to be included in the TIF plan. The legislation also clarifies that the county board may require the TIF authority to pay the cost of county road improvements if the improvements are not scheduled for construction within five years under the county capital improvement plan or within five years under any other formally adopted county plan.

*Ch. 490, art. 11, § 19, amending Minn. Stat. § 469.175, subd. 1a, the provision clarifying the five-year provision is effective for districts or geographic expansions of existing districts requesting certification after May 16, 2000, while the increased time for submitting proposed road improvements is effective for plans or amendments to plans approved after July 1, 2000*

### **Consultations with Counties and School Districts**

New legislation requires that cities send notification for counties and school districts to the county auditor and clerk of the school district, rather than the boards. County and school district staffers are directed to provide the materials to the boards. In addition, the city is required to provide a draft of the TIF plan. Prior law only required information on economic and fiscal impacts to be provided. This legislation also clarifies that waiver of the required 30-day period between the provision of information and the required public hearing on a proposed TIF plan may only be made by the boards (not the staff) submitting written comments.

*Ch. 490, art. 11, §§ 20 and 21, amending Minn. Stat. § 469.175, subs. 2 and 2a, effective for plans approved after July 1, 2000, except that the provision for waiving the 30-day period for county commissioners for housing and redevelopment districts is effective for districts requesting certification after May 31, 1993*

### **Reporting Requirements**

The 2000 Legislature clarified and expanded the information that must be reported in the newspaper and to the state auditor by each TIF authority for each TIF district. Under prior law, there were two statutory sections dealing with financial reporting requirements. These requirements have been combined into one section, and the information no longer must be provided to the school district. See the act summary for chapter 490 for details on reporting requirements.

*Ch. 490, art. 11, §§ 23 and 24, amending Minn. Stat. § 469.175, subs. 5 and 6, effective for reports due in 2001 and subsequent years*



**Economic  
Development Districts  
Duration**

The 11-year duration limit for economic development districts, calculated from the date of approval of the TIF plan, is repealed. The nine-year limit, measure from the date of receipt of the first increment, is reduced to eight years. However, these districts will still be entitled to receive nine years of increment, since eight years is measured from the receipt of the first increment and the full increment in the last year is allowed to be received. The law also clarifies that waiver of increments does not affect the duration limit.

*Ch. 490, art. 11, § 25, amending Minn. Stat. § 469.176, subd. 1b, effective for districts requesting certification after June 30, 2000*

**Spending on Housing  
Outside of Project  
Area**

The 2000 Legislature expanded the eligible uses of increments for low-income housing. Cities now may spend increments on qualifying low-income housing that is located outside of the project area. To qualify the housing must meet the requirements for the federal low-income housing tax credit, which generally is limited to rental housing for families with incomes below 60 percent of the area median income.

*Ch. 490, art. 11, § 26, adding Minn. Stat. § 469.176, subd. 4k, effective for increments spent after July 1, 2000, from districts requesting certification after May 1, 1990*

**Enforcement of  
Housing District  
Income Limits**

Violations of the housing district income limits are now subject to the law that governs all other TIF provisions and responsibility for enforcement is transferred from the Commissioner of Revenue to the state auditor. Under prior law, the sanction for violating the income limits was that the district reverted to being an economic development district (with a shorter duration limit and an inflation adjustment of original tax capacity).

*Ch. 490, art. 11, § 27, adding Minn. Stat. § 469.1761, subd. 4, effective for violations occurring after July 1, 2000*

**Pooling Limits for  
Low-Income Housing  
Expenditures**

Development authorities for a district subject to the post-1990 pooling restrictions may increase the pooling percentages by 10 percentage points, if the increments are used for a low-income housing development. Prior law limited these TIF districts to spending no more than 20 percent (25 percent for redevelopment districts) of their increments on activities located outside of the geographic area of the district. The amount available to be pooled is also reduced by administrative expenses. Housing districts are not subject to these pooling restrictions, but the amounts must be spent on low- and moderate-income housing.

The pooling exemption is limited to increments equal to the qualified basis under the federal tax credit, less the amount of any federal tax credit. This generally will restrict the exemption to the portion of the building that is devoted to income and rent restricted units.

*Ch. 490, art. 11, § 28, amending Minn. Stat. § 469.1763, subd. 2, effective for increments spent after July 1, 2000, from districts requesting certification after May 1, 1990*

**Adjustments to  
Original Net Capacity**

The 2000 Legislature eliminated the adjustment to original net tax capacity for economic development districts. Under prior law, the original net capacity of an economic development district was adjusted by the average growth in market value in the district in the five years before certification. The change is intended to prevent economic development districts from capturing inflationary type growth, rather than growth attributable to development.

*Ch. 490, art. 11, § 29, amending Minn. Stat. § 469.177, subd. 1, effective for districts requesting certification after June 30, 2000*

**Private Lawsuits for  
TIF Violations**

Taxpayers may bring private lawsuits for damages for TIF violations involving collection of increment. The cross reference in prior law limited these lawsuits to issues involving expenditure of increment.

*Ch. 490, art. 11, § 30, amending Minn. Stat. § 469.1771, subd. 1, effective for violations occurring after May 16, 2000*

**Increments after  
Duration Limit**

The development authority or municipality may enter an agreement with the county to repay increments mistakenly paid by the county after maximum duration limit of TIF district has been reached. If the overpaid increments are voluntarily repaid, the municipality will receive its share of the increments.

*Ch. 490, art. 11, § 32, adding Minn. Stat. § 469.1771, subd. 4a, effective May 16, 2000, for all districts*

**Uses of Abatements**

Abatements may be used to phase-in property tax increases that are caused by large increases in market value. A qualifying increase of 50 percent or more is required. This authority allows the county, school, and city to abate part or all of the tax resulting from the market value increase. The cost is borne by other local property taxpayers in the political subdivisions granting the abatements.

Abatements may also be used for property in a TIF district, if the period of the abatement will not occur until after the TIF district is decertified. This will allow a political subdivision to enter into an abatement agreement that takes effect after the TIF district is decertified, which will allow use of TIF and abatement to be combined to provide assistance to a project. Under prior law, the abatement could not be approved until the TIF district had ended.

*Ch. 490, art. 11, §§ 33 and 34, amending Minn. Stat. § 469.1813, subs. 1 and 4, effective beginning with taxes payable in 2001*

### **Extension of Abatement Term**

The maximum abatement term may be extended from ten years to 15 years, if only one or two of the political subdivisions containing the parcel grant an abatement (e.g., the city and county approve, but the school district does not). If after an extended abatement is granted the third political subdivision grants an abatement, the extension of the duration is reduced by each year that the third political subdivision grants an abatement. For example, assume the city and county approve a 15-year abatement because the school does not grant an abatement. A year later the school district grants a three-year abatement. The maximum term for the city and county abatement, then, would be reduced to 12 years (i.e., the 15-year maximum reduced by the three years of the school abatement).

*Ch. 490, art. 11, § 35, amending Minn. Stat. § 469.1813, subd. 6, effective beginning with taxes payable in 2001*

### **TIF Grant Program: Definition of Increments**

The statutory definition of increments applies to the TIF grant program. This definition applies regardless of whether the statutory definition applies to the district or revenues, because they pre-dated the effective date of the statutory definition.

*Ch. 490, art. 11, § 36, amending Laws 1997, ch. 231, art. 1, § 19, by adding subd. 2a, effective May 16, 2000*

## **Municipal Bonding**

### **Municipal Airport Bonds, Referendum Exemption**

A municipality (county, city, or town) may issue bonds for the construction or improvement of an airport without an election if three requirements are met:

- ▶ the governing body of the municipality estimates that passenger facility charges and other revenues pledged to the debt service will be equal to at least 20 percent of the debt service on the bonds in any year;

- ▶ the project receives a federal grant; and
- ▶ the principal amount of the bonds are 25 percent or less of the amount of the federal grant.

