

**House Research Department**

**July 2008**

**2008 Legislation Relating  
to Local and Metropolitan  
Government**

This report describes legislation enacted in the 2008 regular session relating to local and metropolitan government.

This report was prepared by **Deborah Dyson, Jeanne LeFevre, Karen Baker, and Patricia Dalton**, legislative analysts in the House Research Department.

Questions may be addressed to **Deb** at 651-296-8291, **Jeanne** at 651-296-5043, **Karen** at 651-296-8959, or **Pat** at 651-296-7434.

**Jessica Vogt** provided secretarial support.

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## Introduction

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This report describes legislation enacted in the 2008 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 2008, unless otherwise indicated. See the acts or act summaries of the omnibus bills enacted in 2008 for other provisions that may affect local government and are not covered in this report:

Agriculture and Veterans Affairs.....	Chapter 297
Capital Investment .....	Chapters 179, 365
Commerce .....	Chapter 344
Data Practices .....	Chapter 315
Energy Policy.....	Chapters 296, 303
Elections.....	Chapters 165, 244
Environmental Policy .....	Chapter 357
Game, Fish, and Land.....	Chapter 368
Health and Human Services.....	Chapter 326
Jobs and Economic Development.....	Chapter 300
Public Safety .....	Chapter 299
Pensions and Retirement.....	Chapter 349
Supplemental Budget, Deficit Reduction .....	Chapter 363
Taxes .....	Chapters 154, 366
Transportation Finance .....	Chapter 152
Transportation Policy .....	Chapters 287, 350

Acts are available on the Revisor of Statutes web site ([www.revisor.leg.state.mn.us/data/revisor/slaws/2008/0/](http://www.revisor.leg.state.mn.us/data/revisor/slaws/2008/0/)). Act summaries are available on the House Research web site ([www.house.mn/hrd/actsum.asp](http://www.house.mn/hrd/actsum.asp)).

## Local Government Generally

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### Land Use, Planning, Zoning

**Municipal Boundary Adjustments** This law is the result of the work of the Municipal Boundary Adjustment Advisory Task Force, originally established by law in 2006. It includes technical, cleanup, and other noncontroversial changes to the laws governing municipal boundary adjustments. The task force is extended by a year, requiring final recommendations by January 16, 2009.

The statutes were updated to reflect that since 2005, the chief administrative law judge in the Office of Administrative Hearings has had responsibility for municipal boundary adjustments.

Other changes in the 2008 legislation include the following:

- ▶ The purposes for which the chief administrative law judge may issue a subpoena and how a subpoena is enforced are specified.
- ▶ The petitioning property owner is added to the list of those that can be directed to meet and discuss issues in any proceeding under the chapter that confers jurisdiction on the chief administrative law judge. The chief administrative law judge may determine who should be required to participate in these discussions. In general, the presiding administrative law judge may determine other appropriate parties to a proceeding.
- ▶ A proposed resolution or settlement must be filed with the chief administrative law judge and is subject to the procedures and criteria of [chapter 414](#).
- ▶ If incorporation or annexation is to be initiated by property owners, petitioning property owners must notify the town board and contiguous cities and towns.
- ▶ The presiding administrative law judge must tour the area involved in an annexation proceeding. Affected towns and cities must agree on conduct of the tour and information gained during the tour is added to the factors to be considered in an annexation decision.
- ▶ In orderly annexations, the area designated for annexation is more clearly distinguished from actual annexation of part or all of the designated area. Any expansion of an area subject to an orderly annexation agreement must provide the same notices as establishing an orderly annexation agreement. Also, there are

more options for addressing planning required in an orderly annexation area. An orderly annexation agreement may provide for differential taxation. Finally, the legislative findings at the beginning of the municipal boundary adjustment chapter of statutes now includes a statement that joint resolutions for orderly annexation, consolidations, mergers of towns and municipalities, should be encouraged.

- ▶ The publication requirements for notice of the joint informational meeting, and what may be placed in the record, were clarified, and the chairs of the meeting may set time limits for speakers.
- ▶ The differential taxation provision is limited to contested case annexations (annexation by order under section 414.031) and property tax supported municipal services. (Under the differentiation of taxation provision, the imposition of the municipal tax rate in the annexed area is phased in.)
- ▶ A qualified person may be appointed to help apportion property and obligations when an existing governmental unit is divided.
- ▶ The law now specifies how to resolve matters before a hearing is held.

*Ch. 196, arts. 1, 2, amending Minn. Stat. §§ 4A.02; 40A.121, subd. 1; 272.67, subd. 1; 276A.09; 365.46, subd. 2; 379.05; 412.021, subd. 1; 412.091; 414.01, subds. 1, 1a, 8a, 16; 414.011, adding subd. 12; 414.02, subd. 1a; 414.031, subds. 1a, 4, adding subd. 3a; 414.0325, subds. 1, 1b, 5; 414.0333; 414.035; 414.067, subd. 1; 414.12, subds. 1, 3, 4, by adding subds. 5, 6; 462.3535, subd. 5; 473F.13, subd. 1; 473H.14; 572A.01, subd. 2; 572A.015, subd. 2; 572A.02, subd. 6; repealing Minn. Stat. §§ 414.01, subd. 7a; 414.011, subd. 11; 414.12, subd. 2, effective April 18, 2008. Ch. 196, art. 1, § 21, amending Laws 2006, ch. 270, art. 2, § 1, as amended by Laws 2007, ch. 90, § 4, effective April 18, 2008.*

## **Platting**

The legislature made additional changes related to the 2007 recodification and updating of the platting statutes.

