

**July 2006**

**2006 Legislation Relating  
to Local and Metropolitan  
Government**

This report describes legislation enacted in the 2006 regular session relating to local and metropolitan government.

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## Introduction

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This reports describes legislation enacted in the 2006 regular session that deals with local and metropolitan government.

This report does *not* cover all legislation that affects local governments. With a few exceptions, it does not cover civil or criminal law, employment or pensions, health and human services, transportation, economic development, or environmental issues.

All the citations in this report are to Laws 2006, unless otherwise indicated. See the acts or act summaries of the omnibus bills enacted in 2006 for other provisions that may affect local government and are not covered in this report:

Capital Investment .....	Chapter 214
Data Practices .....	Chapter 253
Elections .....	Chapter 242
Environment and Natural Resources .....	Chapter 281
Pensions, Retirement .....	Chapters 271, 277
Public Safety .....	Chapter 260
Supplemental Appropriations .....	Chapter 282
Taxation .....	Chapter 259

Acts are available on the Revisor's web site ([www.revisor.leg.state.mn.us/data/revisor/slaws/2006/0/](http://www.revisor.leg.state.mn.us/data/revisor/slaws/2006/0/)). Act summaries are available on the House Research web site ([ww3.house.leg.state.mn.us/hrd/actsum.asp](http://ww3.house.leg.state.mn.us/hrd/actsum.asp)).

## Local Government Generally

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### Land Use, Planning, Zoning

#### **Preliminary Plat Approval**

A county or municipal zoning authority must approve a preliminary plat that meets applicable standards and criteria in the zoning and subdivision regulations unless the authority adopts written findings based on a record from the public proceedings as to why the application is not approved.

*Ch. 270, art. 1, §§ 2, 6, amending [Minn. Stat. §§ 394.25, subd. 7, 462.358, subd. 3b](#), effective August 1, 2006.*

#### **Subdivision Development**

A municipality (city or town) may require an applicant for a subdivision development to establish an escrow account or provide some other financial security to cover the municipality's direct costs relating to professional services for review, approval, and inspection of the project. Municipal charges must be equal to the value of the services provided. If the subdivision developer provides a certified letter stating that all conditions relating to approval of a project have been met, the municipality must release the financial securities within 30 days. If the municipality determines that the conditions have not been met, it must send written notice within seven business days of receiving the certified letter. A municipality must get a maintenance or performance bond from subcontractors who have not completed all of the municipality's requirements.

*Ch. 209, amending [Minn. Stat. § 462.358, subd. 2a](#), effective August 1, 2006.*

#### **Subdivision Development; Land Dedication and Cash Fees**

The municipal planning act provisions relating to subdivision regulations were amended to substantially mirror the 2003 law authorizing counties to require a subdivision developer to dedicate land for park and recreation uses, or pay a fee in lieu of dedication. See [Minnesota Statutes, section 394.25](#), subdivision 7 (enacted in 2003). The law now requires that the amount of land to be dedicated be based upon the buildable land, as defined by the municipal ordinance. It also requires the municipality (city or town) to adopt a capital improvements budget with a parks and open space component if it adopts an ordinance requiring a dedication of land or payment of fee in lieu of dedication.

*Ch. 269, § 1, amending [Minn. Stat. § 462.358, subd. 2b](#), effective August 1, 2006.*

**Adult  
Entertainment  
Zoning**

Absent any local regulation, this new law regulates the location and operation of adult entertainment establishments (defined as presenting live performances that emphasize or depict sexual conduct or nudity). The new law requires a person who intends to operate an adult entertainment establishment to notify the local government of his or her intent to apply for a permit; if no permit is required, the operator must provide at least 60 days' notice before beginning operation.

If an adult entertainment establishment is within 50 miles of the border of any political subdivision's boundary, that political subdivision is not required to provide a location within its jurisdiction for such a business.

The new law establishes setback distances for an adult entertainment establishment relative to residential property, schools, and places of worship. It also limits hours and days of operation.

Persons convicted of certain crimes are prohibited from operating an adult entertainment establishment.

Local governments may adopt their own regulations on this matter.

*Ch. 240, adding Minn. Stat. § 617.242, effective May 27, 2006.*

**Comprehensive  
Plans, Airport  
Funding**

A municipality that adopts a comprehensive plan that the commissioner of transportation finds incompatible with the state aviation plan, is not eligible for assistance from the state airports fund.

*Ch. 261, § 2, amending Minn. Stat. § 360.017, subd. 1, effective August 1, 2006.*

**Municipal Boundary  
Adjustments Task  
Force**

This provision establishes a task force to study and make recommendations on annexation law. Membership includes two state senators, two state representatives, three city representatives, three town representatives, and a chair appointed jointly by the House and Senate. The task force is to report to the legislative committees with jurisdiction over municipal boundary adjustments by January 1, 2007. Any remaining local government committee funds from the House and Senate at the adjournment of the 2006 session are available to the task force.

*Ch. 270, art. 2, § 1, effective August 1, 2006.*

**Municipal Boundary  
Adjustments**

The 2006 Legislature made a number of changes to the statutes governing municipal boundary adjustments, primarily annexation.

**Legislative findings.** The legislature struck the legislative finding that consolidation of municipalities should be encouraged and replaced that with the finding that long-range joint powers planning or other cooperative efforts among counties, cities, and towns should be encouraged.

**Notices of intent required.** A town must give 30 days' notice to all adjacent towns and cities of its intent to incorporate (become a city). A city must give 30 days' notice to a town of the city's intent to annex under the annexation-by-order provisions. A city and town must give 10 days' notice by publication of their intent to include an area in an orderly annexation agreement, sharing the cost of notice publication.

**Relevant factors, order (annexation by order).** The record of the joint informational hearing (see below) and implementation of previous annexation agreements and orders are new factors that the Office of Administrative Hearings (OAH) must consider in an annexation-by-order proceeding. In addition, the OAH must consider the city's plans to provide enhanced, as well as necessary, services. The OAH must also consider if those services can be provided in a cost-effective and feasible way within a reasonable time.

A city may enter into an orderly annexation agreement with the county for areas in the county that do not have organized township government.

**Annexation by ordinance, "60 acre" rule change.** The acreage limit for using annexation by ordinance upon a property owner's petition is increased from a maximum of 60 to 120 acres. A property owner may petition only once per year for annexation by ordinance of property contiguous to the previously annexed parcel. These changes in law are effective only until July 1, 2007.

**Joint information meeting.** The city and town must hold a joint informational meeting on a proposed annexation by order.

**City reimbursement to town to annex taxable property.** This provision now covers all types of annexation and provides for a city to reimburse the town for special assessments and debt assigned to the property annexed. The reimbursements must be paid between two and eight years (not six) unless otherwise agreed to by the city and town.



**Concurrent detachment, annexation.** When a property owner initiates a concurrent detachment from one city and annexation to the adjacent city, both affected cities must now agree to the property owner's request. Under prior law, only one city needed to agree.

*Ch. 270, art. 2, §§ 2 to 12, amending various provisions of Minn. Stat. ch. 414, effective August 1, 2006; the changes to Minn. Stat. § 414.033, subd. 2, are effective August 1, 2006, to July 1, 2007.*

## **Powers, Duties, State Funding, and Regulation**

### **Eminent Domain**

[Minnesota Statutes, chapter 117](#), now expressly preempts all other laws, including special laws, home rule charters, and other statutes, that provide for eminent domain procedures, definitions, remedies, or limitations. Additional procedures, remedies, and limitations may be used if they do not diminish or deny substantive and procedural rights and protections of owners under [chapter 117](#). However, town roads, watershed district, and drainage authority takings may still proceed as provided in their statutes.

**Public use or public purpose.** Eminent domain must be used only for public use or public purpose. Public use or public purpose means ownership and use of the land by the public or public agencies, creation or functioning of public service corporations, or mitigation of blighted areas, remediation of environmentally contaminated areas, reduction of abandoned property, or removal of a public nuisance. The public benefits of economic development alone do not constitute a public use.

**Other definitions.** "Abandoned property" is property not legally occupied or used for any commercial or residential purpose for at least one year, that has not been maintained, and for which taxes have not been paid for at least two years.

"Blighted area" is an area that is in urban use and where more than 50 percent of the buildings are structurally substandard (defined below).

"Structurally substandard" is a building that was inspected and cited for code violations that have not been fixed after two notices and for which it would cost more than 50 percent of the taxable market value of the building to fix. A local government may get an administrative warrant to do an interior inspection.

"Environmentally contaminated area" is an area where more than 50 percent of the parcels contain contamination and for which the estimated costs of investigation, monitoring, testing, and cleanup are more than the

estimated market value of the parcel, or where a court has issued a cleanup order and the owner has not complied within a reasonable time.

“Public nuisance” is a condition:

- ▶ that unreasonably annoys, injures, or endangers the safety, health, morals, comfort, or repose of any considerable number of members of the public;
- ▶ that interferes with, obstructs, or renders dangerous for passage, any public highway or right of way, or waters used by the public; or
- ▶ any other act or omission declared by law to be a public nuisance.

“Public service corporation” is a public utility, gas, electric, telephone, or cable communications company, and other listed utility; a public service corporation is also as a municipality or public corporation when operating an airport, a common carrier, a watershed district, or a drainage authority, and an entity operating a regional distribution center within an international economic development zone.

A condemning authority cannot take buildings that are not structurally substandard unless there is no feasible alternative and all possible steps are taken to minimize taking buildings that are not structurally substandard. Similarly, it cannot take uncontaminated property unless there is no feasible alternative and all possible steps are taken to minimize taking noncontaminated parcels. Blight or environmental contamination caused by a developer involved in the redevelopment of a blighted or contaminated area cannot be considered in determining whether an area is blighted or contaminated.

**Attorney fees.** Where the takings award is more than \$25,000, a property owner may recover his or her attorney’s fees if the final award is 20 percent or greater than the condemning authority’s last written offer before it filed its petition; the property owner shall recover attorney’s fees if the final award is 40 percent or greater than the last written offer.

**Appraisal and negotiation requirements.** The statute relating to exchange of appraisal information in transportation-related takings is expanded to include all eminent domain proceedings. “Owner” means a fee owner, contract purchaser, or business lessee. The acquiring authority must provide the owner with appraisal information at least 60 days before filing the petition, up from 20 days. The prior \$1,500 cap on reimbursements to an owner for owner appraisals is now applicable

only to single-family and two-family residential property, and minimum damage acquisitions (under \$10,000). Reimbursement for appraisals of other types of property is capped at \$5,000. An appraisal or appraiser testimony cannot be used in a condemnation commissioners' hearing unless a copy of the appraiser's written report was provided to the opposing party at least five days before the hearing. Documentation of loss of a going concern cannot be used unless the documentation was provided to the opposing party at least 14 days before the hearing. The acquiring authority must reimburse the owner within 30 days of getting a copy of the appraisal and reimbursement information.