Until now, only joint powers boards could issue these bonds without voter approval if 60 percent of the governing body of a joint board approved, as well as 60 percent of the members of each municipality that is a party to the joint powers agreement. The new law is the only source of an exemption for airports operated by a single municipality.

*Ch. 493, § 2, amending Minn. Stat. § 360.036, subd. 2, effective August 1, 2000*

### **Variable Interest Rate Bonds**

The authority of cities, counties, towns, and school districts to issue variable revenue bonds is expanded in two ways.

- ▶ Cities with populations under 7,500 can issue them. These cities continue to be prohibited from issuing general obligation variable rate bonds.
- ▶ Bonds rated lower than A can be issued. The prohibition on issuing general obligation variable rate bonds continues in effect.

The law also eliminates obsolete references to the repealed limit on bond interest rates and clarifies that the levy is based on an estimate of the interest, rather than the maximum rate. (This is present practice, since the maximum rate was repealed over 15 years ago.)

*Ch. 493, § 16, amending Minn. Stat. § 475.56, effective August 1, 2000*

### **Uniform Commercial Code (UCC) Exemption**

Article 9 of the UCC does not apply to security interests created by a municipality or the state, other than to security interests in equipment and fixtures. This provision is intended to clarify the effect of the recently enacted article 9 changes.

*Ch. 493, § 17, amending Minn. Stat. § 475.78, effective August 1, 2000*

## Property Taxes and Aids

### Levy Limits

Levy limits still expire after taxes payable in 2000. See the House Research report *1999 Legislation Relating to Local and Metropolitan Government*. However, the special levies that would be outside levy limits if they are reimposed in the future are retained and expanded. Special levy authority is expanded in the following two ways:

- ▶ The current special levy for costs of operating county jails, as required by a Department of Corrections (DOC) directive is expanded to include regional jail costs. The law also clarifies that district court orders are not DOC directives.
- ▶ A special levy is added for repayment of a state or federal loan used to fund the local government portion of a state or federal transportation or other capital project. This special levy authority may only be used if the project was not initiated by the local government.

*Ch. 490, art. 6, § 4, amending Minn. Stat. § 275.70, subd. 5, effective beginning with taxes levied in 2000, for any year in which general levy limits are in effect*

### Payment in Lieu of Taxes (PILT) Payments; Increases

Several changes were made in methods of calculating and distributing state payments to local governments for various types of state natural resource land. Generally, payments for natural resource land are made on a flat per acre basis. These payments are increased. Most of the changes are contained in the omnibus tax law but some of the provisions are contained in a separate natural resources law. The changes are as follows:

- ▶ Certain consolidated conservation (ConCon) lands are now designated as state wildlife management areas and these areas are included in the definition of “acquired natural resource lands.” Under old law, PILT payments to local governments for ConCon lands were equal to \$0.375 per acre plus one-half of any revenue from leases or timber sales. Now payments on these lands will be \$3 per acre, adjusted for inflation as described below.

*Ch. 485, § 16, adding Minn Stat. § 97A.133, effective May 16, 2000, and §§ 18 and 19, amending Minn. Stat. § 477A.11, subds. 3 and 4, effective for payments made beginning in calendar year 2001*

- ▶ General per acre PILT payments for natural resources land will be adjusted annually for inflation beginning in 2001. Under prior law, the payments were \$3 per acre for acquired natural resources lands, 75 cents per acre of county-administered other natural resources land, and 37.5 cents per acre for commissioner-administered other natural resources land.

Because of the ConCon provision mentioned above, the amounts will be increased by the change in the implicit price deflator for the period starting with the first quarter of 1994 and ending with the third quarter of the calendar year prior to the year in which the aid is paid. The adjusted payments per acre are rounded to the nearest one-tenth of a cent.

Administration of the programs is transferred from the Commissioner of Natural Resources to the Commissioner of Revenue.

*Ch. 490, art. 6, §§ 11 to 14, amending Minn. Stat. §§ 477A.12, 477A.13, 477A.14, and adding Minn. Stat. § 477A.145, effective for payments made beginning in calendar year 2001*

- ▶ Counties may request, by June 30, 2000, that the Commissioner of Natural Resources, in consultation with the county board, develop recommendations for designating remaining undesignated ConCon lands in the county. The final recommendations must be reported to the appropriate legislative committees by January 15, 2001. In addition, the commissioner must make recommendations on the disposal of small (40 acres or less) isolated ConCon land parcels. The goal is to resolve existing disputes between counties and the state regarding management of ConCon lands and to provide counties with adequate revenues to provide county services.

*Ch. 485, §§ 15, 25, and 26, effective May 16, 2000*

- ▶ Payments to a county or town for public hunting areas, game refuges, and goose management croplands under Minnesota Statutes section 97A.061 are now reduced by the amount of payments to that county or town for that year under the general (PILT) provision. However the portion of PILT payments received in the county for those acres must be distributed among local governments based on the formulas in section 95A.061, rather than the general PILT formulas.

*Ch. 490, art. 6, §§ 1 and 2, amending Minn. Stat. § 97A.061, by adding two subdivisions, effective for payments made beginning in calendar year 2001*

**Study of Taxation of Forest Land**

The Commissioner of Revenue, in cooperation with the Minnesota Forest Resources Council, is required to study the taxation of forest land in the state. The report must be submitted to the chairs of the House and Senate tax committees by December 1, 2000. The study is to review current property taxation practices in Minnesota, compare them with other states, and recommend changes in tax policy that address impacts on local government revenues and tax rates as well as forest productivity and management. The legislature appropriated \$50,000 to pay for the study.

*Ch. 490, art. 5, § 38, effective beginning May 16, 2000*

**Highway User Tax Distribution Fund: Funding Sources**

Money in the highway user tax distribution fund is allocated to state highways and state aid to county roads and city streets. The fund currently is financed with money from the motor vehicle registration tax. This tax is reduced beginning with taxes due on or after July 1, 2000. To offset the anticipated reduction in motor vehicle registration revenues, the legislature appropriated \$149.804 million in fiscal year 2001 and \$161.723 million in fiscal year 2002 to the fund from the general fund. Beginning in fiscal year 2003, 32 percent of the motor vehicle sales tax will be dedicated to this fund to compensate for the lost motor vehicle registration revenues.

*Ch. 490, art. 7, § 1, amending Minn. Stat. § 168.013, subd. 1a, effective for registrations due after June 30, 2000; § 2, amending Minn. Stat. § 297B.09, subd. 1, effective for money collected after June 30, 2002; and § 3, effective July 1, 2000*

## Cities

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**Special Assessment for Internet Access**

A city may make improvements for Internet access and other communications purposes, but only if the city council finds that the services provided through these facilities would not be available through the private market or other providers. The improvements may be paid for with assessments and may be financed with improvement bonds.

*Ch. 493, § 5, amending Minn. Stat. § 429.021, subd. 1, effective August 1, 2000*

**Replacement Heating Systems; Discontinuing District Heating Systems**

A city may adopt a program to replace a discontinued district heating system, including the installation of replacement heating system improvements and energy conservation improvements, after reasonable notice and a hearing.

The program must contain: (1) a description of the kinds of properties eligible for assistance; (2) procedures for accomplishing improvements; (3) methods of financing improvements; and (4) the city agency responsible for the program. A city council may delegate responsibility for the program to a public utilities commission or board.