*Ch. 225, amending Minn. Stat. §§ 505.01, subd. 3; 505.021, subds. 8, 10; 505.20; 508.47, subd. 4; 508A.47, subd. 4, effective August 1, 2008.*

## **Agricultural, Forest, Wildlife, and Open Space Land Preservation**

This law, titled the President Theodore Roosevelt Memorial Bill to Preserve Agricultural, Forest, Wildlife, and Open Space Land, requires that counties, cities, and towns adopting or updating their comprehensive plans must consider information on rare plants, animals, native plant communities, and other natural features in the county as provided by the Department of Natural Resources. In addition, the board of a county that has fewer than 80 percent of its presettlement

wetlands remaining must consider goals and objectives that would protect open space and the environment. The act also encourages local governments to adopt specific goals, objectives, and ordinances to preserve agricultural, forest, wildlife, and open space land and minimize development in sensitive shoreland areas.

*Ch. 297, art. 1, §§ 56 to 62, amending Minn. Stat. §§ 394.23; 394.232, subd. 6; 462.355, subd. 1; 462.357, adding subds. 1h, 9, adding Minn. Stat. § 394.231, effective August 1, 2008.*

**Agricultural and  
Open Space  
Preservation Task  
Force**

The legislature created an agricultural and open space preservation task force to study state and local policies and incentives related to encouraging farms, privately owned forest lands, and other privately owned open spaces to be preserved. The task force consists of legislators and one representative each from the Association of Minnesota Counties, the League of Minnesota Cities, and the Minnesota Association of Townships. The task force is to consult with representatives of agricultural groups such as Farm Bureau and Farmer's Union, the commissioners of agriculture and natural resources, the executive director of the Board of Soil and Water Resources, and other state agencies as needed. There is no compensation or expense reimbursement for public members. The task force must report its findings with recommendations for proposed legislation to the chair and ranking minority member of the committees in the House of Representatives and Senate with jurisdiction over land use planning no later than January 30, 2009, the date on which the task force expires.

*Ch. 297, art. 1, § 66, effective August 1, 2008.*

**Star Lake, River  
Program**

The Star Lake Board is established as a nonprofit corporation, and its members include representatives of local governments. If a lake association applies to the Star Lake Board, it may be designated a "Star Lake" or "Star River" if it has a management plan, at least 50 percent of the private shoreland owners participate, the lake association participates in a water quality monitoring program, and it reviews its plan at least annually. A lake association is defined as an association organized for the purpose of addressing issues on a specific lake or river, a lake improvement district, or a lake conservation district.

Appointments to the Star Lake Board must be made by January 15, 2009, except for those to be appointed by members of the board; those appointments must be made within 30 days of the first meeting of the board. The member designated by the Board of Water and Soil Resources must convene the first meeting no later than February 15, 2009.

A county, statutory or home rule charter city, or town that contains a designated star lake or river may request that the Department of

Transportation (MnDOT) to erect a star lake or river sign. There can be one sign at each approach to a lake or river access area within the right-of-way of an interstate or other highway that passes over a lake or river in greater Minnesota.

An official lake or river sign on the right-of-way of an interstate or other highway may be replaced with a star lake or river sign by MnDOT. MnDOT must design and manufacture the star lake and river signs in compliance with other federal and state highway sign standards.

*Ch. 363, art. 5, §§ 17, 18, 26, 32, adding Minn. Stat. §§ 103B.701, 103B.702, 173.0855, effective July 1, 2008.*

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

### **Meetings on March 4, 2008**

Under a law enacted early in the 2008 session, public meetings and events were able to be conducted on the evening of March 4, 2008. Approximately 77 cities that hold regular city council meetings only on the first Tuesday of the month were able to meet rather than go two months in a row with no meeting.

General law prohibits local governments, public schools, public colleges and universities, and state entities from scheduling a public meeting or event after 6:00 p.m. on the night of a major political party's precinct caucuses. General law also provided that political parties must hold precinct caucuses on the first Tuesday in March. In 2008, the first Tuesday was March 4. All three of Minnesota's major political parties (Democratic-Farmer-Labor, Independence, and Republican) conducted their formal precinct caucuses on February 5, 2008, and had no plans to hold a caucus on March 4. The Green Party, a minor political party under Minnesota law, was scheduled to hold its caucuses on March 4. However, the law does not prohibit public meetings and events on the night of a minor party's caucuses, unless a major party is also conducting a caucus at the same time.