**Local government public hearing requirements.** If a taking is for blight mitigation, environmental contamination remediation, abandoned property reduction, or public nuisance removal, the local government must hold a public hearing after providing notice. The hearing must be held before the petition is filed. The elected governing body must vote on the question of using eminent domain at the next regular meeting after the hearing that is at least 30 days later. The resolution authorizing use of eminent domain must identify costs and benefits and interests served.

**Petition and notice.** A party wishing to challenge the public use, necessity, or authority for a taking must appear at the court hearing and state the objection or appeal within 60 days of a court order.

**Hearing on taking; evidentiary standard.** At the hearing in district court on the petition for condemnation for mitigation of a blighted area, remediation of a contaminated area, reducing abandoned property, or removing a public nuisance, the condemning authority must show by a preponderance of the evidence that the taking is necessary and for the stated public use. The court order is final unless appealed within 60 days.

**Compensation for removal of legal nonconforming use.** A local government must compensate the owner of a nonconforming use if the local government requires its removal as a condition of granting a permit, license, or other approval for a use, structure, development, or activity. This section does not apply if the permit, license, or approval is for construction that cannot be done unless the nonconforming use is removed. This section applies to actions on or after the effective date to require removal of the nonconforming use as a condition or prerequisite.

**Compensation for loss of going concern.** The owner of a business or trade may be compensated for loss of going concern related to the taking of real property. The condemning authority can avoid the claim by showing that the loss is not due to the taking, that the loss could have

been avoided with reasonable measures, or that the going concern compensation would duplicate compensation otherwise being awarded. The owner must give the condemning authority notice of intent to seek compensation for loss of a going concern within 60 days of the first court hearing on whether the proposed taking is for a public use and is necessary. A business owner may be compensated for a permanent loss of a majority of the business' driveway access that results in revenue losses.

**Minimum compensation.** The owner must get sufficient compensation to allow the owner to purchase a comparable property in the community. Compensation cannot be less than the quick-take payment or deposit.

A condemning authority cannot require an owner to accept as compensation a substitute property or return of property taken.

**Public service corporation exceptions.** The provisions for attorneys' fees, appraisals, requirements to challenge the public use, necessity or authority for a taking, compensation for loss of going concern, minimum compensation, limitations, and reestablishment and relocation benefits do not apply to public service corporations. Appraisal fee reimbursement from public service corporations is capped at \$500.

**Right of first refusal.** Property acquired by condemnation that was not used and is no longer needed must be offered back to the person from whom it was acquired, if the person can be located, at the lower of the original price or the current fair market value. This applies to property acquired in an eminent domain action commenced on or after May 20, 2006 (but not various transportation-related takings).

**Reestablishment and relocation assistance.** An acquiring authority must reimburse a displaced business for expenses actually incurred in reestablishing the business, up to a maximum of \$50,000 (prior law permitted but did not require this).

Relocation assistance must be determined by an administrative law judge under a contested case proceeding if the displaced person does not accept the condemning authority's offer. The acquiring authority must pay costs of the proceedings (does not include attorney fees).

**Effective date.** In general, the changes to the eminent domain law are effective May 20, 2006, and apply to eminent domain proceedings commenced on or after that date. The right of first refusal applies to disposition of property acquired by eminent domain on or after May 20, 2006. Exceptions: (1) Certain acquisitions in tax increment financing or abatement areas as described below; (2) A highway project selected for federal funding by an area transportation partnership or metropolitan

planning organization if the taking is begun on or before January 15, 2007; and (3) A planned shelter for homeless persons in Minneapolis, if the taking is begun by May 20, 2008.

**TIF and abatement area effective dates:**

For qualifying condemnation actions (described below), the effective date phases in the new eminent domain rules as follows:

- ▶ Takings begun by February 1, 2008, are exempt from all of the new rules.
- ▶ Takings begun after February 1, 2008, are exempt from the new restrictions on public use, but are subject to the other changes in the act (e.g., the potential to pay compensation for going concern value, attorneys fees, etc.).

*TIF projects.* To be grandfathered in, a TIF plan must be approved by the city by February 1, 2008, and must identify the property as intended to be acquired. (Under [Minnesota Statutes, section 469.175](#), subdivision 1, clause (2), a TIF plan must list the properties that development authority intends to acquire.) In addition, one of three conditions must be satisfied:

1. The developer acquired property by May 1, 2006, in reliance on a contract with the condemning authority to condemn other property for the project. Note: There is no specific time limit on when these actions must be brought, aside from those listed above.
2. The condemning authority issued bonds (or entered a contract to issue bonds) to finance the project and begins the condemnation action within two years after issuing the bonds.
3. The TIF district was certified by February 1, 2006, and the condemnation action is begun within five years after certification of the TIF district. Certification occurs after the TIF approval process by filing a request for certification with the county auditor. It can occur as soon as a few months after plan approval or a year or more later, depending upon when the authority requested certification and how quickly the county processed the request. This five-year period corresponds to the rule under the TIF act that allows the same period for completing in-district expenditures. [Minn. Stat. § 469.1763](#), subd. 3.

*TIF districts authorized by special laws.* A special law authorizing creation of a TIF district must have received local approval or become

effective before February 1, 2006. The condemning authority must start the eminent domain action by the time period permitted under the five-year rule, but not to exceed ten years if the special law allows a longer period.

Economic development abatement projects. Similar to the TIF exemption under clause (3), the condemnation action must be started by February 1, 2011, and at least one of the political subdivisions must adopt the abatement resolution before February 1, 2006.

*Ch. 214, amending Minn. Stat. ch. 117, effective May 20, 2006, with exceptions.*

### **Governmental Tort Liability Limits**

When the government is participating in a joint venture or enterprise, it is not liable for the acts or omissions of another governmental unit participating in the joint venture or enterprise unless it agreed in writing to be responsible. A joint board is considered a single governmental unit. This legislation was in response to the decision *Reimer v. City of Crookston*, 421 F.3rd 673 (8th Cir. 2005), in which the court ruled that the statutory cap on municipal liability applied individually to each party. It did not apply a single statutory cap for a joint powers board under the circumstances in that case. The plaintiff, who was awarded by a jury over \$12 million, was able to recover the statutory cap of \$300,000 from each participant in the joint venture.

In addition, the new law raises the limit on an individual claim to \$400,000 for claims arising on or after January 1, 2008, and before July 1, 2009, and to \$500,000 for claims arising after July 1, 2009. It also provides for a corresponding raise to the cap on liabilities on all claims arising out of a single occurrence from \$1,000,000 to \$1,200,000 for claims arising on or after January 1, 2008, and before July 1, 2009, and \$1,500,000 for claims arising after July 1, 2009. A governmental unit that acquires insurance beyond the statutory limits waives its limits on governmental liability to the level of the insurance available.

*Ch. 232, amending Minn. Stat. §§ 3.736, subd. 4, 466.04, subd. 1, effective January 1, 2008, and applies to acts or omissions occurring on or after that date, and amending Minn. Stat. § 471.59 by adding subd. 1a, effective May 25, 2006, and applies to claims arising from acts or omissions occurring on or after May 25, 2006.*

### **Clean Water Legacy**

Legislation to meet federal Clean Water Act requirements has been worked on by what is known as the G-16 group of stakeholders for three years. This legislation is the product of that work. It establishes a process to clean up impaired waters, as part of complying with the Federal Clean Water Act, utilizing a Clean Water Council composed of 19 citizens representing diverse interests. It also establishes a couple of grant programs under the Public Facilities Authority to assist in wastewater treatment. Funding for Clean Water Legacy is contained in the 2006 bonding and supplemental appropriations acts. See [Laws](#)

2006, chapters 258 and 282, article 10.

Among the provisions that may be of specific interest to local governments are the following.

**Coordination and cooperation.** Public agencies involved must consider and take into account the provisions of local water and land use plans in implementing the clean water goals of this act, including assisting with funding or technical assistance.

**Goals.** There are six goals: to identify impaired waters within ten years; to submit total maximum daily loads (TMDLs) to the U.S. Environmental Protection Agency (EPA) in a timely manner; to set reasonable times for restoring impaired waters; to provide assistance and incentives to keep waters clean; to seek delisting of waters from the impaired waters list; and to achieve compliance with federal law.

**Policies.** There are eight policies to guide implementation: to develop appropriate TMDLs; to maximize use of available resources; to maximize opportunities for restoring clean waters; to use existing regulatory authorities and effective nonregulatory measures; to use demonstrated restoration methods; to identify innovative approaches; to prevent waters from becoming impaired; and to monitor and enforce cost-sharing contracts.

**Priorities.** The Pollution Control Agency (PCA) must set priorities for identifying impaired waters, considering those posing the greatest risk to human or aquatic health and those waters where data provides evidence that an impaired condition exists. The Clean Water Council must recommend priorities for scheduling and preparing TMDLs and follow priorities for restoration when recommending funding prevention and improvement actions.

**Clean Water Council.** The act establishes a Clean Water Council to provide advice on and foster coordination and cooperation to implement this act. The governor appoints the 19 voting members: two each from farm organizations, county government, city government, business and environment organizations, and one each from soil and water conservation districts, watershed districts, lake or stream organizations, township government, the Metropolitan Council, the state university system, fishing groups, hunting organizations, and tribal governments. The council also includes four nonvoting members, one each from the PCA, Department of Natural Resources, Board of Water and Soil Resources, and the Department of Agriculture. The citizen members may not be registered lobbyists.

The PCA will provide administrative support to the council. The

council must report biennially to the legislature on how the clean water money has been spent.

*Ch. 251, amending Minn. Stat. §§ 103C.501, subd. 5, 115.03, by adding subd. 10, 446A.051, 446A.073, subds. 1, 2, adding §§ 446A.074 and 446A.075, and adding Minn. Stat. ch. 114D, effective June 2, 2006; ch. 282, art. 10, § 7, effective July 1, 2006.*

## **Liquor**

Cities and counties may issue on-sale liquor licenses to allow culinary classes modest amounts of liquor to be served in conjunction with classes. In addition, cities and counties may set different off-sale hours for liquor stores and 3.2 percent malt liquor.

*Ch. 210, §§ 10, 13, adding Minn. Stat. § 340A.4041, amending Minn. Stat. § 340A.504, subd. 6, effective May 19, 2006.*

## **Public Employee Leave for Organ Donation**

A public employer (state, county, city, town, school district, or other governmental subdivision) with more than 20 employees must grant paid leave of absence to an employee who works an average of 20 or more hours per week and who seeks to undergo a medical procedure to donate an organ or partial organ to another person. The length of the paid leave may not exceed 40 hours for each donation, unless agreed to by the employer. The employer may request medical verification of the purpose and length of the leave. If there is a medical determination that the employee does not qualify as an organ donor, paid leave granted before that determination is not forfeited. An employer cannot retaliate against an employee for requesting or obtaining a leave. An employer may grant additional leave. Taking a leave does not affect an employee's rights to any other employment benefit.