*Ch. 493, §§ 6 to 12, adding Minn. Stat. §§ 451.10 to 451.16, effective May 31, 2000*

### **Local Government Aid (LGA) Adjustments**

The 2000 Legislature took a portion of the city LGA appropriation increase beginning in 2001 and gave permanent increases to three cities:

- ▶ Kelliher - \$32,000 annually to bring them into parity with other small cities
- ▶ Darwin - \$7,200 annually to bring them into parity with other small cities and recognize certain other special factors
- ▶ Osseo - \$45,000 annually to bring them to parity with other smaller suburban cities and recognize certain other special factors

This permanently decreases the total amount distributed to all cities under the formula beginning in 2001 by \$84,200. The amount distributed by the LGA formula is further reduced by an additional \$107,000 in 2001 only due to one-time payments to the city of St. Cloud and St. Augusta township (see Special Legislation).

*Ch. 490, art. 6, § 6, amending Minn. Stat. § 477A.011, subd. 36, effective for aid payments beginning in calendar year 2001*

### **Low-Income (4d) Apartment Aid**

The 2000 Legislature extended the 4d aid program for two more years and delayed when these aid payments are permanently added to the grandfathered LGA payments. Under old law, the program was to end after aids payable in 2001, but now it will end with aids payable in 2003. This allows cities to receive additional compensation for any apartment conversions to low-income apartments that occur during the 2001 and 2002 assessment years. The payments will be added to city LGA payments beginning with aids paid in 2004.

*Ch. 490, art. 6, §§ 7 (part), 8, and 9, amending Minn. Stat. §§ 477A.03, subd. 2, effective for aid payments beginning in calendar 2000, and 477A.06, subds. 1 and 3, effective for aid payments beginning in calendar 2001*



**Time Limit on Cities Holding Land for Economic Development**

A city with a population less than 5,000 that is located outside the seven-county metro area may hold property for later resale for economic development purposes for up to 15 years without being subject to property taxes. Under prior law, political subdivisions can hold land for economic development purposes for up to eight years without the land being subject to property taxes. For some smaller cities in outstate Minnesota, full development of property such as an industrial park often takes longer.

*Ch. 490, art. 5, § 3, amending Minn. Stat. § 272.02, subd. 39, effective beginning with taxes levied in 2000, payable in 2001*

## **Counties**

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**Credit Card Use**

Counties may now authorize the use of credit cards by county officers or employees who are otherwise authorized to make purchases on behalf of the county. An officer or employee is personally liable for unauthorized purchases. All laws, rules, or policies that apply to county purchasing, apply to purchases made with credit cards.

*Ch. 328, § 1, adding Minn. Stat. § 375.171, effective August 1, 2000*

**State Payment of County Debt Upon Default**

The state may guarantee payment of county debt obligations upon potential default. This provision is modeled on a law that has been in effect for school districts for almost a decade. The program is administered by the Public Facilities Authority (PFA) and the Commissioner of Finance. (The school district program is administered by the Commissioner of Children, Families and Learning.)

**Eligible debt.** To be eligible, debt obligations must be:

- ▶ general obligations;
- ▶ issued after June 30, 2000;
- ▶ covered by an agreement between the county and PFA meeting requirements established by PFA; and
- ▶ used to finance jails, correctional facilities, law enforcement facilities, social services or human services facilities, and solid waste facilities.

**Repayment of state through aid reduction or levy.** If the state pays principal or interest on a county's debt obligation at the request of the county, the state may reduce aid payments to the county by the same amount. If PFA determines that a total reduction of the aids would cause an undue hardship on the county, it may, with the approval of the Commissioner of Finance, establish a different schedule for the aid reductions to repay the state. Alternatively, the PFA may allow a county to levy an amount necessary to repay the state with interest.

**Mandatory plan.** If the state makes payments on behalf of a county under this provision, the county must submit a plan to the commissioner for approval, specifying the measures it intends to implement to resolve the issues that lead to its inability to make the payments and to avoid future default. If the commissioner determines that a county's plan is inadequate, the state will make no future payments under this section for new debt obligations. If the Commissioner of Finance determines that the credit rating of the state would be adversely affected by this process, the state would not obligate itself to be bound by it.

*Ch. 493, § 3, adding Minn. Stat. § 373.45, effective May 31, 2000, and applies to bonds issued after a bond rating has been obtained for the program from a national rating agency*

### **Document Recording Deadlines**

The 2000 Legislature clarified that in counties where the office of county recorder has been combined with another county office, the statutory 30-day time limit for recording documents such as deeds begins after tax certifications have been made. However, the total time to complete recording of documents must not exceed 60 days from receipt by the county office.

*Ch. 275, §§ 1 and 2, amending Minn. Stat. §§ 386.30 and 507.093, effective August 1, 2000*

### **County Coroner Compensation**

Coroners, deputy coroners, coroner investigators, and medical examiners may receive compensation for professional services from corporations under contract to provide coroner services to the county. In general, county officials may not have an interest in any contract to which the county is a party.

*Ch. 360, amending Minn. Stat. § 382.18, effective August 1, 2000*

**Certificate of Real Estate Value**

This legislation clarifies that the information required on a certificate of real estate value (CRV) filed with the county auditor is limited to the information required as of the date of acknowledgment of the deed.

*Ch. 490, art. 5, § 5, amending Minn. Stat. § 272.115, subd. 1, effective May 16, 2000*

**Special Assessments for Enhanced 911 Services**

The allowed uses of special assessments to cover costs incurred by a county for improvements needed to provide enhanced 911 telephone service are expanded. Costs allowed now also include purchase, installation, and maintenance of signing and address markers to improve emergency response times.

*Ch. 490, art. 5, §§ 29 to 31, amending Minn. Stat. §§ 429.011, subds. 2a and 5, and 429.021, subd. 1, effective May 16, 2000*

**Exemption for Certain Storage Sheds, Decks, Etc.**

A storage shed, deck, or similar improvement that is constructed on a site for a travel trailer and that is considered personal property with a total estimated market value of \$500 or less, is now exempted from property taxes. (Travel trailers generally pay a registration fee and are not subject to property taxation.)

Counties have faced the problem of having to assess and send out property tax statements for some minimal personal property owned by residents of travel trailers that are parked seasonally on leased land. The cost of collecting these taxes often exceeded the minimal revenues collected.

*Ch. 490, art. 5, § 11, amending Minn. Stat. § 273.125, subd. 8, effective beginning with the 2000 assessment*

**Assessment of Wind Energy Conversion Systems**

The responsibility of assessing the property of a wind energy conversion system is shifted from county assessors to the Commissioner of Revenue.

*Ch. 490, art. 5, § 15, amending Minn. Stat. § 273.37, subd. 3, effective beginning with the 2000 assessment*

**Appeals of Utility Property Valuations**

The Commissioner of Revenue has the responsibility of valuing utility property for tax purposes. However, prior law required that appeals of valuation had to be brought against the county or taxing district imposing the tax, not against the state. Due to the nature of utility property, these appeals were typically filed in many counties.

Now, an appeal by a utility company of a value set by the Commissioner of Revenue will be brought against the commissioner, if the appealed value was not changed by the county. If the county changes any of the values (which they rarely if ever do, but could do so on those values which are “recommended orders”), then the action by the utility company must be against the county and/or the taxing district and not against the Commissioner of Revenue.

The commissioner must notify by first class mail each county which would be affected by the appeal brought against the commissioner by any utility.