*Ch. 153, effective March 1, 2008.*

### **Meetings on Caucus Nights**

As described above, public bodies cannot hold public meetings on precinct caucus nights. The statute also specified the first Tuesday in March as the precinct caucus date. After the major political parties determined to hold their 2008 precinct caucus meetings on the first Tuesday in February, the legislature amended the statute to direct the chairs of the two largest major political parties to jointly submit to the secretary of state by March 1 of each odd-numbered year, the single date on which the two parties have agreed to conduct their precinct caucuses in the next even-numbered year. If the chairs do not jointly

submit a single date, then the first Tuesday in February will be considered the precinct caucus date, and the prohibition against public meetings will apply only to that date.

*Ch. 263, amending Minn. Stat. §§ 202A.14, subd. 1; 202A.15, subd. 1, effective August 1, 2008.*

**Publication of Notices**

Under the general law governing procedures for publication of official notices, the time to publish a notice is now not more than 30 days before the event, increased from 14 days. This is the statute that applies if no other more specific law governing a required publication applies.

*Ch. 154, art. 10, § 4, amending Minn. Stat. § 331A.05, subd. 2, effective July 1, 2008.*

**Local Impact Notes, State Budget**

The commissioner of finance no longer has to prepare local impact notes for administrative rules. In addition, the commissioner must compile only *key* local impact notes requested during the previously biennium, not all notes. The commissioner of revenue does not have to report to the legislature on the local government units that exceeded established revenue targets under the price of government law.

*Ch. 154, art. 16, §§ 1 to 3, 5, amending Minn. Stat. §§ 3.987, subd. 1; 3.988, subd. 3; 3.989, subd. 2; 16A.103, subd. 2, effective July 1, 2008.*

**Revenue Recapture Act**

A city or a city leasing a building to a private, nonprofit hospital may use the Revenue Recapture Act for all debts. Also, claims by hospitals and ambulance services now have fourth priority after restitution claims and before general debts.

*Ch. 154, art. 16, §§ 6, 7, amending Minn. Stat. §§ 270A.03, subd. 2; 270A.10, effective July 1, 2008.*

**Payroll Card Accounts**

In 2005, the legislature authorized employers to use electronic fund transfers to payroll card accounts as a means of paying employees. The law was temporary. The 2008 Legislature repealed the sunset provision, making the law permanent.

*Ch. 168, repealing laws 2005, ch. 158, § 4, as amended by Laws 2007, ch. 87, § 1, effective April 4, 2008.*

**Police Vehicle Window Glazing**

The rear and side windows of police vehicles are exempted from the prohibition against dark or reflective window glazing.

*Ch. 186, amending § 169.71, subd. 4, effective April 11, 2008.*

**Interstate Assistance by Local Governments**

Political subdivisions may provide assistance under the Interstate Emergency Assistance Compact (IEAC). While so doing, employees of the political subdivision are deemed to be employees of the state for purposes of the tort claims act, the same as the law already provided for state employees. A political subdivision, its officers, and employees are also exempt from liability for good faith acts or omissions while

providing assistance. Under prior law, the status of political subdivision employees providing assistance was not specified even though the IEAC contemplates local governments providing emergency assistance.

*Ch. 202, § 10, adding Minn. Stat. § 192.91, effective April 18, 2008. See also ch. 229 (identical).*

### **Uniform Municipal Contracting Law**

The threshold amount for sealed bids in the Uniform Municipal Contracting Law is increased from \$50,000 to \$100,000.

The contract amounts for which direct negotiation may be used is increased from a range of \$10,000 to \$50,000 to a range of \$25,000 to \$100,000, and the maximum amount for using quotation or open market is similarly increased.

The law governing bidding for drainage authorities is also changed to refer to the thresholds in the Uniform Municipal Contracting Law instead of specific dollar amounts.

The increase in the threshold amounts was primarily sought by townships. They were having difficulty getting bids for projects with the lower thresholds.

*Ch. 207, amending Minn. Stat. §§ 103E.705, subds. 5, 6, 7; 471.345, subds. 3, 3a, 4, 4a, 5, effective August 1, 2008.*

The maximum term for payments made under a guaranteed energy savings contract was extended from 15 to 20 years.

*Ch. 356, § 11, amending Minn. Stat. § 471.345, subd. 13, effective August 1, 2008.*

### **Ultra High-Speed Broadband Goal Task Force**

The governor is directed to convene a task force on ultra high-speed broadband service to identify the level of service needed by all citizens by 2015 and what it will take to provide that level of service. The task force members include representatives of counties and cities.

*Ch. 212, effective April 19, 2008, and expires March 1, 2010.*

### **Cancellation of a Special Election**

The governing body of a city or town may cancel a special election, by motion of the body, up to 46 days prior to the election. The city or town clerk must notify the county auditor, in writing, of any cancelled special election at least 46 days prior to the scheduled election.