*Ch. 220, adding Minn. Stat. § 181.9456, effective August 1, 2006.*

## **Leave for Families of Mobilized Military Members**

An employer, public or private, must grant up to ten days unpaid leave of absence to an employee whose immediate family member is injured or killed while serving in active military service, including the National Guard. The employer may reduce the unpaid leave by any period of paid leave provided to the employee.

An employer, public or private, must provide unpaid leave to an employee whose immediate family member has been mobilized into active military service, including the National Guard, in support of a war or other national emergency. The employer may limit the amount of leave to the actual time necessary to attend a send-off or homecoming ceremony, not to exceed one-day's duration in any calendar year.

*Ch. 273, §§ 3, 4, 7, 8, adding Minn. Stat. § 181.947, and amending Minn. Stat. § 192.502 by adding subd. 4, effective June 2, 2006, and applying to family members of military personnel injured or killed on or after June 2, 2006, and to family members of military personnel recovering from injuries incurred before June 2, 2006; adding*



*Minn. Stat. § 181.948, effective August 1, 2006; amending Minn. Stat. § 192.502 by adding subd. 3, effective August 1, 2006.*

**Imposing Fees on Postsecondary Students or Institutions**

Cities, counties, and towns cannot impose a fee, assessment, or other charge on a person based on the person's status as a postsecondary student or on a postsecondary educational institution based on the number of students. This legislation was enacted after a proposal was made (but not pursued) by a St. Paul city council member who argued some additional revenue was needed to cover the increased police and fire costs to local governments associated with the presence of postsecondary institutions.

*Ch. 185, adding Minn. Stat. § 471.685, effective April 28, 2006.*

**Task Force on Use of Credit and Debit Cards**

This act establishes a task force to study the advantages and disadvantages of using credit and debit cards for transactions with state and local government from both the government's and the consumer's point of view. The transactions included are payments for taxes, licenses, permits, or other statutory fees. The task force is to identify options to facilitate the use of credit and debit cards for transactions and identify the fiscal impacts of those options. The task force must solicit testimony from representatives of state and local government, consumers, and the credit card industry.

The task force consists of the commissioners of natural resources, public safety, and finance, or their designees, and one representative each designated by the League of Minnesota Cities, the Association of Minnesota Counties, the Minnesota Deputy Registrar Association, the Minnesota Association of County Auditors, Treasurers, and Finance Officers, and the Consumer Division of the Office of the Attorney General.

*Ch. 219, effective May 22, 2006.*

**Neighborhood Electric Vehicles**

A "neighborhood electric vehicle" is a four-wheeled electric vehicle that has a top speed of between 20 and 25 miles per hour. The vehicles must comply with general vehicle requirements for registration, registration tax, and title, and they are subject to traffic regulations. A road authority, including a city, county, or town, may prohibit or restrict operation of a neighborhood electric vehicle on any street or highway under its jurisdiction. Unless restricted by a road authority, the vehicles may operate on public roads and highways that have a speed limit of 35 miles per hour or less if federal equipment standards are met.

*Ch. 189, amending Minn. Stat. §§ 168.011, subd. 7, adding subd. 41; 168A.05 by adding subd. 9, 169.01 by adding subd. 91, adding § 169.224, effective August 1, 2006.*

## Elections

### Web Sites and Publications

In 2005, the legislature prohibited a government web site from linking to candidates or political parties. This year, the law was amended to permit public libraries, the election-related web site of the secretary of state, and the Campaign Finance and Public Disclosure Board to have such links.

*Ch. 242, §§ 9, 10, amending Minn. Stat. § 10.60, subds. 3, 4, effective June 1, 2006.*

### Precinct Boundaries Changes

Previously, the municipal clerk notified the secretary of state of precinct boundary changes. Now, this notice must also be given to the county auditor when a precinct boundary changes or annexation affects a boundary. The clerk must file a corrected precinct finder with the county auditor and the secretary of state, either 30 days after the annexation order or the effective date of the annexation order, whichever is later. The county auditor, rather than the secretary of state, must give the clerk a precinct finder and base map. The clerk, rather than the secretary of state, will then provide the corrected precinct finder to the auditor and secretary of state. The secretary of state will update the precinct boundary database.

*Ch. 270, art. 1, § 1, amending Minn. Stat. § 204B.14, subd. 5, effective August 1, 2006.*

## Public Finance, Economic Development

### Overview

This section covers public finance and economic development provisions that apply to local governments generally. For public finance provisions specific to just cities, counties, towns, special taxing districts, or individual local governments, see those sections below.

### Wastewater Infrastructure Fund (WIF) Loans

A municipality now has up to 40 years, instead of 20 years, to repay a loan from the Public Facilities Authority's WIF program.

*Ch. 281, art. 4, § 24, amending Minn. Stat. § 446A.072, subd. 7, effective August 1, 2006.*

### Maximum Term of Sewer and Water System Bonds

The maximum term for sewer and water system bonds that are financed or guaranteed by the U.S. Department of Agriculture is expanded from 30 years to 40 years. The 40-year term cannot exceed the useful life of the asset.

*Ch. 259, art. 9, § 2, amending Minn. Stat. § 116A.20, subd. 3, effective July 1, 2006.*

**Job Opportunity  
Building Zone  
(JOBZ)**

The duration of a JOBZ for a certain qualified business that (1) operates an ethanol plant on the JOBZ site including the parcel, and (2) executed a business subsidy agreement after April 30, 2006, is extended by three years. (Note, the omnibus tax act also included this provision but limited it to agreements executed after April 30, 2006, and before July 1, 2007. The omnibus tax act was enacted before chapter 281.)

*Ch. 281, art. 4, § 26, amending Minn. Stat. § 469.312, subd. 5, effective June 2, 2006; see also the tax act, ch. 259, art. 13, § 10, amending Minn. Stat. § 469.312, subd. 5, effective June 2, 2006.*

**JOBZ and  
Biotechnology and  
Health Science  
Industry Zones;  
Technical  
Corrections**

Construction sales tax exemptions were granted in the laws authorizing JOBZ and biotechnology and health science industry zones. The original exemption applied to all equipment used in a construction project. Under the original law, bulldozers and building cranes could have been purchased and been exempt from tax. Both laws have been amended to only allow the exemption for equipment *incorporated* into the actual project.

*Ch. 259, art. 6, §§ 16, para. (b), and 17, amending Minn. Stat. § 297A.68, subs. 37 and 38, effective for sales and purchases made after January 1, 2004.*

Also a change was made to clarify that the \$50,000 cap on the sales tax exemption for aerial camera equipment authorized under the JOBZ zones is the total exemption for all camera packages in the zones, not a cap for each package.

*Ch. 259, art. 6, § 16, para. (a), amending Minn. Stat. § 297A.68, subd. 37, effective for sales and purchases made after on or after August 1, 2005.*

The mechanism for applying for a refund of sales taxes paid on aerial cameras packages under JOBZ and for construction projects in an international development zone, which was accidentally omitted in the original laws, was also enacted

*Ch. 259, art. 6, §§ 26 to 28, amending Minn. Stat. § 297A.75, subs. 1 to 3, effective June 2, 2006.*

**Biotechnology and  
Health Sciences  
Industry Zones**

The commissioner of employment and economic development may designate additional biotechnology and health sciences industry zones. The original law, enacted in 2003, authorized only one such zone.

*Ch. 276, amending Minn. Stat. §§ 469.334, subs. 1, 4, effective May 27, 2006; see also ch. 282, art. 11, §§ 30, 31, amending Minn. Stat. §§ 469.334, subs. 1, 4, effective June 3, 2006.*

**International  
Development Zone**

**Designation and duration schedule.** The required date for designation of the international economic development zone is delayed from June 30, 2006, to June 30, 2008. The start of the duration of the zone is also delayed by three years to calendar year 2010 (from 2007 under prior

law).

The zone authority also must prepare a transportation impact study, in consultation with the applicant for zone designation. This study must be completed before final designation of the zone and must evaluate the zone's effects on the transportation system, including the Metropolitan Council's transportation plan, if the zone is to be located in the metropolitan area. The study must be distributed to the legislature and the committees on transportation and economic development.

*Ch. 259, art. 13, § 11, amending Minn. Stat. § 469.322, effective June 2, 2006.*

A number of other sections of law are modified to conform to the changes in the designation and duration schedule.

*Ch. 259, art. 13, §§ 1, 4 to 6, 13, and 16, amending Minn. Stat. §§ 272.02, subd. 83, 290.0922, subds. 2 and 3, 297A.68, subd. 41, and 469.327, and Laws 2005, 1<sup>st</sup> spec. sess., ch. 3, art. 10, § 23, effective June 2, 2006.*

**Business plan distribution.** Copies of the business plan, already required by law, must now be provided to the legislature in the manner normally used for reports to the legislature (i.e., to the Chief Clerk, Secretary of the Senate, and the Legislative Reference Library). Copies of the business plan must also be provided to the chairs of the legislative committees with jurisdiction over transportation and economic development.

*Ch. 259, art. 13, § 12, amending Minn. Stat. § 469.323, subd. 2, effective July 1, 2006.*

**Foreign Trade Zone Powers**

A city, county, town, or other political subdivision (e.g., a port authority) is authorized to apply for federal foreign trade zone powers. Two or more political subdivisions can apply jointly for these powers.

*Ch. 259, art. 13, § 9, adding Minn. Stat. § 469.193, effective June 2, 2006.*

**Market Value Definition for Debt Limits**

Net debt and other limits on bonds that are based on market values are to be computed using current assessment year values. Under prior law, the previous assessment year values were required to be used.

*Ch. 259, art. 9, § 5, amending Minn. Stat. § 273.032, effective July 1, 2006.*

**Tax Increment Financing (TIF)**

**Special Laws**

For specific TIF authority granted to individual local governments, see the section on Special Legislation.

**Overview**

The 2006 Legislature made a number of technical, clarifying, and minor policy changes in the TIF law. For details of all the changes see the act

and act summary for [chapter 259](#), article 10. An overview of the most significant changes follows.

### **County and School Comments**

The process for TIF authorities to solicit comments from affected counties and school districts was changed as follows:

- ▶ The discussion of borrowing costs in the statement of fiscal and economic implications is narrowed to only include the effects of issuing general obligation TIF bonds on the ability to issue bonds for general fund purposes. This eliminates the need to assess or discuss any tax base or other effects of the proposed TIF district on borrowing costs.
- ▶ The additional information that the school district or county can request from the TIF authority is limited to matters related to size, timing, or type of development in the district. Previously they could request “any” information, such as the likelihood of development of the site or development absent TIF, that would help them determine their costs related to the district.
- ▶ A school district or county must now request additional information within 15 days after receipt of the plan, and making a request does not trigger a requirement to provide additional notice before approval of the district.