*Ch. 490, art. 5, § 16, adding Minn. Stat. § 273.372, effective beginning with appeals of 1999 assessments*

### **Refunds of Overpayments and Mistakenly Billed Taxes**

The statute requiring counties to refund overpayments of property taxes is limited to instances when the overpayment exceeds the amount on the tax statement. The new law outlines refund requirements when the overpayment results from “mistakenly billed taxes.” This is defined as an incorrectly calculated tax statement, caused either by an error in the property classification or a mathematical error.

This provision was enacted in response to lawsuits challenging assessments by Hennepin and Dakota counties of commercial/industrial parcels. The property owners claimed they should have received the C/I preferred class, which has a lower class rate. These separate cases were consolidated on appeal. The state court of appeals concluded that no time limit was specified in existing statute for these particular claims. The two counties have appealed the case to the Minnesota Supreme Court, which has granted review.

An important difference between the old law and the new law is how far back overpayments must be refunded. The new provision limits refunds of overpayments due to mistakenly billed taxes to the tax year in which the error is discovered and the two previous tax years. It also limits the refund to the amount of overpayment due to the incorrect calculation. Overpayments that are still subject to the old provision have no time limit.

This law is prospective, i.e., beginning with taxes levied in 1999, payable in 2000, so it does not affect the claims currently pending in court.

*Ch. 490, art. 5, § 18, amending Minn. Stat. § 276.19, subd. 1, and § 19, adding Minn. Stat. § 278.14, effective beginning with taxes levied in 2000, payable in 2001*

**Solid Waste  
Management (SCORE)  
Reporting  
Requirements**

Additional information must be included in the SCORE report which counties submit annually to the state. The counties must report for the previous year how the SCORE grants were spent, including:

- ▶ the number of employees performing SCORE planning, oversight, and administration;
- ▶ the percentage of those employees' work time allocated to SCORE planning, oversight, and administration;
- ▶ the specific duties and responsibilities of those employees; and
- ▶ the amount of staff salary for the SCORE duties of those employees.

*Ch. 490, art. 10, § 1, amending Minn. Stat. § 115A.557, subd. 3, effective July 1, 2000*

**Aid Offset for Court  
Costs**

For the 55 counties whose fine revenues are now transferred to the state as part of the state takeover of certain court costs, homestead and agricultural credit aid (HACA) is increased in 2001 by an amount equal to 7.5 percent of the county's share of 1998 fine revenues. A county cannot get the increase under this provision if its actual HACA decrease due to the state court takeover in 2000 was less than the calculated decrease because a county received insufficient HACA.

HACA was reduced for the affected counties in 2000 as part of the state takeover of certain court costs authorized in 1999. See the House Research report *1999 Legislation Relating to Local and Metropolitan Government*. The HACA reduction was supposed to be the difference between the estimated costs for those court functions and the estimated amount of fine revenue that was also being transferred from the counties to the state. The actual fine revenue for all counties in the state was underestimated by 7.5 percent. This statewide average is used to adjust all affected counties' HACA payments rather than recalculating a new adjustment based on data for each individual county.

*Ch. 490, art. 6, § 3, amending Minn. Stat. § 273.1398, subd. 4a, effective for aid payments beginning in calendar year 2001*

## **Towns**

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### **Town Roads and Cartways**

A town board and its employees and agents may enter onto public or private property to conduct examinations and surveys relating to the establishment of town roads and cartways. The town board, its employees, or agents are responsible for damage caused to public or private property as a result of entry. The law also makes it explicit that the damages paid by a person who successfully petitions a town board for establishment of a cartway include the town's hearing costs, administrative costs, recording costs, and other costs and expenses incurred in connection with establishment of the cartway.

*Ch. 334, amending Minn. Stat. §§ 164.07, adding subd. 13, and 164.08, subd. 2, effective August 1, 2000*

## **Development Authorities and Special Districts**

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### **Special Service Districts**

The general law authority to establish special service districts is extended from June 30, 2001, to June 30, 2005. After June 30, 2005, new special service districts will have to be established by special law.

*Ch. 493, § 4, amending Minn. Stat. § 428A.101, effective August 1, 2000*

### **Housing and Redevelopment Authorities (HRAs)**

Two additional commissioners may be appointed to a city or county HRA. If additional commissioners are appointed, one must be appointed in accordance with federal regulations requiring an HRA commissioner who is a beneficiary of the HRA's services.

*Ch. 455, art. 2, §§ 2 and 3, amending Minn. Stat. §§ 469.003, subd. 5, and 469.006, subd. 1, effective August 1, 2000*

For multi-county HRAs of two or three political subdivisions, if additional commissioners are appointed to the HRA, one must be appointed in accordance with federal regulations requiring an HRA commissioner who is a beneficiary of the HRA's services. For multi-county HRAs of more than three political subdivisions, the HRA may appoint one or two additional commissioners in order to comply with the federal regulations. The appointment must be approved by a majority of the commissioners of each of the political subdivisions included in the HRA.

*Ch. 455, art. 2, § 4, amending Minn. Stat. § 469.006, subd. 2, effective August 1, 2000*

**HRA Per Diem**

The per diem for HRA commissioners is increased from \$55 to \$75.

*Ch. 455, art. 2, § 5, amending Minn. Stat. § 469.011, subd. 4, effective August 1, 2000*

**Port Authority Fund Disbursement**

Port authorities may disburse funds by electronic transfer as well as by check.

*Ch. 272, amending Minn. Stat. § 469.051, subd. 4, effective March 24, 2000*

**Hospital District Annexation**

Under prior law, a city or town with territory contiguous to an existing hospital district could request to be annexed to the district. The 2000 Legislature expanded the territory eligible for annexation to include cities and towns contiguous to a city or town that is contiguous to an existing hospital district.

*Ch. 290, amending Minn. Stat. § 497.36, effective August 1, 2000*

**Regulatory Relief for Sanitary Districts**

The 2000 Legislature expanded the scope of legislation from the 1999 session allowing a city or county to petition a state agency for amendment or repeal of a rule to allow sanitary districts to petition for regulatory relief as well (see "Regulatory Relief for Local Governments" under State Funding and Regulation, page 7).

*Ch. 335, amending Minn. Stat. § 14.091, effective August 1, 2000, and expiring July 31, 2006*

**Lake Improvement  
Districts (LIDs)**

The 2000 Legislature made a number of changes in the procedures for establishing a LID and for choosing the LID's board, and in the provisions for financing a LID's activities. Property owners in a proposed LID may petition their county board for a referendum before the LID is actually established, no matter how the district was proposed. Under prior law, property owners could petition for a referendum only if the LID proposal was a county board initiative (a LID may be initiated by a county board, by one or more county boards acting jointly, or by a petition of 26 percent of the property owners in the proposed district). After the initial appointment of LID board members by the county board, all subsequent district board members will be elected by property owners at the LID's annual meeting, with provision for the participation of absent property owners.

Additionally, the amount levied by a county to pay for operation of a LID is considered a special levy and is not counted toward a county's levy limit. (However, with the end of levy limits, this is a moot issue.) The county board must seek other sources of funding for LID projects before imposing service charges, special assessments, or property tax levies.

*Ch. 396, amending Minn. Stat. §§ 103B.535, 103B.545, subd. 1, 103B.551, subd. 1, 103B.555, subd. 1, and 103B.571, subd. 3, effective August 1, 2000, and amending Minn. Stat. § 275.70, subd. 5, effective beginning with taxes levied in 2000, payable in 2001*

**Nonmetropolitan  
Counties Economic  
Development  
Authorities**

The 2000 Legislature established a process by which a county outside the seven-county metropolitan area can either create an economic development authority (EDA) or confer the powers of an EDA upon an existing housing and redevelopment authority (HRA) without coming to the legislature for special legislation, as is now required. The county board must appoint a committee including members from a city, township, and HRA within the county, and no more than two county commissioners. Other members of the committee may represent school districts, housing and economic development organizations, business, or labor organizations. The committee must report back on the existing economic development services in the county and on the best way to provide any additional needed services, and may recommend that the county board do one of the following:

- (1) create a new EDA;
- (2) confer additional powers on an existing HRA;
- (3) pursue special legislation; or



(4) leave the county's existing economic development structure unchanged.