*Ch. 244, art. 1, §§ 15, 16, amending Minn. Stat. §§ 205.10, adding subd. 6; 205.16, subd. 4, effective for elections held after June 1, 2008.*

### **State Response to Natural Disaster**

A new law provides a framework for state agencies to use in responding to a major natural disaster in Minnesota. State appropriations to implement this act must be made in law after the presidential declaration of disaster. Disaster-related costs that are eligible for federal aid, private insurance coverage, or other reimbursement are ineligible for

funding under this act. Various state agencies are responsible for responding to the communities within a disaster area. The act includes several types of state aid, criteria for granting the aid, and expectations for the assistance. The act provides waivers of rules and statutes.

*Ch. 247, adding Minn. Stat. ch.12A, effective August 1, 2008.*

## **Eminent Domain**

*Geotechnical investigation before eminent domain proceedings.* A state agency or local unit of government may enter a property prior to starting eminent domain proceedings in order to investigate, survey, and test the site and subsurface conditions. The governmental body must notify the property owner at least ten days in advance and may obtain a court order if entry is refused.

*Ch. 287, art. 1, § 1, amending Minn. Stat. § 117.041, by adding subd. 3, effective August 1, 2008.*

*Utility eminent domain actions.* A public utility, municipal utility, cooperative electric association, or natural gas pipeline, crude oil or petroleum products pipeline company must provide the property owner with a copy of each appraisal it has obtained for a property before presenting a petition to acquire the property.

*Ch. 296, art. 1, § 4, adding Minn. Stat. § 117.054, effective August 1, 2008, and applies to eminent domain proceedings commenced on or after October 1, 2008.*

*Reestablishment costs limit.* In a taking in which there is federal relocation assistance available, a taking authority *must* pay up to \$50,000 reestablishment costs to a displaced business. Prior to the 2006 eminent domain legislation, a taking authority *could* pay up to \$50,000 but the 2006 legislation struck that, leaving the limit at \$10,000 as provided in federal law.

In the section relating to takings when there is no federal relocation assistance, a taking authority is now required to reimburse for eligible, not actual, expenses.

*Ch. 312, and ch. 287, §§ 2, 3, amending Minn. Stat. §§ 117.51; 117.52, subd. 1a, effective retroactively to January 16, 2007.*

## **Expenditures on Qualifying Solar Projects**

Municipal and rural cooperative electric utilities may spend up to 5 percent of their allocated Conservation Improvement Program expenditures on qualifying solar projects, defined in the new law.

*Ch. 296, art. 1, §§ 10, 11, amending Minn. Stat. § 216B.2411, subs. 1, 2, effective May 13, 2008.*

**Notice to Local Governments, Certificate of Need for Large Electric Generating Plants**

An applicant for a certificate of need for a large electric generating plant or high-voltage transmission line must provide notice to each local unit of government within the site or route at least 90 days before the application is filed. A local unit of government receiving a notice may request a meeting with the applicant within 30 days of receiving the notice.

*Ch. 296, art. 1, §§ 15, 16, adding Minn. Stat. § 216E.03, subd. 3a, effective September 1, 2008, and subd. 3b, effective May 13, 2008.*

**State-Funded Outdoor Lighting Standards**

An outdoor lighting fixture may be installed or replaced using state funds only if it meets the conditions now in law. The conditions are intended to reduce light pollution, and the new law provides exceptions to these conditions. The exceptions are to ensure safety, comply with federal requirements, emergencies, allow for spot lighting of art or monuments, etc. In addition, the conditions do not apply if complying would mean using more electricity, the costs are more than 15 percent higher than another lighting system, or a complying lighting system would increase operation and maintenance costs by more than 10 percent.

*Ch. 296, art. 2, amending Minn. Stat. § 16B.328, by adding subd. 3, effective August 1, 2008.*

**Discrimination Against Family of Service Member; Unpaid Leave Required**

An employer may not dismiss or take adverse action against an employee because the employee's parent, spouse, or child is a service member. An employer may not hinder the employee from attending the official military family functions involving the service member, such as deploying or returning ceremonies, reintegration sessions, and so on.

*Ch. 297, art. 2, § 8, adding Minn. Stat. § 192.325, effective August 1, 2008, and applies to employment actions occurring on or after that date.*

**Community-Based Energy Development**

In 2005, the Minnesota Legislature, seeking to ensure that rural landowners had opportunities to participate in the ownership of wind development projects as a way of retaining energy expenditures in local communities rather than exporting them to large corporations located outside of Minnesota, established a category of wind development projects known as a Community-Based Energy Development (C-BED) project.

As originally enacted, the law stipulated that for projects consisting of only one or two turbines, at least 51 percent of the project's total financial benefits over the life of the project must be paid to local owners; with respect to larger projects, no single owner could own more than a 15-percent share.

Eligible owners were required to be Minnesota-based: residents, nonprofit organizations, limited liability corporations, cooperatives,

tribal councils, political subdivisions, and local units of government.

Amendments enacted in 2007 expanded C-BED projects to include a wider array of renewable energy sources; allowed payments to “other local entities” to count towards the 51-percent threshold; and permitted governmental owners (except a municipal utility) to own more than 15 percent of a project.