*Ch. 259, art. 10, § 1, amending Minn. Stat. § 469.175, subd. 2, effective for proposed tax increment financing plans provided after June 30, 2006.*

### **Adjustments to Original Net Tax Capacity**

Improvements to tax-exempt property are excluded from original net tax capacity, if they were made after approval of the TIF plan. Prior law tied this to certification of the district, which may occur significantly later and varies from county to county. For example, Ramsey County has a policy of not formally certifying a district until the district tax capacity increases over the original net tax capacity.

*Ch. 259, art. 10, § 9, amending Minn. Stat. § 469.177, subd. 1, effective for improvements made to tax-exempt property made after June 30, 2006.*

### **Suspension of Distribution of Increment**

The county auditor must start withholding increments from authorities that fail to file their disclosures with the Office of State Auditor on October 1, moved up from the third Tuesday in November. Also, the county auditor must withhold 100 percent of the first distribution of increment, increased from 25 percent. The authority is required to file an annual statement with the state auditor by August 1 of each year, but since no penalty occurred until the middle of November, a number of statements were filed several months late. This change was enacted to encourage timely filing of the reports.

*Ch. 259, art. 10, § 10, amending Minn. Stat. § 469.1771, subd. 2a, effective for disclosures and reports required to be filed after December 30, 2006.*

### **Interfund TIF Loans**

A development authority (e.g., an HRA, EDA, etc.) with authority over a fund may adopt the authorizing resolutions for interfund loans that will be repaid with tax increments, instead of requiring the municipality (e.g., city) to do so. The old law required that the “governing body,” which implied the city, adopt the resolution.

*Ch. 259, art. 9, § 9, amending Minn. Stat. § 469.178, subd. 7, effective July 1, 2006.*

## **Property Taxes and Aids**

### **Abatements for Utility Property**

The Minnesota Department of Revenue is rewriting the administrative rules that determine the valuation of public utility property for property taxes. Local governments with major power plants in their borders could see some significant decline in their total property tax base. As part of negotiations between the utility companies and the local governments, the utilities may make in-lieu payments to some local taxing jurisdictions. In exchange, the laws regarding property tax abatements are modified to allow the local governments to enter into contracts for prospective tax abatements if the utility property taxes increase or remain at current levels due to valuation under the new rules or rate increases. The modifications listed below only apply to public utility property valued under [Minnesota Rules, chapter 8100](#), which is included in the abatement contract or agreement.

*Ch. 259, art. 4, § 19, amending Minn. Stat. § 469.183, by adding subd. 10, effective July 1, 2006.*

**Exemption from business subsidy law.** The business subsidy law is amended to exclude property tax abatements for utility property from the definition of a business subsidy. Without this change, a local government could not grant these abatements until it complied with the regulations established in Minnesota Statutes, section 116J.994, which include specific criteria that must be met before granting the subsidy, such as requirements for written agreements on job goals and wages, and mandatory reports.

*Ch. 259, art. 4, § 1, amending Minn. Stat. § 116J.993, subd. 3, effective July 1, 2006.*

**Abatement authority.** A political subdivision may grant a tax abatement for public utility property to stabilize the jurisdiction’s tax base for a set period of time. The law is also expanded to allow entering into a contract for a current or a prospective abatement.

*Ch. 259, art. 4, § 14, amending Minn. Stat. § 469.1813, subd. 1, effective July 1, 2006.*

**Abatement duration.** Several changes were made to abatement duration provisions for utility properties.

1. First, the law makes explicit that the duration of an abatement begins in the first year the abatement is paid or retained. This is needed since the contemplated abatements are prospective.
2. Secondly, abatements for public utility property may be granted successively, instead of waiting eight years from the end of the first abatement to the start of a second abatement.
3. Finally, abatements granted by all three political subdivisions (city, county, and school district) for public utility property may be for 20 years rather than the standard 15 years, and the authority for this extended duration limit does not expire. Twenty-year abatements by all three political subdivisions are allowed for some other purposes but that authority was only for abatements granted before July 1, 2004.

*Ch. 259, art. 4, §§ 15 and 16, amending Minn. Stat. § 469.1813, subs. 6 and 6b, effective July 1, 2006.*

**Abatement value.** The abatements for public utility property are exempt from the normal limits on the allowed value of the abatements, which is the greater of (1) 10 percent of the current levy, or (2) \$200,000.

*Ch. 259, art. 4, § 17, amending Minn. Stat. § 469.1813, subd. 8, effective July 1, 2006.*

**Consent of property owner.** Unlike other abatements, a local government may not grant an abatement on public utility property without the owner's consent.

*Ch. 259, art. 4, § 18, amending Minn. Stat. § 469.1813, subd. 9, effective July 1, 2006.*

### **Excelsior Electric Generation Facility**

The attached machinery and other personal property that is part of the proposed Excelsior electric generation facility is exempt from personal property tax if (1) the county and city or town in which it is to be located approve the exemption, and (2) the owner of the facility has an agreement with the host county, city or town, and school district for a payment in lieu of property taxes to the host county, city or town, and school district. This facility must be located in the taconite relief area, and most likely will be located in either St. Louis County or Itasca County.

*Ch. 259, art. 4, § 8, amending Minn. Stat. § 272.02, subd. 55, effective June 2, 2006.*

**Small Biomass  
Electric Generation  
Facility**

The date by which construction must begin on a proposed small biomass electric generation facility in order to qualify for a tax exemption on the attached machinery and other personal property is extended by two years, to January 1, 2008. In addition, the city and the county must approve the exemption. This change is for Ruhr Malting in Shakopee.

*Ch. 259, art. 4, § 7, amending Minn. Stat. § 272.02, subd. 54, effective for taxes levied in 2008, payable in 2009 and thereafter.*

**Aid Calculations;  
Boundary Changes**

The law now provides explicit instructions on when county program aid and city local government aid (LGA) calculations are adjusted for boundary changes. With the imposition of the new city and county aid formulas enacted in 2003, changes in population and other factors can have an enormous impact on the amount of aid distributed to individual jurisdictions. Data from a change in boundaries will only be recognized if the data is available by July 15 of the year prior to the payment of the aid. Pre-1940 housing, household size, and road accident data used in the city LGA formula will not be adjusted when a city annexes only part of another city or town.

*Ch. 259, art. 5, § 8, amending Minn. Stat. § 477A.014, subd. 1, effective for aids payable in 2007 and thereafter.*

**Taconite Aids**

The 2006 Legislature made a number of changes to the mining occupation tax and the distribution of the resulting revenues. For details of all the changes see the act and act summary for Chapter 259, article 12. An overview of the changes related to payments to local governments follows.

**Range Association of Municipalities and Schools.** The amount of production tax proceeds paid to the Range Association of Municipalities and Schools is increased from 0.20 cents to 0.30 cents per ton.

*Ch. 259, art. 12, § 11, amending Minn. Stat. § 298.28, subd. 8, effective for taxes paid in 2007 and subsequent years.*

**Grant and loan fund.** The first \$2 million of the 2008 distribution from the grant and loan fund is allocated to the St. Louis County road and bridge fund for the relocation of St. Louis County Road 715, Pike River Road. The balance is allocated to the purposes permitted for taconite environmental protection fund administered by the IRRRB.

*Ch. 259, art. 12, § 12, amending Minn. Stat. § 298.2961, subd. 4, effective July 1, 2006.*

**Public works and local economic development fund.** A special fund is established for the 2007 distribution only, to receive 38.4 cents per ton of the taconite production tax that would otherwise be distributed into a property tax relief account. (The property tax relief account has a



sufficient surplus to pay for the ongoing taconite homestead credit without this money.) It is estimated that the total amount distributed in 2007 will be about \$15,360,000. The funds are allocated to a number of local government projects. The complete list of projects is found in the act and act summary.

*Ch. 259, art. 12, § 13, amending Minn. Stat. § 298.2961, by adding subd. 5, effective June 2, 2006.*

**Definition Of “Tax”** “Tax” is now defined in statute, and the definition applies to all governmental entities. “Tax” means any fee, charge, or assessment imposed by a governmental entity. “Tax” does not include amounts that an individual chooses to pay in return for goods or services, but specifies that goods or services do not include access to private market transactions with a nongovernmental party, or trade, professional, or business licenses.

Any fee or charge that meets the definition of a tax must be treated as a tax for all purposes, without regard to whether or not the statute or law names it as a tax, except that the definition does not extend or limit the constitutional requirement that bills to raise revenue originate in the House.

At this time no law has been identified that will be impacted by this new definition, but some may exist.

*Ch. 259, art. 13, § 15, amending Minn. Stat. § 645.44 by adding subd. 19, effective June 2, 2006.*

## Sales Taxes

### Land Clearing

Land clearing contracts entered into by the state or a political subdivision for construction of roads, trails, and firebreaks are not subject to tax. Prior to October 28, 2002, these contracts were exempt under the Department of Revenue’s interpretation of taxable tree, shrub, and bush removal but then the department issued a new interpretation that made most land clearing subject to the tax. In 2005, the law was modified to retroactively exclude land clearing as part of a construction contract, but did not address land clearing contracts that are not part of a construction contract. This final change brings the law on land clearing back to the pre-October 2002 interpretation.

*Ch. 259, art. 6, § 19, amending Minn. Stat. § 297A.70, subd. 3, effective retroactively to sales and purchases made after October 28, 2002, but does not allow for refunds for taxes paid during the period from October 28, 2002, and July 15, 2005.*

**Government  
Purchases of Meals;  
Clarification**

The sales tax exemption for purchases by certain local governments has never applied to their purchases of meals. As part of the Streamlined Sales and Use Tax Agreement, the state enacted definitions of prepared food, candy, and soft drinks. The undefined term “meals” was replaced with the defined terms “prepared food,” “candy,” and “soft drinks.” There should be no change in the administration of the law.

*Ch. 259, art. 6, § 18, amending Minn. Stat. § 297A.70, subd. 2, effective June 2, 2006.*

**Sourcing Rules for  
Local Sales Taxes;  
Technical  
Clarification**

As part of the Streamlined Sales and Use Tax Agreement, the state enacted new sourcing rules for state and local sales taxes. These sourcing rules, contained in Minnesota Statutes, section 297A.668, supercede the sourcing language in the local sales tax law. Therefore the sourcing language was stricken.

*Ch. 259, art. 6, § 30, amending Minn. Stat. § 297A.99, subd. 7, effective June 2, 2006.*

**Joint Powers  
Biomass Electric  
Generation Project;  
Technical  
Correction**

The mechanism for applying for a refund of sales taxes paid on construction of the joint powers biomass electric generation project authorized in [Minnesota Statutes, section 297A.71](#), subdivision 35, was accidentally omitted in the original 2005 law. The mechanism is now provided. This applies to a project in Meeker County.