If a county EDA is created or an existing HRA is given EDA powers, the resulting agency can only pursue development activity in cities which adopt resolutions electing to participate. Participating cities have the option to withdraw every fifth year following adoption of their resolution to participate. Existing city EDAs, county HRAs, and multi-county HRAs may continue to operate as they did before, and new city EDAs may be created without the permission of the county EDA.

*Ch. 484, art. 1, § 4, adding Minn. Stat. § 469.1082, effective August 1, 2000*

### **Housing Improvement Areas (HIAs)**

Cities may establish more than one HIA within the city borders and may designate either an HRA or an EDA as the implementing agency for the HIA. The implementing agency may issue bonds to defray the costs of housing improvements made and may impose fees on the housing units in the area to repay the bonds, with the ability to pledge the full faith, credit, and taxing power of the city to further secure the bonds. Additionally, the 2000 legislation extends the sunset of the general law provision for HIAs from June 30, 2001, to June 30, 2005; after this date, a city must pursue special enabling legislation in order to establish an HIA.

By general law, a city may establish an HIA by ordinance at the request of homeowners in the area. The ordinance must include findings that without the HIA, the proposed improvements could not be made by the housing owners or condominium association, and that the improvements are necessary to maintain and preserve the housing units in the area. Owners who have already made the planned improvements are exempt from the fees imposed on housing owners in the HIA to pay for the improvements.

*Ch. 490, art. 11, §§ 2 to 11, adding Minn. Stat. § 428A.11, subd. 7 and 8, and amending §§ 428A.13, subds. 1 and 3, 428A.14, subd. 1, 428A.15, 428A.16, 428A.17, 428A.19, and 428A.21, effective August 1, 2000*

### **Mined Underground Space Redevelopment**

The 2000 Legislature repealed the statutory authority for various types of development agencies (HRAs, EDAs, area or municipal redevelopment agencies, etc.) to pursue mined underground space development and to create associated TIF districts.

*Ch. 490, art. 11, §§ 12, 13, and 44, amending Minn. Stat. §§ 469.115, 469.174, subd. 9, and repealing 469.055, subd. 5, 469.101, subd. 21, 469.135, 469.136, 469.137, 469.138, 469.139, 469.174, subd. 13, 469.176, subd. 4a, effective May 16, 2000*

**Environmental Special Purpose District Grants**

The Board of Government Innovation and Cooperation (BGIC), in cooperation with the Board of Water and Soil Resources (BWSR), must solicit proposals from watershed districts, lake improvement districts, soil and water conservation districts, watershed management organizations, and joint powers boards which include these special purpose districts as members, to demonstrate alternative models for managing natural resources at the local level. BGIC may then make grants of up to \$100,000 each from its existing resources for development of alternative models proposed and BWSR may approve implementation of the models.

BGIC must report to the legislature annually on the development and implementation of alternative models. Based on the results of pilot projects implemented, BGIC must submit a recommendation to the legislature by November 15, 2003, as to the viability of implementing alternative models that demonstrate efficient and effective government structures at the local level.

*Ch. 321, effective April 5, 2000*

## **Special Legislation**

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**Pass-through Grants and Loans**

Numerous appropriations were made to provide grants and loans to individual local governments for specific projects. For information on these individual appropriations, see the various omnibus finance bills.

**Albertville Ditches**

See Wright County ditches, below.

**Anoka Liquor License**

The city of Anoka may issue an on-sale wine license to the Lyric Arts Company for the Main Street State Theatre in Anoka. The license may authorize sale on all days of the week to holders of tickets for performances at the theatre.

*Ch. 440, § 10, effective after local approval*

**Anoka County  
Recorder Deadlines**

An appointed department head carrying out the duties of a county recorder in Anoka County must record documents received within 30 days after tax certifications are made, and the total time may not exceed 60 days from the date the department head received the documents. General law regarding recording deadlines was amended in 2000 to clarify situations where county offices have been combined. This language provides additional clarification for Anoka County, where 1989 special legislation allows the county board to allocate auditor, recorder, and treasurer duties to department heads.

*Ch. 275, § 3, effective after local approval*

**Bemidji Liquor  
License**

The 1999 law that authorized an additional on-sale intoxicating liquor license for Bemidji is amended to provide that the license is not subject to the law that prohibits an intoxicating liquor license within 1,500 feet of a state university.

*Ch. 440, § 6, amending Laws 1999, ch. 202, § 15, effective after local approval*

**Cass and Itasca  
Counties: Tribal  
Casino Aid**

State casino aid payments to Cass and Itasca counties will be paid two-thirds to Cass County and one-third to Itasca County. This distribution is in proportion to the number of casinos in these two counties. This applies only to distributions for three years—2001, 2002, and 2003. After that, the distribution formula would revert to general law which provides that when a tribe has casinos in two or more counties, the aid is divided equally among the counties. The aid equals 10 percent of the state's share of taxes under the tax sharing agreement with the tribe.

*Ch. 490, art. 13, § 18, effective after local approval by both counties*

**Capitol Region  
Watershed Levy**

The maximum dollar limit of the Capitol Region watershed district levy is set at \$200,000. Under general law, a watershed's levy may not exceed 0.02418 percent of taxable market value or \$125,000. The watershed's levy is still subject to the percentage limit. This is a newly created watershed and the increased levy will enable it to prepare a watershed management plan more quickly.

*Ch. 490, art. 6, § 17, effective for taxes payable beginning in calendar year 2001*

**Cook Hospital District  
and Ambulance  
Service**

1999 legislation, which granted additional levy authority to this hospital district, made a mathematical error in converting mill rates to net tax capacity rate. The 2000 legislation corrects the error. The two authorized tax rates were off by a factor of ten and are changed from .0048 and .0015 to .048 and .015 respectively.

*Ch. 490, art. 6, §§ 15 to 16, amending Minn. Laws 1999, ch. 243, art. 6, §§ 9 and 18, effective beginning with taxes payable in 2000 for the .048 tax rate, and May 16, 2000 for the remainder of the provisions*

**Cottage Grove Liquor  
License**

Cottage Grove may issue an on-sale intoxicating liquor license to its economic development authority for the River Oaks golf course. The license is subject to provisions that govern municipal liquor stores, except that the authority of existing law for the Commissioner of Public Safety to impose penalties against the establishment would not apply if the city imposed a comparable or greater penalty on the licensee. The city of Cottage Grove is the seller and licensee for purposes of the dram shop law and the mandatory liquor liability insurance law.

*Ch. 440, §§ 11 and 12, effective after local approval*

**Dakota County:  
Extension of Penalties**

The 1999 omnibus tax law authorized the Dakota County board to impose administrative penalties for violations related to the protection of water resources and shoreline. That provision had an expiration date of December 31, 2000. This provision changes the expiration date to December 31, 2005.

*Ch. 490, art. 5, § 28, amending Minn. Stat. § 383D.74, subd. 2, effective May 16, 2000*

**Dakota County  
Personnel Board of  
Appeals**

The Dakota County board may appoint an additional member to its personnel board of appeals, which would bring the board up to four total members. The board's procedures are changed to allow the chair of the board to appoint a three-member panel to hear each appeal brought to the board, rather than all members hearing each appeal.