This law broadens the C-BED-related activities political subdivisions or local units of government may undertake to include planning, developing, purchasing and constructing, operating, maintaining, improving, and expanding C-BED projects. These entities are also prohibited from using eminent domain to acquire land for these projects.

*Ch. 303, § 1, amending Minn. Stat. § 216B.1612, by adding subd. 9, effective August 1, 2008.*

## **Data Practices**

*Damages.* The penalty for a willful violation of the Data Practices Act is increased. A government entity is liable for exemplary damages of between \$1,000 and \$15,000 for each violation. Prior law sets the damage range between \$100 and \$10,000 per violation.

*Action to compel compliance.* The potential civil penalty against a government entity if a court issues an order to compel compliance with a provision of the Data Practices Act is increased from a maximum of \$300 to a maximum of \$1,000.

*Applicants for appointment to a public body.* Certain data on an applicant for appointment to a public body is public, including that which might be found on an applicant’s basic resume for the position and any data contained in an application for appointment through the state open appointments process. All other data on the applicant, including contact information (unless the position has a residency requirement necessitating release of the applicant’s full address), is classified as private. Once an applicant is appointed to the public body, the appointee’s residential, telephone, and e-mail contact information is also made public. Any e-mail address or telephone number provided to the appointee by the public body is public.

*Ch. 315, §§ 3, 4, 10, amending Minn. Stat. §§ 13.08, subd. 1, 4; 13.601, subd. 3, effective August 1, 2008.*

## **State Building Code**

The means of determining whether a municipality must administer and enforce the State Building Code within its jurisdiction has changed. Previously, the code was enforced by municipalities that either adopted it by June 3, 1977, or subsequently elected to enforce it following a public hearing on the issue. Under this act, code enforcement is required of any municipality having an ordinance adopting the code in effect as of January 1, 2008, except municipalities with populations

under 2,500 located outside the seven-county metropolitan area. Also under this act, a municipality not otherwise required to enforce the code may choose to do so within its jurisdiction by adopting the code by ordinance.

*Ch. 322, §§ 2 to 5, 9, amending Minn. Stat. §§ 16B.616, subd. 4; 16B.62; 16B.71; 16B.735; repealing Minn. Stat. §§ 16B.72, 16B.73, effective August 1, 2008.*

**Abigail Taylor Pool  
Safety Act**

The Abigail Taylor Pool Safety Act establishes standards for new and existing public pools. It requires that specific construction standards be met and that specific inspection procedures be followed by pool operators. “Public pool” means any pool that is not a private residential pool, and includes school, park, club, apartment, and hotel pools. Public swimming ponds, which are artificial bodies of water contained within a lined sand-bottom basin, have until June 30, 2011, to comply.

*Ch. 328, §§ 1 to 7, 9, 10, 13, 14, amending Minn. Stat. §§ 144.1222, subd. 1a, adding subs. 1b, 1c, 1d, 4, 5; 157.20, subs. 1, 2a; effective May 17, 2008, except appropriation and revisor instruction which are effective July 1, 2008.*

**Business Energy Use  
Accountability**

The commissioner of commerce must create a business energy use inventory form; cities, towns, and counties for unorganized areas of counties must make the form available to businesses within their jurisdictions. The form is to help cities and towns qualify for grants. Businesses may complete and return the form; data provided by the business is nonpublic data.

*Ch. 331, § 1, adding Minn. Stat. § 216C.42, effective August 1, 2008.*

**Filing of Torrens  
Common Interest  
Community  
Documents**

Torrens real estate is real estate for which the title is evidenced by a certificate of title, similar to a motor vehicle title, issued by the county registrar of titles. Common interest communities (CIC) are condominium associations, townhouse associations, and similar entities that involve title to an individual unit and title to “common elements” shared by all owners in common.

This act clarifies the way CIC documents related to Torrens real estate are treated when they are filed with the county registrar of titles. This relates especially to flexible CICs, which grow as additional units are added, which may or may not require new entries on the certificates of title of the individual units, depending upon whether the CIC uses a common element certificate of title (CECT).

*Ch. 331, §§ 9, 10, amending Minn. Stat. §§ 508.82, subd. 1; 515B.1-116, effective August 1, 2008. See also ch. 341, art. 1 (identical).*

**Open Meeting Law** All closed meetings, except those closed as permitted by the attorney-client privilege, must be recorded at the expense of the public body. Unless otherwise provided by law, the recordings must be preserved for at least three years after the date of the meeting.

A court must award reasonable attorney fees to a prevailing plaintiff if the government entity did not act in conformity with a prior written opinion of the commissioner of administration and the court finds that the opinion is directly related to the cause of action being litigated. The court must give deference to an opinion issued by the commissioner of administration in a proceeding involving the Open Meeting Law.