*Ch. 259, art. 6, §§ 26 to 28, amending Minn. Stat. § 297A.75, subds. 1 to 3, effective June 2, 2006.*

## Cities

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**Cartways**

A city now must establish a cartway if a parcel owner petitions for it. (Towns have long had this authority.) The parcel must be at least five acres in size with no other access to the property except by a navigable waterway or over the lands of others, or if it has an access road, the access road is less than two rods wide. The city council may select an alternate route than the one petitioned for. The petitioner must pay for the cartway before it is opened. The cartway may be designated a private driveway.

*Ch. 236, art. 1, § 3, adding Minn. Stat. § 435.37, effective May 27, 2006.*

**Historic Properties**

A city within 150 miles of the state capitol with a 2000 population between 7,000 and 8,000 in a county with a 2000 population between 31,000 and 32,000 cannot sell, lease, or contract property that the city owns that is listed on the National Register of Historic Places unless it (1) notifies the state historical society and waits for at least two years for a study on the best use of the property that would preserve its

historical value and ensure public use, and (2) gets an inventory and appraisal from the state Department of Administration of the property's value. The state agencies must report their findings to the legislative committees with jurisdiction over state government finance. The city must pay for the studies. Based on the criteria, this law applies to the city of Little Falls.

*Ch. 236, art. 1, § 1 effective May 27, 2006, and also ch. 248, § 1, effective June 3, 2006.*

**Debt, Municipal  
State Aid for Streets**

The amount of bonds that a city can issue in anticipation of the receipt of state aid for municipal streets is increased from 50 percent to 90 percent of the last annual aid amount. In addition, the five-year maturity limit on these bonds is repealed.

*Ch. 259, art. 9, § 3, amending Minn. Stat. § 162.18, subd. 1, effective July 1, 2006.*

**Local Government  
Aid (LGA)**

**City aid base adjustments.** The cities of Mahnomen and Cass Lake will each receive additional city aid base—the “grandfathered” portion of city LGA.

Mahnomen will receive a one-time additional payment of \$80,000 for aids payable in 2007, to compensate Mahnomen for tax base loss from a tribal casino located in the city being placed in trust. This is necessary since there is a one-year lag between when a property becomes tax exempt and when the loss is reflected in the factors used in determining LGA. Beginning with aids payable in 2008, the tax base loss will be compensated for under the LGA formula. The compensation for nonpayment of 2006 taxes by the casino is listed in the Special Legislation section.

The city aid base, beginning with aids payable in 2007, is permanently increased by \$100,000 for a city that meets the following criteria:

- ▶ it has a 2004 city population between 200 and 2,000
- ▶ it has less than \$300 per capita in equalized tax capacity (tax base)
- ▶ it has an equalized city tax rate of more than 110 percent
- ▶ it is located in a county with at least 15,000 acres of tax-exempt Indian lands

Cass Lake is the only city that meets these criteria. The factors reflect that it is a smaller city with little tax base and a much higher than average tax rate. Its location next to a reservation contributes to needs for services that are not reflected in the factors used in the LGA formula.

*Ch. 259, art. 11, § 1, amending Minn. Stat. § 477A.011, subd. 36, effective beginning with aids payable in 2007.*

**Adjustments to maximum LGA increases.** The limit on the maximum allowed annual LGA increase for a city is modified if the city's net tax capacity has decreased by more than 25 percent due to property becoming tax-exempt Indian land. This is transition language needed for the Mahnomens city tax base loss. The allowed increase equals the city's tax rate in the aid calculation year times its net tax capacity decrease resulting from property becoming exempt.

*Ch. 259, art. 11, § 2, amending Minn. Stat. § 477A.013, subd. 9, effective beginning with aids payable in 2007.*

## Counties

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### County Planning and Zoning, Nonconforming Uses

In 2004, an owner's ability to continue a nonconforming use in cities and towns was strengthened. This year, the county planning and zoning statute was amended to make substantially the same changes, effective retroactively to when the law was changed for cities and towns. Residential real estate, including seasonal recreational residential real estate, that is a nonconforming use may be continued, but not expanded, through repair, maintenance, replacement, restoration, or improvement. In addition, the repair or replacement, etc., may be made even if the nonconforming use (typically a structure) is destroyed by 50 percent (measured by market value) as long as a building permit is applied for within 180 days of the damage. A county may impose reasonable conditions on the building permit to mitigate newly created impacts on adjacent property. For a nonconforming property to which this new provision applies that was destroyed during the period August 1, 2004, to June 1, 2006, the 180 days to apply for a building permit begins to run on June 1, 2006.

A county must regulate the repair, replacement, maintenance, improvement, or expansion of nonconforming uses and structures in floodplain areas to the extent necessary to maintain eligibility in the National Flood Insurance Program and not increase flood damage potential or increase the degree of obstruction to flood flows in the floodway. (This is substantially the same as a provision added to municipal planning and zoning in 2005.)

*Ch. 270, art. 1, §§ 3 to 5, amending Minn. Stat. § 394.36, subd. 1 and adding subds. 1b and 4, effective June 1, 2006, and applies retroactively from August 1, 2004.*

**Individual Sewage Treatment Systems (ISTS)**

In 2003, the Pollution Control Agency (PCA) was directed to develop a ten-year plan on ISTS, including designating three counties with water bodies listed as impaired by fecal coliform bacteria for a pilot project. This year the PCA was given an additional year to complete the inventory of properties with failing ISTSs in the three counties and then require compliance by those systems.

*Ch. 281, art. 3, § 17, and ch. 227, § 1, amending Laws 2003, ch. 128, art. 1, § 165, effective August 1, 2006.*

**Stormwater Rules**

Generally, an NPDES/SDS storm water permit is required for certain MS4s—municipal separate storm sewer systems. However, until the PCA storm water rules are amended, the rules do not apply to a county if the MS4 is owned or operated by a municipality (county, city, town, Metropolitan Council, or other governmental subdivision responsible for the prevention, control, and abatement of water pollution) with a population of 10,000 or more; or by a municipality with a population of at least 5,000 that discharges or has the potential to discharge storm water into an outstanding resource value water, a trout lake or trout stream, or a water listed as impaired, except those waters listed as impaired solely for mercury (Hg) or polychlorinated biphenyls (PCBs).

*Ch. 281, art. 3, § 19, and ch. 227, § 2, effective August 1, 2006.*

**Coroners and Medical Examiners**

The law governing coroners and medical examiners was recodified and updated. Among other things, each county must have a coroner or medical examiner. A coroner may be elected or appointed; a medical examiner must be appointed by the county board. Among other qualifications, a medical examiner must be a forensic pathologist and a coroner must be a physician. Incumbents are deemed to meet the qualifications in order to finish out their current terms of office. A county does not have to have a morgue as long as it has a way to receive, store, and release dead bodies. The county board is responsible for compensation and expenses of the coroner and medical examiner and any staff. A county may contract with another unit of government for coroner or medical examiner services.

*Ch. 260, art. 8, amending Minn. Stat. ch. 390, repealing Minn. Stat. §§ 383A.36, 383B.225, 390.006, 390.06, 390.07, 390.16, 390.17, 390.19, 390.20, 390.24, 390.36, effective July 1, 2006.*

**Soldiers' Rest Cemeteries**

Counties are no longer limited to spending no more than \$3,500 annually to acquire, embellish, and maintain a soldiers' rest in a cemetery in the county.

*Ch. 176, amending Minn. Stat. § 375.36, subd. 1, effective April 8, 2006.*

- Drainage Bonds** County drainage bonds do not have to be sold at par value anymore.  
*Ch. 259, art. 9, § 1, amending Minn. Stat. § 103E.635, subd. 7, effective July 1, 2006.*
- County State-Aid Highway Aid Anticipation Bonds** The percentage limit for bonds issued in anticipation of receipt of county state-aid highway aid is increased from 50 percent to 90 percent of the last annual aid amount.  
*Ch. 259, art. 9, § 4, amending Minn. Stat. § 162.181, subd. 1, effective July 1, 2006.*
- County General Obligation Housing Bonds** County general obligation housing bonds now qualify under the state guarantee program for county bonds. Previously, only regular county general obligation bonds and county lease obligation bonds for jails and other law enforcement facilities qualified.  
*Ch. 259, art. 9, § 6, amending Minn. Stat. § 373.45, subd. 1, effective July 1, 2006.*
- Deed Tax** A minimal deed tax of \$1.65 is established for transfers of real property if the transfer is: (1) to a builder or contractor, (2) intended to be temporary, and (3) done solely to obtain financing for an improvement on the conveyed property under a contract for improvement with the grantor that requires the conveyed property to be reconveyed to the grantor after completion and payment for the improvement. A transfer from the builder or contractor back to the grantor is also subject to a \$1.65 tax.  
*Ch. 259, art. 7, § 2, adding Minn. Stat. § 287.222, effective for deeds both executed and recorded on or after July 1, 2006.*
- County Auditor Duties** In 2005, the law regarding auditor record and file-keeping requirements were updated. Now the requirement that county auditors retain a paper copy of each certificate of forfeiture is eliminated, consistent with the changes enacted in 2005. The auditor records the certificate with the county recorder or registrar, thus making it part of the county's formal land records. The reference to a "filed" certificate is also changed to a "recorded" certificate.  
*Ch. 259, art. 5, §§ 6 and 7, amending Minn. Stat. §§ 281.23, subd. 9, 284.07, effective June 2, 2006.*
- Real Estate Recording and Filing Statutes Updated** The 2006 Legislature enacted a few miscellaneous changes related to the 2005 updating of statutes governing real estate filing and recording.  
*Ch. 222, amending Minn. Stat. §§ 507.093, 508.75, 508.82, subd. 1, 508A.11, subd. 3, 508A.82, subd. 1, repealing Minn. Stat. § 508.74, effective August 1, 2006.*

## Towns

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### **Town Bridge Account**

In 2001, the legislature expanded the eligibility for high-cost town bridge projects for money in the town bridge account (an account for town bridge replacement that comes from dedicated highway user taxes) to include 100 percent of engineering costs exceeding \$10,000, or in the case of towns with a net tax capacity of less than \$200,000, 100 percent of engineering costs. The 2006 Legislature raised the cap on net tax capacity from \$200,000 to \$300,000 so that towns with a net tax capacity of less than \$300,000 are eligible for 100 percent of engineering costs.

*Ch. 274, § 1, amending Minn. Stat. § 161.082, subd. 2a, effective July 1, 2006.*

### **Town Road Contracts**

A town may “piggyback” onto a county road contract. A town may contract for construction or maintenance of a road by agreeing to the terms of an existing contract between a vendor and the county for work on an adjoining road if the existing contract was made in conformance with all applicable procedural requirements. This addition to the Uniform Municipal Contracting Law was recommended by the State Auditor in *Best Practices Review: Contracting and Procurement in the Public Sector*, Nov. 15, 2005, page 56.