*Ch. 329, §§ 1 and 2, amending Minn. Stat. §§ 383D.30, subd. 1, and 383D.31, effective after local approval*

**Dakota County  
Community  
Development Agency**

By a 1999 special law, the Dakota County Housing and Redevelopment Authority (HRA) was renamed the Dakota County Community Development Agency (CDA) as of December 31, 1999. The renamed agency has the powers of an EDA in addition to those powers it already had as an HRA.

The 2000 Legislature further amended the agency's statutes, giving the county board the one-time authority to appoint an entire new membership for the agency on or before December 31, 2000. The 2000 legislation also provided that a vacancy in the agency's board is created for a county commissioner district whenever that district's county board member ends county board membership, and authorized the county board to impose the same limits on the CDA's actions as a city may impose on an EDA.

*Ch. 329, §§ 3 to 5, amending Minn. Stat. § 383D.41, subs. 5 and 7, and adding subd. 9, effective after local approval*

**Duluth Human Rights Commission**

The Duluth City Council is authorized to grant to a city human rights commission the enforcement powers necessary so that persons with housing discrimination complaints in Duluth receive rights and remedies substantially equivalent to those provided under the federal Fair Housing Act. When the federal department of Housing and Urban Development (HUD) has certified a local agency as "substantially equivalent," HUD will refer all fair housing complaints for that jurisdiction to the local agency and provide some funding to the agency. The Duluth Human Rights Commission may impose penalties and sanctions in housing discrimination cases, and the district court has jurisdiction to enforce those penalties and sanctions.

*Ch. 402, effective after local approval*

**Duluth: Lake Superior Center Authority Liquor License**

Duluth may issue an on-sale intoxicating liquor license to the Lake Superior Center Authority for events at the Lakes Superior Center. The license may only authorize sales to persons leasing space at the center, and their guests, for a convention, banquet, conference, meeting, or social affair. The license must be issued in accordance with laws governing licenses in first-class cities and with charter provisions and ordinances consistent with this special law.

*Ch. 440, § 7, effective after local approval*

**Eveleth Liquor License**

Eveleth may issue an on-sale intoxicating liquor license to the Quad Cities Joint Recreational Authority. The authority may contract with an independent contractor to operate the licensed establishment; the contractor need not hold its own on-sale license.

*Ch. 440, § 9, effective after local approval*

**Eveleth-Gilbert Joint  
Recreation Board Tax**

The Eveleth-Gilbert joint recreation board may levy a tax of up to \$125,000 per year for a maximum of eight years but only on the taxable property within the boundaries of I.S.D. No. 2154, Eveleth-Gilbert. The governing body or town board of each city and town located within that school district must agree to the tax, either by resolution or by a joint powers agreement under Minnesota Statutes section 471.59. Unless prohibited by the joint powers agreement, a city or town could withdraw its agreement to future taxes at a later date by notice to the recreation board and to the county auditor.

This tax would be in addition to all other taxes levied by the cities and towns for park and recreation purposes and would not be included in calculating any general overall levy limitations. The tax would be paid directly to the park and recreation board.

This legislation was requested by the local jurisdictions to help pay for certain joint recreation projects with the school district.

*Ch. 490, art. 5, § 37, effective for taxes payable in 2001 to taxes payable in 2008*

**Hennepin County  
Electronic Funds  
Transfer**

Hennepin County may pay county obligations by electronic funds transfer and county officials, officers, and employees may incur charges for county purposes on county credit cards. The county may accept payment by credit card, debit card, or electronic funds transfer, and may charge a service charge for payments made by these methods. The county may use electronic approvals to authenticate and validate county administrative actions. The county is directed to establish policies and procedures governing all of these practices.

*Ch. 475, amending Minn. Stat. § 383B.116, subd. 2, adding §§ 383.116, subd. 6, 383B.1161, and 383B.1162, effective May 16, 2000*

**Hennepin County  
Human Resources  
Board**

The 2000 Legislature made numerous changes to the statutory section governing the Hennepin County human resources board, including updating statutory terminology, changing voting procedures for the human resources board, rewriting the guidelines for rules governing county hiring and employment, and giving authority to appoint the human resources director to the county administrator.

*Ch. 416, amending Minn. Stat. §§ 383B.26, 383B.27, 383B.28, subs. 1, 3, and 4, 383B.29, 383B.30, 383B.31, 383B.32, subs. 2 and 3, and repealing 383B.35, effective August 1, 2000*

**Itasca County**

See Northern Itasca Hospital District, below.

**Kittson County: May Dissolve a Township** The Kittson County board, on its own initiative, may dissolve a town in the county that has a population of less than five full-time residents without an election. The North Red River Township was severely affected by the 1997 flood and residents participated in the federal buyout program, leaving only two residents in the township at the time of the legislation (and they were expected to leave also).

*Ch. 256, effective after local approval*

**Koochiching County** See Northern Itasca Hospital District, below.

**Koochiching County Economic Development Commission** The 2000 Legislature created the Koochiching County Economic Development Commission and reallocated the share of mining occupation taxes that had been going to the small business development center/economic development office located at the Rainy River Community College to the new economic development commission. The legislation specifies the commission's membership and allows the commission to decide by a majority vote in a public meeting to hold a closed meeting for purposes of discussing data on applicants for commission funds or security information, trade secret information, or labor relations information.

*Ch. 484, art. 1, §§ 1 and 2 , amending Minn. Stat. § 298.17, effective after local approval*

**Lake Edward Township: Crow Wing County May Rename** The Crow Wing County board is authorized to change the name of a township from Lake Edwards to Lake Edward on receipt of a resolution requesting the change from the township. Because of the small change being sought, the township sought special legislation authorizing an expedited process rather than following the more costly procedure provided for in statute.

*Ch. 253, effective August 1, 2000*

**Lake of the Woods and Koochiching Counties: Road and Bridge Levies** Lake of the Woods and Koochiching counties may each expend the proceeds of property taxes levied on property in unorganized townships for road and bridge purposes in any unorganized or organized township within the county. Prior law required that the funds be spent in the townships in which they were raised.

*Ch. 490, art. 6, §20, effective in each county after local approval*

**Lincoln County:  
Additional Aid**

Lincoln County will receive a one-time additional aid payment of up to \$150,000 spread over 2000 and 2001 to reimburse the county for costs associated with the Wind Tower lawsuit settlement. The county may pay a portion of this aid to Lake Benton township for its share of costs associated with this lawsuit. The money to make this aid payment comes from any unused money from the portion of county criminal justice aid (CCJA) allocated to public defender costs.

The Commissioner of Revenue retains 1.5 percent of the annual CCJA appropriation each year to pay for state grants to counties under Minnesota Statutes section 611.27 for unusually high public defender costs. Normally any unused money gets distributed to all counties under the CCJA formula in the following year.

*Ch. 490, art. 6, § 18, effective after local approval*

**McLeod County  
Offices**

Under general law, the county auditor, treasurer, county recorder, and certain other offices must be at the county seat. In 1995, McLeod County was permitted to temporarily house these offices at a location other than the county seat—in a county-owned building in an adjacent area that is being annexed to the city that is the county seat. This law extends the period of time in which the offices may be located elsewhere until 2002.

*Ch. 266, effective August 1, 2000*

**Middle Mississippi  
River Watershed  
Management  
Organization**

The Middle Mississippi River watershed management organization is defined as a special taxing district for purposes of property taxation and state aid.

*Ch. 490, art. 5, § 17, amending Minn. Stat. § 275.066, effective beginning with taxes levied in 2000, payable in 2001*

**Minneapolis Liquor  
Licenses**

Minneapolis may issue on-sale wine and beer licenses for the Illusion Theatre and the Hollywood Theatre.