*Ch. 335, amending Minn. Stat. §§ 13D.05, subd. 1; 13D.06, subd. 4, effective August 1, 2008.*

**Light Rail Transit (LRT) Projects and Utility Relocation** Public right-of-way users, including, but not limited to, district heating and district cooling nonprofit corporations, are eligible to receive grants and federal money for costs of relocating facilities from public rights-of-way to prevent interference with public LRT projects, unless eligibility would impact the project's Federal Transit Authority required cost effectiveness index.

*Ch. 350, art. 1, § 83, amending Minn. Stat. § 465.74, adding subd. 10, effective August 1, 2008.*

**Microenergy Loan Program** The commissioner of commerce must establish a microenergy loan program to make low-interest, long-term (at least 15-year) loans to units of local government to finance community-owned or publicly owned small-scale renewable energy systems. The state may sell and have outstanding at any point in time up to \$20 million in revenue bonds to finance the program. A unit of local government includes any home rule charter or statutory city, county, commission, district, authority, or other political subdivision or instrumentality of this state, including a sanitary district, park district, the Metropolitan Council, a port authority, an economic development authority, or a housing and redevelopment authority.

*Ch. 356, §§ 7, 8, adding Minn. Stat. §§ 216C.145, 216C.146, effective May 24, 2008.*

**Energy Improvement Financing** To facilitate local government energy improvement projects, the commissioner of commerce must establish a standard tax-exempt lease purchase financing agreement with one or more financial institutions. In addition, the commissioner may offer supplemental cash flow agreements under which the commissioner will lend funds to a local government for projects, based on savings attributable to the energy improvement project. A local government may apply to the commissioner to use these standard agreements. The commissioner must approve if:

- ▶ the application has been approved by the governing body or agency head of the local government;
- ▶ the project is technically and economically feasible;
- ▶ the local government has made adequate provision for the operation and maintenance of the project;
- ▶ the project proposer has fully explored the use of conservation investment plan opportunities under Minnesota Statutes, section 216B.241, with the utilities providing gas and electric service to the project;
- ▶ the project is calculated to result in a positive cash flow in each year the financing agreement is in effect; and
- ▶ adequate money will be available to the commissioner to fulfill the supplemental cash flow agreement.

Petroleum violation escrow funds are appropriated to the commissioner of commerce for the program.

A local government includes county, statutory or home rule charter city, town, school district, park district, or any combination of those units operating under an agreement to exercise powers jointly.

*Ch. 356, §§ 9, 10, adding Minn. Stat. §§ 216C.42;, 216C.43, effective August 1, 2008.*

**Water Conservation  
Rate Structure  
Required**

Public water suppliers serving more than 1,000 people must establish a conservation rate structure to reduce water use before requesting approval from the commissioner of health to construct a public water supply well or requesting an increase in the authorized volume of appropriation. The conservation rate structure must be in place in the metropolitan area by January 1, 2010, and in the rest of the state by January 1, 2013.

*Ch. 363, art. 5, §§ 20, 21, amending Minn. Stat. § 103G.291, subd. 3, adding subd. 4, effective July 1, 2008.*

## **Public Finance, Economic Development**

### **Collateral for Bank Deposits of Public Funds**

The required collateral for deposits of government funds in banks when the amount exceeds federal deposit insurance amounts is reduced. Prior law required the financial institution to post collateral equal to the amount of the deposit and accrued interest over the amount of federal insurance. The requirement to post collateral for accrued interest is repealed. When interest is paid and credited to the account, collateral would need to be posted.

*Ch. 154, art. 10, § 1, amending Minn. Stat. § 118A.03, subd. 3, effective July 1, 2008.*

### **Tax Base for Referendum Approved Bonds**

Levies to pay city and county bonds approved by the voters after June 30, 2008, will be imposed on net tax capacity, rather than referendum market value. Under prior law, the levies for these bonds were imposed on referendum market value. This change makes the treatment of these bonds consistent with school district bonds and calculation of taxes for the regular city and county levies. Referendum market value treats the value of homes, businesses, and apartments equally. Net tax capacity, by contrast, grants preference to homes, compared with businesses and apartments (through the class rate system). As a result of this change, business and apartment properties will pay a larger share of the cost of newly issued bonds than under prior law. This only affects bonds that are approved by voter referenda.

*Ch. 154, art. 10, § 3, amending Minn. Stat. § 275.61, subd. 1, effective March 8, 2008.*

### **Trust For Postemployment Benefits**

A public entity with actuarial liability for postemployment benefits may establish a trust to pay those benefits. "Postemployment benefits" means benefits that give rise to a liability under the Governmental Accounting Standards Board Statement 45 (GASB 45). "Trust" is defined by reference to federal tax code.

The trust may be revocable or irrevocable. The trust administrator may invest the trust assets with the public employees retirement association (PERA), a bank, or an insurance company. The trust administrator must set up a separate account for each political subdivision or public entity. The trust administrator may charge maintenance fees and must report electronically to the Office of State Auditor information on investments and returns comparable to those required of public pension funds. This requirement does not apply until fiscal year 2011.

The law specifies allowable investments by each of the authorized trust administrators and limits deposits in the trust to the actuarially determined liabilities.