*Ch. 274 § 2, amending Minn. Stat. § 471.345, adding subd. 19, effective August 1, 2006.*

## Development Authorities and Special Districts

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### **Watershed and Soil and Water Conservation Districts**

Watershed districts and soil and water conservation districts are now subject to the 60-day rule, which establishes timelines for agency action.

*Ch. 226, § 1, amending Minn. Stat. § 15.99, effective August 1, 2006.*

### **Emergency Medical Services Special Taxing Districts**

The 2001 Legislature authorized two or more local governments (town, city, county) to establish an emergency medical service special taxing district. The districts were authorized to levy the lesser of 0.048 percent of the taxable market value of the district, or \$250,000 annually. The \$250,000 is increased to \$400,000, although the limit on the allowed percent of taxable market value is unchanged.

*Ch. 259, art. 4, § 3, amending Minn. Stat. § 144F.01, subd. 4, effective July 1, 2006.*

In 2001 these districts were authorized to levy taxes through 2007, payable 2008. In 2005, the authority was extended to taxes levied in 2009, payable in 2010. The levy authority is now extended to taxes

levied in 2011, payable in 2012. No districts have been established yet.

*Ch. 259, art. 4, § 20, amending [Laws 2001, 1<sup>st</sup> spec. sess., ch. 5, art. 3, § 8](#), the effective date, as amended by [Laws 2005, ch. 151, art. 3, § 19](#).*

#### **HRA Bonds**

Housing and redevelopment authority bonds do not have to be sold at par value anymore.

*Ch. 259, art. 9, § 7, amending [Minn. Stat. § 469.035](#), effective July 1, 2006.*

#### **EDA Bonds**

The term limit on economic development authority bonds is extended from 20 years to 30 years.

*Ch. 259, art. 9, § 8, amending [Minn. Stat. § 469.103, subd. 2](#), effective July 1, 2006.*

## **Minnesota Ballpark Authority**

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#### **Establishment and Purpose; Governance**

The 2006 Legislature enacted [chapter 257](#), also known as the “Twins bill,” to provide for the construction, financing, and long-term use of a ballpark for Major League Baseball to be located within a defined development area in Minneapolis. The act provides that specific performance and injunctive relief are essential remedies for breaches of certain agreements under the act.

The Minnesota Ballpark Authority is a public body and political subdivision of the state, not a joint powers entity or an agency of Hennepin County. It will be governed by a five-member commission composed of two gubernatorial appointees, two county appointees (including the chair), and one appointee of the city of Minneapolis. One of the gubernatorial appointees must be from a county other than Hennepin, and all other members must be residents of Hennepin County. All members serve at the pleasure of the appointing authority, and the chair is one of the two county appointees. No member may have served as an elected official of Minneapolis or Hennepin County for two years prior to appointment. Members of the authority are public officials for purposes of required filings of statements of financial interest and disclosure of conflicts of interest. Members receive per diem and expenses, as provided in [Minnesota Statutes, section 15.0575](#). All appointments to the authority had to be made by June 26, 2006, and the first meeting had to occur by July 11, 2006.

The authority may adopt bylaws relating to its governance. The bylaws must be similar in form and substance to the bylaws of the Metropolitan Sports Facilities Commission. An executive director must be appointed within 30 days of the first meeting, and the authority must establish a



web site to provide specified information to the public.

*Ch. 257, §§ 1, 5, 7, 9, and 10, amending Minn. Stat. § 10A.01, subd. 35, adding Minn. Stat. §§ 473.75, 473.752, 473.754 and 473.755, effective May 27, 2006.*

**Powers, Duties of  
the Authority**

The authority may do any of the following:

- ▶ sue and be sued
- ▶ request a bond be posted by the plaintiff in the case of a lawsuit that may delay the construction
- ▶ acquire real and personal property
- ▶ manage the ballpark and related facilities developed under this act, but must ban smoking in the ballpark
- ▶ sell property no longer needed by it in the same manner as a port authority. The authority may not sell the ballpark without legislative approval
- ▶ hire employees and contract for services
- ▶ accept donations of money, property, or services and enter into grant agreements
- ▶ conduct research, hearings, and investigations in connection with its functions
- ▶ enter lease and use agreements for facilities under its control, including exclusive use agreements
- ▶ require employees to obtain individual bonds or fidelity insurance and procure whatever liability or property insurance it deems necessary

The authority must do the following:

- ▶ enter into an agreement with the city of Minneapolis regarding traffic control for the ballpark
- ▶ comply with the Data Practices Act and the Open Meeting Law
- ▶ enter into a lease or use agreement with the team that provides for payment of operating and maintenance costs by the team
- ▶ use good faith efforts to hire women and minority employees and contractors and hold a minority recruitment job fair

The authority is a municipality for purposes of a statute limiting the tort liability of municipalities. The ballpark project is exempt from Metropolitan Council plan review and from business subsidy reporting under Minnesota Statutes, section 116J.994. The act provides for the contracting procedures for the construction of the ballpark and requires that contracts include programs for minority hiring; ballpark construction is covered by the prevailing wage law.

*Ch. 257, §§ 9, 11, adding Minn. Stat. §§ 473.754, 473.756, effective May 27, 2006.*

### **Criteria and Conditions**

The authority must follow and enforce the following criteria and conditions:

- ▶ The team must contribute \$130 million in cash during the construction period towards ballpark costs. Of this amount, \$45 million must be deposited in the construction account for the first ballpark costs. The team must also agree to assume and pay all ballpark cost overruns, excluding land, site improvements, and public infrastructure.
- ▶ The authority must require a capital improvements reserve fund, to be funded with annual payments of \$2 million, of which approximately \$1 million is to be the team's share. The annual payments are to be indexed for inflation.
- ▶ The lease or use agreements with the team must include a requirement that the team plays all of its regular season and post-season home games in the ballpark, and be for a term of at least 30 years. The lease must include terms for default, termination, or breach; must require specific performance and injunctive relief; and must not include escape clauses or buyout provisions. The team must provide notice of defaults under lease or use agreements.
- ▶ The authority must determine that all necessary funding is committed in writing and that the committed funds are sufficient to design, construct, furnish, and equip the ballpark.
- ▶ The authority must obtain a right of first refusal to a corporation for community ownership. A percentage of the sale price of the team (from 18 percent, declining to zero at the end of ten years) must be paid to the authority if the team is sold within ten years. The lease or use agreement must allow the authority access to the team's books and records.

- ▶ The lease agreement must provide for affordable access to professional sporting events held in the ballpark.
- ▶ The authority must negotiate a no-strike agreement.
- ▶ The lease must require the team to provide \$250,000 (increased for inflation) annually for youth activities and amateur sports.
- ▶ The lease must provide that the team and league will transfer to the state the Twins' name, logo, records, and related items upon dissolution or relocation of the franchise.
- ▶ Certain environmental standards must be met if grants sufficient to cover any increased costs are received.
- ▶ American-made steel must be used in the construction of the ballpark to the extent practicable.

*Ch. 257, § 14, adding Minn. Stat. § 473.759, effective May 27, 2006.*

## **Taxes, Exemptions**

**Sales Tax on Building Materials.** Materials used in the construction or improvement of the ballpark and related public infrastructure are exempt from the state sales and use tax. The exemption for the ballpark expires one year after the first Major League Baseball game is played in the park. The exemption for infrastructure expires five years after the issuance of the first bonds.

*Ch. 257, § 3, amending Minn. Stat. § 297A.71 by adding subd. 37, effective May 27, 2006.*

**Property.** Any property of the authority is exempt from ad valorem taxation. The property is subject to special assessments. The exemption also applies to property leased by the authority, except property leased by the authority for residential, business, or commercial development.

*Ch. 257, § 8, adding Minn. Stat. § 473.753, effective May 27, 2006.*

**Local Taxes.** No new local taxes may be imposed on sales at the ballpark site unless applicable throughout the taxing jurisdiction. No new taxes may be imposed on tickets to baseball events unless applicable throughout the taxing jurisdiction. The Minneapolis admission and amusement tax may apply to admission to baseball events.

*Ch. 257, § 17, adding Minn. Stat. § 473.762, effective May 27, 2006.*

**Hennepin County  
Powers, Duties**

Hennepin County may do the following:

- ▶ make grants to the authority for ballpark construction and other related purposes on terms agreed to by the county and the authority
- ▶ spend up to \$4 million per year of revenues in excess of amounts needed for debt service on youth activities and amateur sports in Hennepin County and for extended hours at the Minneapolis and Hennepin County libraries.
- ▶ review and approve ballpark plans to the extent provided in the grant agreement
- ▶ initiate or continue the environmental impact statement for the project
- ▶ reimburse local governments for expenditures
- ▶ issue revenue bonds for grants to the ballpark authority for ballpark and related infrastructure and land acquisition
- ▶ impose a 0.15 percent sales tax within the county without a referendum for the purposes described in the act. The tax terminates upon payment, or provision for payment, of all of the county's obligations.

County spending for ballpark costs is capped at \$260 million and grants for capital improvement reserves are capped at \$1 million annually. County spending for land, site improvements, or public infrastructure is capped at \$90 million and such expenditures may not be made more than five years after the first bonds are issued. Property purchased with tax revenues authorized by this act must be within 1,000 feet of the development area.

*Ch. 257, § 12, adding Minn. Stat. § 473.757, effective May 27, 2006.*

**Implementation**

Hennepin County is the responsible governmental unit for any environmental impact statement (EIS). Any EIS need not consider alternative sites for the ballpark. Work may not begin on the foundation of the ballpark before the EIS is determined to be adequate; however, all other preliminary work (including the imposition of the tax, acquisition and preparation of land, and financing) may go forward prior to that determination. By June 26, 2006, an advisory ballpark implementation committee consisting of equal numbers of members from Minneapolis and Hennepin County must be established to provide an alternative procedure for all land use and development reviews and approvals. The committee's recommendations are to be forwarded to the Minneapolis

planning department for an advisory recommendation within the county's planning and construction timetable and then to the city council for final action.

*Ch. 257, § 13, adding Minn. Stat. § 473.758, effective May 27, 2006.*

**Minneapolis' Duties** Minneapolis must convey land it owns within the development area to the authority at fair market value and issue liquor licenses for the premises of the ballpark. Actions taken by Minneapolis under this act in a planning or regulatory capacity are not deemed to be an expenditure for purposes of charter limitations.

*Ch. 257, § 16, adding Minn. Stat. § 473.761, effective May 27, 2006.*

**Community Ownership** A mechanism is provided for community ownership of a professional baseball franchise in Minnesota, subject to the rules of Major League Baseball.

*Ch. 257, § 18, adding Minn. Stat. § 473.763, effective May 27, 2006.*

## Special Legislation

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**Anoka County** Anoka County and the Minnesota Vikings are required to negotiate an agreement for development and funding of a stadium in Blaine and to report on the agreement to the legislature by January 15, 2007. Anoka County may impose a 0.75 percent local option sales tax without a referendum in Anoka County for a Vikings stadium contingent upon approval of a development and financing plan at the 2007 or later legislative session.