*Ch. 440, § 3, amending Minn. Stat. § 340A.404, subd. 2, effective after local approval*



**Minnetonka  
Newspaper for Public  
Notices**

The city of Minnetonka is authorized to give equal priority to qualified newspapers having either an office of issue or a major secondary office within the city for the purpose of designating a newspaper to publish the city's official proceedings and public notices. A "major secondary office" is a secondary office with a circulation of at least 5,000 copies and home delivery to at least a majority of the residences within the city. Under general law, a newspaper with a principal office in the jurisdiction gets first priority for public notices; if there is no newspaper with a local principal office, newspapers with secondary offices have next priority.

*Ch. 305, effective April 1, 2000*

**Minnetonka Opt-out  
Transit Service**

Minnetonka may establish a replacement service program (opt-out transit service), notwithstanding any of the statutory eligibility requirements, if it applies for assistance or exercises the local levy option before June 30, 2003.

*Ch. 493, § 21, effective August 1, 2000*

**Moose Lake Fire  
Protection District:  
Boundaries,  
Certificates of  
Indebtedness**

Two changes are made to the 1987 law authorizing the Moose Lake fire protection special taxing district. The first change is to include the entire town of Silver in the fire protection district. The original law allowed the town to elect to include only part of its territory in the district. Taxing authority related to the part of Silver not included in the district is also eliminated.

The second change is to allow the district to issue certificates of indebtedness for capital improvements. The certificates are limited to a five-year period and will be paid by an ad valorem tax on all property in the district. If the amount of the certificates exceeds 0.25 percent of the value of the taxable property in the district, the board must publish a notice of intent. If 10 percent of the voters from the last general election in the city and the town petition for an election, the board must hold a referendum to authorize issuing the certificates.

*Ch. 490, art. 5, §§ 34 to 36, amending Laws 1987, ch. 402, § 2, subs. 1, 4, and 5, effective May 16, 2000, without local approval*

**Northern Itasca  
Hospital District**

The board of the Northern Itasca Hospital District may include a member elected at large from each of the counties containing a city, town, or unorganized territory that is part of the district. By general law, a hospital district board must consist of one member elected from each city and town in the district and one member elected at large.

*Ch. 252, effective August 1, 2000*

**Richfield  
Redevelopment Grant**

\$5 million is appropriated in fiscal year 2001 to the Department of Trade and Economic Development to make a redevelopment grant to the city of Richfield. This grant may be used only to acquire houses and apartment buildings in a two-block wide area adjacent to the new North-South runway at the airport. The usual 50 percent local match requirement for these grants does not apply. The city is required to submit a detailed report on the plans for and use of the money to the chairs of the tax committees of the legislature by December 15, 2000.

*Ch. 490, art. 11, § 42, effective July 1, 2000*

**Rochester Firefighters**

Newly appointed firefighters in the city of Rochester that have satisfactorily completed the city's training academy, been assigned to a fire company, and have six months' continuous employment, can be removed only for cause upon written charges and after an opportunity for a hearing.

*Ch. 356, effective after local approval*

**Scott County Offices**

The Scott County board may reorganize and reallocate the duties of county auditor, recorder, and treasurer, all of which were made appointive offices in Scott County under a 1997 special law.

*Ch. 259, effective March 15, 2000*

**Sherman Township  
Election on Liquor  
Licenses**

Sherman township in Redwood County can conduct an election on the question of the county's issuance of Sunday sales licenses to establishments located in the town, on the day of the annual election of town officers or at a special election called and conducted by the town board. The cost of the election must be borne by the applicant for the Sunday sales license.

*Ch. 440, § 13, effective after local approval*

**Shorewood: Election  
by Wards**

The city of Shorewood, a statutory city, may establish wards for the election of city council members. It may also provide for staggering of terms.

*Ch. 257, effective after local approval*

**Shorewood Opt-out  
Transit Service**

Shorewood may establish a replacement service program (opt-out transit service), notwithstanding any of the statutory eligibility requirements, if it applies for assistance or exercises the local levy option before June 30, 2003.

*Ch. 493, § 21, effective August 1, 2000*

**Springfield Liquor License**

Springfield may authorize the holder of an on-sale intoxicating liquor license it issues to sell intoxicating liquor at an event on New Year's Eve 2000-2001 without having to hold a Sunday liquor referendum. The license is subject to the general law providing for catering of an event at a city-owned facility by an on-sale licensee.

*Ch. 440, § 8, effective after local approval*

**St. Cloud and St. Augusta Township (City of Ventura): Additional Aid**

Allows additional one-time payments in 2001 to these two municipalities for legal costs incurred related to the attempted municipal incorporation of St. Augusta township prior to the municipal board's termination. The payments are financed out of the general city LGA appropriation increase. The amounts are \$32,000 to St. Cloud and \$75,000 to St. Augusta (Ventura).

*Ch. 490, art. 6, §19, effective after local approval*

**St. Louis County Commissions, Unclassified Service**

The St. Louis County board may by resolution set a reasonable allowance for expenses or a per diem allowance to be paid the members of county boards or agencies. Under prior law, the county was limited to a maximum per diem amount of \$50. The legislation also increased the number of administrative assistants in the St. Louis County administrator's office in the unclassified service from two to three.

*Ch. 454, amending Minn. Stat. §§ 375.47, subd. 1, and 383C.035, and repealing 383C.073, effective August 1, 2000*

**St. Louis County Heritage and Arts Center Bonds**

The St. Louis County Heritage and Arts Center is included in the definition of "capital improvements" for purposes of the county capital improvement bonding law. This will allow the issuance of bonds for the center without holding a referendum, if an approved capital improvement plan includes the project. This only applies for bonds issued prior to July 1, 2001.

*Ch. 490, art. 6, § 21, effective after local approval*

**St. Michael Ditches**

See Wright County ditches, below.

**St. Paul Port Authority Recreational Development**

The St. Paul Port Authority may plan for, construct, improve, operate, and maintain parks and recreational facilities in all areas of the port district, not just areas along and abutting navigable rivers and lakes. This will enable the port authority to remediate brownfields for use as ballfields when remediation for other uses would be too difficult.

*Ch. 286, effective after local approval by the city of St. Paul*

**Virginia District  
Heating Service**

The city of Virginia may discontinue its district heating system and is deemed to have complied with the statutory two-year notice requirement.

*Ch. 493, § 13, adding Minn. Stat. § 451.17, effective May 31, 2000*

**Wadena County**

Wadena County was given a one-time exemption from the penalty for failing to publicly advertise the truth-in-taxation process. The penalty would have reduced the county's payable 2000 levy to the previous year's (payable 1999) levy.

*Ch. 258, effective after local approval*

**Washington County  
HRA**

The Washington County HRA is increased to seven members. One of the members to be appointed must meet federal regulations that require an HRA commissioner to be a beneficiary of the HRA's services. In addition, terms of the members are staggered.

*Ch. 455, art. 2, § 6, effective after local approval*

**White Earth Tribe,  
Property Tax Status  
for Low-income Tribal  
Housing**

Housing owned by the White Earth tribe's federally recognized tribal housing entity which is located on fee land is treated the same as low- and moderate-income housing owned by HRAs. Instead of paying property taxes, the housing entity will pay 5 percent of the shelter rents for the housing as a payment-in-lieu of taxes, which is then split among the various taxing districts. Under prior law, tribally owned housing on fee land was taxed in the same manner as privately owned housing.

The tribal housing entity is also allowed to use its report to the federal Department of Housing and Urban Development as a substitute for state statutory reporting requirements.