The law specifies terms for withdrawal of funds and termination of an account for revocable trusts and irrevocable trusts. A public entity may

withdraw funds from a revocable trust only to pay benefits unless changes in law or actuarially determined liability occur that result in more money in the trust than is needed. The public entity may withdraw funds from an irrevocable trust only to pay postemployment benefits or when the political subdivision's actuarial liability for the benefits is satisfied. Trust fund money is not subject to the public entity's creditor claims.

*Ch. 154, art. 10, § 18, adding Minn. Stat. § 471.6175, effective March 8, 2008, for entities with postemployment benefit actuarial liability and for other entities on July 1, 2008.*

A municipality (city, county, town, or school district) may issue bonds to fund actuarial liabilities to pay postemployment benefits. Bonds issued to fund postemployment benefits are exempt from the net debt limits and referendum requirements.

*Ch. 154, art. 10, §§ 21, 22, 25, amending Minn. Stat. §§ 475.51, subd. 4; 475.52, subd. 6; 475.58, subd. 1, effective for obligations issued after June 30, 2008.*

Trust funds for post-employment health benefits created before June 6, 2006, under a provision of the federal tax code are validated. Funds in a validated trust must be invested as provided above and validated trust fund accounts brought into compliance with this law.

*Ch. 154, art. 10, § 27, effective March 8, 2008.*

## **GARVEE Financing**

The Metropolitan Council may, along with cities and counties, borrow in anticipation of the receipt of federal transportation grants by issuing bonds (GARVEE bonds). This includes the ability to borrow on behalf of a state agency that is to receive those grants (i.e., the state agency would pledge to pay over the grant money to the city or county that issued the GARVEE bonds).

The proceeds of the bonds would be used to finance the transportation projects for which the grants will be received (as well as debt service, issuance costs, and funding a reserve). The bonds can be issued as either revenue bonds or general obligations. The maximum annual debt service for revenue bonds cannot exceed two-thirds of the estimated grants for the year (put another way, the estimated grant payments must be at least 150 percent of the debt service). For general obligation bonds, the estimated annual grant amounts cannot exceed 110 percent of the debt service (or debt service is limited to about 91 percent of the estimated grant). The bonds are issued under Minnesota Statutes, chapter 475, but they are not subject to voter approval and they are not included in net debt limits.

*Ch. 154, art. 10, §§ 20, 23, amending Minn. Stat. § 473.39, adding subd. 5; adding Minn. Stat. § 475.522, effective July 1, 2008.*

**Net Debt Limits**

The general net debt limit for counties, towns, and cities (except first-class cities) is increased from 2 percent to 3 percent of market value of taxable property in the jurisdiction, a 50-percent increase. The net debt limit applies to most general obligation bonds of local governments. TIF bonds and special assessment bonds are generally not subject to the limit.

*Ch. 154, art. 10, § 24, amending Minn. Stat. § 475.53, subd. 1, effective for obligations issued after June 30, 2008.*

**Street  
Reconstruction  
Bonds**

Bonds for street reconstruction may be issued without an election by a unanimous vote of those members of the governing body *present* at the meeting. Under prior law, it had to be a unanimous vote of the whole governing body.

*Ch. 154, art. 10, § 26, amending Minn. Stat. § 475.58, subd. 3b, effective July 1, 2008.*

**Credit  
Enhancement Bond  
Programs**

The county credit enhancement program, administered by the Public Facilities Authority (PFA), reduces county borrowing costs on general obligation bonds issued for certain purposes by providing a limited state guarantee of the bond payments, which allows counties to receive higher bond ratings and lower interest rates. This program was expanded so a county or city can use the program for the construction, improvement, or rehabilitation of wastewater facilities, drinking water facilities, stormwater facilities, or any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development programs, and rural business infrastructure programs, for which bonds are issued by the PFA under new [Minnesota Statutes, section 446A.087](#).

In addition a new program was established to provide loans to cities and counties by the PFA purchasing the general obligation bonds of the cities and counties. To pay for this, the PFA may issue up to \$500 million in revenue bonds.

*Ch. 300, §§ 39 to 41, amending Minn. Stat. §§ 446A.086; 446A.12, subd. 1; adding 446A.087, effective August 1, 2008.*

**Transportation  
Improvement Area  
Loan Program**

Although no money was appropriated to fund this program, a new law allows the Department of Employment and Economic Development (DEED) to make grants and loans to cities, counties, and towns for transit improvement area projects. A transit improvement area is an area near stations for Bus Rapid Transit (BRT), LRT, or commuter rail. The new statute establishes procedures and requirements for loans (but not grants). Projects must increase the effectiveness of transit projects by mixing uses in the area and making it safe and pedestrian-friendly.

The maximum loan amount is \$2 million, with the 2-percent interest charged paid over ten years and the principal amount due at the end of the ten years. Borrowers must report annually to the department. Loans are to supplement, not supplant, other funding sources.