*Ch. 257, §§ 20 and 21, effective May 27, 2006.*

**Aitkin County, Cities and Towns within Aitkin County** Towns and cities in Aitkin County may regulate by ordinance the use of lands that are adjacent to public waters and that are dedicated to the public but not owned by the state or held in the name of any political subdivision. If a town or city notifies the county that it does not intend to adopt an ordinance or does not adopt an ordinance within two years, the county may adopt an ordinance regulating the use of these lands. This law replaces the 1988 law that gave the county sole authority to adopt such regulations.

*Ch. 272, § 1, effective as to each city or town upon local approval by that city or town, § 2, effective upon local approval by the county, and § 3, repealing Laws 1988, ch. 658, § 1, effective August 1, 2006.*

**Albert Lea** In the 2005 special session, the city of Albert Lea was authorized to impose a local sales tax to fund improvements under the Shell Rock

River watershed plan. However, the city charter makes it difficult to transfer the revenue from the city to the watershed board for this purpose. This law allows the city to make the transfer, regardless of any limitations in the city charter.

*Ch. 259, art. 3, § 6, amending [Laws 2005, 1<sup>st</sup> spec. sess. ch. 3, art. 5, § 38, subd. 2](#), effective upon local approval.*

### **Austin**

The city of Austin may impose a 0.5 percent local sales and use tax to fund flood mitigation projects. To impose the tax, the city must receive voter approval at a general or a special election held before January 1, 2007. This is an exception to the statutory provision that requires a referendum at a general election. All other statutory provisions related to local sales taxes contained in [Minnesota Statutes, section 297A.99](#) apply. The tax would expire at the earlier of (1) 20 years, or (2) when funds sufficient to finance the authorized projects have been raised.

In addition, the city may issue up to \$14 million in general revenue bonds to pay for the flood mitigation projects, based on the referendum for imposing the tax. These bonds would be outside of regular city debt limits, and any property tax needed to pay principal and interest on the bonds would be outside of levy limits.

*Ch. 259, art. 3, § 9, effective upon local approval.*

### **Baxter**

The city of Baxter may impose a 0.5 percent local sales and use tax and a \$20 per vehicle excise tax on motor vehicles sold by licensed dealers in the city. No additional referendum is required since the city received voter approval for the tax at the November 2, 2004 general election. All other statutory provisions related to local sales taxes contained in [Minnesota Statutes, section 297A.99](#) apply. The revenues from the taxes must be used to fund acquisition and betterment of water and wastewater facilities and to build and equip a fire substation. The water and wastewater facilities are a joint project with the city of Brainerd. The total amount of revenue from these taxes that the city can spend on these projects is \$15 million plus any associated bond costs. The tax expires at the earlier of (1) 12 years, or (2) when revenues generated by the taxes equal \$15 million plus associated bond costs.

In addition, the city may issue up to \$15 million in general revenue bonds to fund the listed projects, based on the referendum for imposing the tax. These bonds are outside of regular city debt limits, and any property tax needed to pay principal and interest on the bonds are outside of levy limits.

*Ch. 259, art. 3, § 10, effective upon local approval.*

### **Brainerd**

The city of Brainerd may impose a 0.5 percent local sales and use tax and a \$20 per vehicle excise tax on motor vehicles sold by licensed dealers in the city. All statutory provisions related to local sales taxes contained in [Minnesota Statutes, section 297A.99](#) apply, including the requirement of voter approval at the next general election. The revenues from the taxes must be used to fund acquisition and betterment of water and wastewater facilities and for trail development. The water and wastewater facilities are a joint project with the city of Baxter. The total amount of revenue from these taxes that the city can spend on these projects is \$22.03 million plus any associated bond costs. The tax expires at the earlier of (1) 12 years, or (2) when revenues generated by the taxes equal \$22.03 million plus associated bond costs.

In addition, the city may issue up to \$22.03 million in general revenue bonds to fund the listed projects, based on the referendum for imposing the tax. These bonds are outside of regular city debt limits, and any property tax needed to pay principal and interest on the bonds is outside of levy limits.

*Ch. 259, art. 3, § 11, effective upon local approval.*

### **Brooklyn Park TIF**

The city of Brooklyn Park may extend the duration limit of a housing TIF district established under a 1994 special law by five additional years and deposit the additional money in its housing account. The 2005 Legislature authorized extension of the district by one year, pending preparation by the city of a report and plan for using increments from the district for housing improvements.

The city may also establish up to six additional housing districts subject to special rules. Seventy-five percent of the parcels in each of these districts must consist of either vacant land or multifamily housing constructed before 1975. The parcels in these districts containing multifamily housing constructed before 1975 would have an original net tax capacity based on the value of the land. The authority to establish these districts expires in 2011.

*Ch. 259, art. 10, § 16, effective upon local approval by the city, however the duration limit change is only effective upon compliance by the county and school district with Minn. Stat. § 469.1782, subd. 2.*

### **Buffalo-Red River Watershed District**

The levy authority of the Buffalo-Red River Watershed District, located in portions of Clay, Wilkin, and Becker counties, is limited to the following amounts:

1. The levy for the basic general administrative levy only, and
2. A levy not to exceed 0.02394 percent of taxable market value to pay for costs attributable to the basic water management

features of projects initiated by petition of a political subdivision within the watershed district, or by petition of at least 50 resident owners of property within the district.

The levy also may be used to develop and implement total maximum daily loads (TMDLs) for water quality. Funding for a project initiated by petition must begin during the period of taxes levied in 2006, payable in 2007, and taxes levied in 2008, payable in 2009. A project initiated by petition cannot be for a period exceeding 15 consecutive years. The general administrative levy authority does not expire.

*Ch. 259, art. 4, § 22, effective June 2, 2006.*

### **Burnsville TIF**

The five-year rule is extended to a ten-year period for one parcel in the Heart of the City TIF district.

*Ch. 259, art. 10, § 12, effective upon local approval.*

A 1998 special law permitting the city of Burnsville to establish a TIF district and directing that the balance of the increments derived from the district be returned to the county for distribution as excess increments is repealed.

*Ch. 259, art. 10, § 17, repealing Laws 1998, ch. 389, art. 11, § 18, effective upon local approval.*

### **Carver County**

**County offices.** Under general law in [chapter 375A](#), a county may make the offices of recorder, auditor, and treasurer appointive if approved by a referendum. This act allows Carver County to make these offices appointed positions, subject to a four-fifths vote of the county board and reverse referendum. It also provides for current officeholders to complete the terms to which they were elected before the office is changed to appointed.

*Ch. 173, effective upon local approval.*

**Authority name change.** The Carver County Housing and Redevelopment Authority is renamed the Carver County Community Development Agency.

*Ch. 259, art. 9, § 11, effective July 1, 2006.*

### **Cook-Orr Hospital District**

The hospital district board may enter into an agreement with the Tribal Council of the Bois Forte Band of Minnesota Chippewa that would permit certain reservation lands to be included in the territory of the hospital district. The agreement must establish terms and conditions under which the territory would be expanded and the amount of or means for determining the amount of the contribution by the Bois Forte Band.



*Ch. 259, art. 4, § 23, effective July 1, 2006.*

### **Detroit Lakes TIF**

The city of Detroit Lakes may establish a redevelopment TIF district in a defined area of the city under special rules for applying the blight test. This district would be established by:

- ▶ Treating buildings and structures removed under the Highway 10 Realignment Project as structurally substandard under the blight test, and
- ▶ Not applying the three-year time limit for requesting certification after demolition (i.e., certification could be requested after the three-year limit and still treat the parcels as occupied by buildings purposes of the blight test).

The city must approve the TIF plan by December 31, 2014.

*Ch. 259, art. 10, § 13, effective upon local approval.*

### **Faribault TIF**

The city of Faribault may extend the duration of TIF district No. 5-1 by two years to cover a deficit in the city's ability to pay the district's bonds caused by the 2001 property tax changes.

*Ch. 259, art. 10, § 15, effective upon local approval by the county, city, and school district in compliance with Minn. Stat. § 469.1782, subd. 2.*

### **Grand Rapids**

Grand Rapids may issue general obligation bonds to refund outstanding revenue bonds issued for a joint public works and public utilities service center under the statute that authorizes cities to issue bonds without an election (but subject to reverse referendum) for certain capital improvements if they are done under a capital improvement plan and approved by a three-fifths vote of the city council.

The joint service center is deemed a capital improvement, and a capital improvement plan or plan amendment that describes the refunding bonds and is approved by the city council after public hearing is deemed to comply with the law governing municipal capital improvement programs.

*Ch. 216, effective upon local approval.*

### **Hennepin County**

**Hennepin HealthCare System (HHS).** The 2005 Legislature created HHS as a public corporation and subsidiary of Hennepin County to take over operation and management of the Hennepin County Medical Center. This act adds a provision to exempt from civil liability a person serving as a director or officer of HHS, the same as provided for officers and directors under the statute governing nonprofit corporations.

*Ch. 266, § 2, amending Minn. Stat. § 383B.905, by adding subd. 4, effective June 2, 2006.*

**Minnesota Ballpark Authority.** See [page 28](#) for information about Hennepin County's powers and duties related to the new Twins ballpark.

**Hermantown**

The city of Hermantown may now use a portion of its existing local sales tax authority to fund a combined police, fire, and administrative service building. Under the old law, it could only fund a combined police and fire station. The expiration date for the local sales tax authority is also changed to March 31, 2026, from the later of (1) ten years after being imposed, or (2) when sufficient revenues to fund the authorized projects were raised. The original law authorizing the tax contained no limit on the amount that could be spent on the original projects. The tax raised a little more than \$1 million in calendar year 2004.

*Ch. 259, art. 3, §§ 3, 4, amending Laws 1996, ch. 471, art. 2, § 29, subs. 1 and 4, effective upon local approval.*

**Kiester**

The city of Kiester may acquire inventory for and operate a grocery store in a building already owned by the city that has been leased to an individual to run as a grocery store. To finance the inventory and operation, the city may issue up to \$150,000 in capital notes.

*Ch. 248, § 4, effective June 3, 2006.*

**Lower Minnesota River Watershed District**

The Lower Minnesota River Watershed District may acquire, construct, and install facilities needed for it to own and operate a dredge material site. The district may sell the dredge material. The district may hire persons to operate and maintain the site. To pay for this, the district may charge private customers for use of the site or to use the dredge material. Any revenue bonds issued by the district for this may include a covenant to impose charges necessary to repay the bonds and interest.