Housing on trust land, whether owned by the tribe or individuals, is not affected by this provision and remains exempt from property taxes.

*Ch. 490, art. 5, § 33, adding Minn. Stat. § 469.040, subd. 5, effective beginning with taxes payable in 2001*

**Wright County Ditches**

Wright County may convey two county ditches to the cities of St. Michael and Albertville. On conveyance, the cities hold property rights, title, and interests in the ditches conveyed, the county has no further responsibility for the ditches, and the cities must manage surface water within the area served by the ditches conveyed.

*Ch. 432, effective after all local governments involved have complied with local approval requirements*

**Yellow Medicine  
County Economic  
Development  
Authority**

The county board of Yellow Medicine County may establish a county economic development authority with all the powers given a city economic development authority in statute, including the power to levy a tax to support the activities of the authority.

*Ch. 484, art. 1, § 3, effective after local approval*

**TIF Districts**

**Brooklyn Park.** The 2000 Legislature extended the 1998 law expanding the permitted uses of green acres parcels to an economic development district in Brooklyn Park. This 1998 change allowed green acres parcels to be included in a TIF district for distribution facilities. The 1998 law was effective only for new districts (requests for certification made after April 30, 1998).

Prior law allowed green acres parcels to be included for manufacturing projects and qualified housing districts only. In addition, the 1998 change requires both manufacturing and distribution TIF projects on green acres parcels to pay at least 160 percent of the federal minimum wage to at least 90 percent of the employees.

*Ch. 490, art. 11, § 37, effective after local approval*

**Fountain.** The city of Fountain may extend the duration of an economic development district, district No. 1-1, by one year (through 2008). The extension would not be subject to the state aid offset, since the extension is intended to offset a miscalculation of increment that resulted from division of a parcel in the district.

*Ch. 490, art. 11, § 38, effective after local approval*

**Mendota Heights.** Mendota Heights TIF district No. 1 is exempted from the 1999 law governing pooling from pre-1982 TIF districts. In effect, it provides the sanction for pre-1982 pooling violations does not apply to this district. The 1999 legislation provided that districts with pre-1982 pooling violations must use their increments after 1999 only to pay pre-existing obligations. The bill also allows pooling of up to \$4.5 million in increment for Mendota Heights' freeway road project, a livable communities mixed-use project.

*Ch. 490, art. 11, § 39, effective after local approval*

**St. Paul HRA.** The St. Paul HRA may establish a housing TIF district for both rental and owner-occupied housing. This district would be subject to more flexible income limits than are available under general law: 20 percent of units affordable to people at 60 percent of the area median income, 60 percent affordable at 115 percent of the area median income, and 20 percent unrestricted. This district must be located in a 15-acre area bounded by highway I-94, Jackson Street, and West Seventh.

For this St. Paul housing district, income-restricted units, whether owner-occupied or rental, will be considered together in determining whether “the required total number of qualified units” is met. General law has separate limits for rental versus owner-occupied housing.

*Ch. 490, art. 11, § 40, effective after local approval*

**Winona.** Expenditures made before 1998 on a wastewater treatment plant are deemed to be made within the geographic area of the TIF district and, thus, not to constitute pooling of increments from a pre-1982 district. This will, in effect, exempt the district from the 1999 law that requires pre-1982 districts that pooled increments to use all of their increments after 1999 to decertify the district.

*Ch. 490, art. 11, § 41, effective after local approval*

## **Metropolitan Government**

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### **Metropolitan Council**

**Planning assistance grants.** The limitation that Metropolitan Council planning assistance grants be no more than 75 percent of the cost of a project is repealed.

*Ch. 493, § 25, repealing Minn. Stat. § 473.867, subd. 4, effective August 1, 2000*

**Metro Mobility report.** The Metropolitan Council must report to the legislative committees with jurisdiction over transportation policy and finance by February 1, 2001, on the future of the Metro Mobility system. The report must address options and strategies for: increasing the availability of services to meet present and anticipated demand; integrating Metro Mobility into the regional transit system; integrating private taxi services into the Metro Mobility system; and changing state and federal law to increase the system's effectiveness.

*Ch. 479, art. 1, § 9, effective July 1, 2000*

**Metro bus exemption.** Purchases and leases of Metropolitan Council Transit buses are exempted from sales tax. A 1997 law change had the unintentional effect of imposing sales tax on buses purchased or leased by the Metropolitan Council. (The intent was to clarify that local governments are required to pay sales tax on their off-road vehicles.) This change corrects the oversight.

*Ch. 490, art. 8, § 11, amending Minn. Stat. § 297A.25, subd. 11, effective retroactively to July 1, 1997*

**Metropolitan transit capital bonding authority.** The Metropolitan Council's transit capital bonding authority is increased by \$19,400,000. These funds may be used for capital expenditures related to transit but *not* for light rail transit. These bonds are backed by metropolitan area property taxes. The 1999 Legislature authorized \$36,000,000 in bonding for the same purposes.

*Ch. 493, § 14, amending Minn. Stat. § 473.39, subd. 1g, effective August 1, 2000*

**Transit opt-out; Minnetonka and Shorewood.** The number of opt-out systems, currently at five, may grow. The cities of Shorewood and Minnetonka are now allowed to establish replacement service programs (opt-out transit service), notwithstanding the statutory eligibility requirements, if they apply for assistance or exercise the local levy option before June 30, 2003.

*Ch. 493, § 21, effective August 1, 2000*

**Sale of naming rights.** The Metropolitan Council may sell or lease naming rights for the light rail transit stations and apply revenues to light rail transit operating costs.

*Ch. 479, art. 1, § 24, amending Minn. Stat. § 473.405, subd. 4, effective July 1, 2000*

**Metropolitan Mosquito  
Control Commission  
(MMCC)**

**Operation on state property.** The 2000 Legislature repealed the provision that requires the Commissioner of Natural Resources to allow the MMCC to enter state property for mosquito control purposes. For a trial period until July 1, 2002, the Commissioner of Natural Resources may deny, modify, or revoke any approval for the commission to operate on state lands administered by the Department of Natural Resources.

*Ch. 339, amending Minn. Stat. § 473.704, subd. 17, effective April 7, 2000*

**Metropolitan Airports  
Commission (MAC)**

**Expanding minor use airports.** The MAC may not expand or upgrade an existing metropolitan airport from minor use to intermediate use status without a law passed by the legislature. For this purpose, a minor use airport is defined to be an airport with a runway or runways no longer than 5,000 feet long, rather than the definition found in the Metropolitan Development Guide.

*Ch. 491, amending Minn. Stat. § 473.641, subd. 4, effective August 1, 2000*

**800 MHz Public Safety  
Radio**

Contracts on the 800 MHz public safety radio network must be let on a competitive basis. The network and radios on the system must meet open interoperability standards, and enhanced features that would affect interoperability may not be accepted.

*Ch. 493, § 22, effective May 31, 2000*

## **Vetoed Legislation**

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**Exception to Local  
Government  
Compensation Limits**

The governor vetoed legislation that would have provided that upon the approval by a unanimous vote of the governing body of the political subdivision, excluding members ineligible to vote on the issue, the salaries of public hospital administrators, public hospital pharmacists, and public hospital psychologists be excluded from the local government compensation limits in statute.



The governor vetoed this legislation stating that there is an existing process for public employers to request exemptions on a case-by-case basis. He referred to the Department of Employee Relations and the Legislative Coordinating Commission's Subcommittee on Employee Relations, stating that they have responded positively to those exemption requests that demonstrate that the employer is competing in a national or regional market and would have problems attracting or retaining employees within the statutory salary limits.

*Ch. 448 (H.F. 3629/S.F.2385)*

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