*Ch. 226, §§ 2 and 3, effective May 25, 2006; see also ch. 281, art. 3, § 18, effective August 1, 2006.*

**City of Mahnomens, Mahnomens County, and Mahnomens School District**

The legislature appropriated \$600,000 to Mahnomens County, the city of Mahnomens, and the Mahnomens school district No. 432, to compensate for the loss of property tax revenue in calendar year 2006 as a result of a tribal casino located in the city of Mahnomens being placed in trust status. The money is scheduled for payment on July 20, 2006. Although the pay 2006 tax was levied on the property, which did not go into trust until several months into the year, there is no way to force payment of the tax since a lien cannot be impose on trust land. Of the total, \$450,000 will go to the county, \$80,000 to the city, and \$70,000 to the school district.

Transitional language for calculating school levies for taxes payable in 2007, based on the reduced school district tax base, is also included.

*Ch. 259, art. 11, § 3, effective June 2, 2006.*

## **Minneapolis**

**Subdivision regulation.** Minneapolis and the Minneapolis Park and Recreation Board may jointly exercise subdivision regulation powers to require dedication of land or a fee on new housing units, in lieu of dedication, to provide for public parks, playgrounds, recreational facilities, wetlands, or open space. The ordinance adopted may exclude senior and affordable housing from the dedication or fee requirement.

*Ch. 269, §§ 2 and 3, effective upon local approval by the city and the board.*

**Liquor.** Minneapolis may issue an on-sale wine and liquor license for the Minnesota Book and Literary Arts Building (Open Book). It may also issue a license for a restaurant at 5411 Penn Avenue South (Connor's Bakery and Deli).

*Ch. 210, amending Minn. Stat. § 340A.404, subd. 2, § 8, effective upon local approval.*

**Homeless assistance TIF district.** The city of Minneapolis may create a special "homeless assistance TIF district." This district is limited to an area of up to six acres, located in a municipal development district, and containing two homeless shelters operated by 501(c)(3) organizations and that meet specified requirements.

The district has a 25-year duration limit and is exempt from the following rules under the general law:

- ▶ Approval of the TIF plan is not subject to the but-for findings under general law.
- ▶ The five-year rule and pooling restrictions do not apply.

At least 50 percent of the district's increments (determined after first deducting the allowable administrative expenses) must be used to provide emergency shelter and assistance for the homeless.

*Ch. 259, art. 10, § 14, effective upon local approval.*

## **New Prague**

New Prague may issue an on-sale liquor license for the New Prague golf course, clubhouse, and restaurant.

*Ch. 210, § 15, effective May 19, 2006.*

## **Owatonna**

The city of Owatonna may impose a 0.5 percent local sales and use tax and a \$20 per vehicle excise tax on motor vehicles sold by licensed dealers in the city. All statutory provisions related to local sales taxes

contained in [Minnesota Statutes, section 297A.99](#) apply, including the requirement of voter approval at the next general election.

The revenues from the taxes must be used to fund the following projects:

- ▶ \$4.45 million for U.S. Highway 14/Owatonna Beltline-related transportation projects
- ▶ \$5.4 million for parks and trail projects
- ▶ \$2.823 million for the West Hills complex, fire hall, and library improvements

The total amount of revenue from these taxes that the city can spend on these projects is \$12.7 million plus any associated bond costs. The tax expires at the earlier of (1) ten years, or (2) when revenues generated by the taxes equal \$12.7 million plus associated bond costs.

In addition, the city may issue up to \$12.7 million in general revenue bonds to fund the listed projects, based on the referendum for imposing the tax. These bonds are outside of regular city debt limits, and any property tax needed to pay principal and interest on the bonds are outside of levy limits.

*Ch. 259, art. 3, § 12, effective upon local approval.*

### **Pennock**

The city of Pennock may buy and improve property in the city that was run as a convenience store known as Phil's Corner. It may then convey the improved property for a nominal amount to any private entity to operate as a commercial establishment. The city may also issue up to \$250,000 in general obligation bonds without a referendum to finance the project. The debt is not included in any debt limits.

*Ch. 248, §§ 2, 3, and 7, effective June 3, 2006 (acquisition and improvement of the property) and August 1, 2006 (issuance of debt).*

### **Ramsey**

The city of Ramsey may issue general obligation bonds for the Sunwood on Grand project, and the bonds are exempt from the net debt limits.

*Ch. 259, art. 9, § 12, effective July 1, 2006.*

### **Red Lake and Pennington Counties**

Red Lake and Pennington counties may set up a joint board to determine how much Red Lake County may charge for use of county ditch number 13 as an outlet for drainage originating in Pennington County. The joint board must consist of an equal number of county board members from each county. This law is the same authority as was given to Red Lake County and Polk County in [Laws 1995, chapter 162](#).

*Ch. 186, effective May 6, 2006.*

**Swift County Rural Finance Authority**

The Swift County Rural Finance Authority board is increased from seven to nine members. The two additional members must represent various county-based economic development organizations or be directors at large.

*Ch. 184, amending Laws 1995, ch. 264, art. 5, § 39, subd. 4, effective August 1, 2006.*

**Sylvan Township, Cass County**

Sylvan Township, with approval by Cass County, may impose a gravel tax, if one is not imposed by the county, and retain all proceeds of the tax. This authority is repealed if the county imposes a gravel tax.

*Ch. 259, art. 12, § 14, amending Minn. Stat. § 298.75, by adding subd. 10, effective upon local approval.*

**Winona**

The city of Winona may use up to \$1.2 million of revenues from its existing local sales tax and motor vehicle excise tax to fund flood control projects. Originally, the city could only use the revenue to fund transportation projects listed in the Minnesota Department of Transportation's Winona Intermodal Study.

*Ch. 259, art. 3, § 7, amending Laws 2005, 1<sup>st</sup> spec. sess., ch. 3, art. 5, § 43, subd. 3, effective upon local approval.*

**Worthington**

The city of Worthington was granted authority to impose a local sales and use tax during the 2005 special session, provided that the voters approved it at the 2006 general election. During the 2006 legislative session, the city requested an extension on voter approval to allow it to be obtained at either the 2006 or 2008 November general election. The legislature intended to grant this extension but an error was made in the new language and the vote must occur at a general election held prior to January 1, 2008. This language will need a correction during the 2007 legislative session.

*Ch. 259, art. 3, § 8, amending Laws 2005, 1<sup>st</sup> spec. sess., ch. 3, art. 5, § 44, subd. 1, effective June 2, 2006.*

## Metropolitan Government

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**Metropolitan Council**

**Transit capital bonding.** The Metropolitan Council may issue an additional \$32.8 million in general obligation bonds to pay for projects identified in the council's transit master plan and transit capital improvement plan, as adopted by the council as of May 1, 2006.

*Ch. 259, art. 13, §§ 14, 18, amending Minn. Stat. § 473.39, by adding subd. 11, effective June 2, 2006.*

**School district capital improvement plans.** The Metropolitan Council is no longer required to review the capital improvement plans of school districts.

*Ch. 194, amending Minn. Stat. §§ 473.175, 473.851, 473.852, subd. 4, 473.854, 473.856, 473.857, subds. 1 and 3, and 473.864, effective August 1, 2006.*

**Special transportation services.** The Metropolitan Council must ensure that the geographic coverage area of special transportation service is continuous within the boundaries of the transit taxing district. This coverage requirement can be met by means of contracts with public, private, or private nonprofit providers.

*Ch. 279, amending Minn. Stat. § 473.386, subd. 3, effective August 1, 2006.*

**Public Safety Radio.** The chair of the Metropolitan Council, or designee, is added to the membership of the Statewide Radio Board.

*Ch. 260, art. 6, § 19, amending Minn. Stat. § 403.36, subd. 1, effective July 1, 2006, and ch. 230, amending Minn. Stat. § 403.36, subd. 1, effective August 1, 2006.*

In 2004, the legislature began the process of phasing out the Metropolitan Radio Board, which sunseted July 1, 2006. This year, the regional radio board for the metropolitan area takes over the duties previously performed by the Metropolitan Radio Board, including encouraging the establishment of local public safety radio subsystem committees in each metropolitan county and the creation of joint or multicounty planning for the regionwide public safety radio system. All plans for the public safety radio subsystems must be presented to and approved by the regional radio board for the metropolitan area. Provisions relating to the Metropolitan Radio Board are repealed.

*Ch. 260, art. 6, §§ 17, 21, amending Minn. Stat. § 403.33, repealing Minn. Stat. §§ 403.08, subd. 8, 403.22, 403.23, 403.24, 403.25, 403.26, 403.28, 403.29, subds. 1, 2, and 3, 403.30, subds. 2 and 4, and 403.35, effective July 1, 2006.*

**Metropolitan Sports  
Facilities  
Commission  
(MSFC)**

**Gopher football.** The lease between the Board of Regents of the University of Minnesota and the commission dated May 19, 1982, that requires the University of Minnesota football team to play its home football games at the Hubert H. Humphrey Metrodome until July 1, 2012, may be terminated by the board and the MSFC effective on or after the date designated by the board as the date of completion of the stadium on the University of Minnesota's east bank campus in the city of Minneapolis.

*Ch. 247, § 15, adding Minn. Stat. § 473.5955, effective May 25, 2006.*

**Financial assistance to the Minnesota Ballpark Authority.** The MSFC may provide financial and other assistance to Hennepin County

and the newly formed Minnesota Ballpark Authority. The MSFC is required to transfer \$300,000 to the county by January 1, 2007, for preliminary costs, subject to reimbursement from the county's tax revenues.

*Ch. 257, § 15, adding Minn. Stat. § 473.76, effective May 27, 2006.*

**Sale of Metrodome.** \$5 million from the net proceeds from the future sale of the Metrodome will go to Hennepin County and the remainder to be used to pay debt service on bonds for the construction of a football stadium for the Minnesota Vikings.

*Ch. 257, § 4, amending Minn. Stat. § 473.5995, subd. 2, effective May 27, 2006.*

\$5 million from the MSFC's cash reserves will go to the city of Minneapolis when the Metrodome is sold.

*Ch. 257, § 22, effective May 27, 2006.*

## **Metropolitan Airports Commission**

**Metropolitan Airports Commission membership.** Qualifications for appointment to the Metropolitan Airports Commission (MAC) are amended to require that members have resided in the district for at least six months and in the state for at least one year immediately preceding their appointment. Four-year terms are established for MAC members, and the terms are staggered with terms for members from districts A, B, F, and H expiring on January 1, 2007, and the terms of members from districts C, D, E, and G expiring on January 5, 2009.

*Ch. 261, § 4, amending Minn. Stat. § 473.604, subd. 1, effective August 1, 2006.*

**Annual report to legislature.** The annual report from the MAC to the legislature is due on March 30 rather than February 15 and must include information regarding operations at reliever airports as well as the Minneapolis-St. Paul International Airport. The former requirements that the report include information regarding activities at the Wayne County airport in Detroit and compare airport activities with the 1993 MAC forecasts are eliminated.

*Ch. 261, § 5, amending Minn. Stat. § 473.621, subd. 1b, effective August 1, 2006.*

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