*Ch. 300, §§ 43, 44, adding Minn. Stat. §§ 469.35; 469.351, effective August 1, 2008.*

## **Job Opportunity Building Zones (JOBZ)**

The 2003 Legislature authorized the JOBZ program in which local governments outside of the Twin Cities seven-county metropolitan area may apply to the commissioner of the DEED for one of the ten job opportunity building zones. The zones are to help revitalize economically distressed rural areas in Minnesota. Zones were designated in 2003, and tax reductions were effective beginning in 2004.

In February 2008, the legislative auditor released an evaluation of the program, finding that “while JOBZ has been a useful economic development tool in some cases, it has not been adequately focused or administered.” A number of changes to the program were made following the recommendations of the evaluation. The clawback rules were modified, and the Office of the State Auditor’s access to JOBZ data was expanded.

*Ch. 366, art. 5, §§ 13, 14, amending Minn. Stat. § 469.319; adding Minn. Stat. § 469.3191, effective retroactively from January 1, 2004, except that for violations that occur before May 30, 2008, this section does not apply if the business has repaid the benefits or the commissioner has granted a waiver; Ch. 366, art. 5, § 15, adding Minn. Stat. § 469.3192, effective May 30, 2008, and applies to all agreements whenever executed; Ch. 366, art. 5, § 16, adding Minn. Stat. § 469.3193, effective May 30, 2008; Ch. 366, art. 5, § 17, amending Minn. Stat. § 469.3201, effective May 30, 2008.*

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

### **Overview**

There were two tax bills in the 2008 session that dealt with TIF. The first tax act contains the annual (2007) tax increment financing (TIF) technical provisions and allows TIF authorities to delay receiving increments from new TIF districts by up to four years. It also includes special law TIF provisions, which are in the Special Legislation section of this report.

*Ch. 154, art. 9.*

The second tax act contains special law TIF provisions for various cities, which are summarized in the Special Legislation section of this report.

*Ch. 366, art. 5.*

**Border City  
Allocation**

The \$705,000 allocation for border city enterprise zone and border city development zone tax reductions is divided on a per capita basis among the five border cities of Moorhead, Dilworth, East Grand Forks, Breckenridge, and Ortonville. This allocation is divided equally between the two programs (\$352,500 to each), but the city can reallocate the amounts between the two programs.

*Ch. 154, art. 9, § 1, amending Minn. Stat. § 469.169, adding subd. 18, effective March 8, 2008.*

**TIF Redevelopment  
Districts, Blight Test**

The “coverage” part of the blight test may be met using improvements that were demolished or removed before certification of the district. Prior law allowed a development authority to finance or agree to the removal of substandard buildings before certification of the district and still use the building to meet the blight test, if certain conditions were met (three-year time period, city financing or development agreement, and resolution approval). This expands that special rule to allow the authority to satisfy the coverage portion of the blight test.

*Ch. 154, art. 9, §§ 2, 3, 12, amending Minn. Stat. § 469.174, subds. 10, 10a; 469.177, subd. 1, effective for requests for certification made after June 30, 2008.*

**TIF Plan, Election  
to Delay Increment  
Receipt**

A development authority may provide in the TIF plan (except for economic development districts) when the first increment for the district will be received. This cannot be delayed beyond four years after approval of the plan. Because there is typically a two-year delay between approval of the TIF plan and collection of the first increment, this will usually allow a delay of up to two years. (In some instances, it may be shorter, depending upon the timing of the request for certification of the district and the construction or increases in property value.) The municipality for the district (the city in which the district is located in most cases) must approve an election to delay the receipt of the increment.

*Ch. 154, art. 9, §§ 4, 6, amending Minn. Stat. §§ 469.175, subd. 1; 469.176, subd. 1, effective for districts for which the request for certification is made after June 30, 2008.*

**Housing Districts**

All housing districts are exempt from:

- ▶ the but-for test provision that required a finding that the project will increase the district’s market value;
- ▶ the prohibition on including green acres and similar parcels in a district; and
- ▶ the requirement that available increments be transferred before using the special taxing authority to eliminate deficits. (No city has used this special taxing authority.)

Under prior law, these exemptions applied only to “qualified housing districts,” the definition of which is repealed.

*Ch. 154, art. 9, §§ 5, 9, 14, 25, amending Minn. Stat. § 469.175, subd. 3; 469.176, subd. 7; 469.1791, subd. 3; repealing Minn. Stat. § 468.174, subd. 29, effective March 8, 2008, and applies to all districts, regardless of when the request for certification was made. For the purposes of any special law authorizing or limiting the use of increments to projects meeting the requirements of a qualified housing district, expenditures for housing districts satisfying the requirements of Minn. Stat. §§ 469.174, subd. 11; 469.176, subd. 4d; and 469.1761, as amended, also satisfy the requirements of the special law.*

The restrictions on spending of increments from housing districts for nonhousing related improvements were clarified. Prior law limited the square footage for nonhousing uses to 20 percent of the total square footage of the buildings receiving assistance. Now, assistance to an addition to an existing building may be treated separately for purposes of this square footage test if the addition is constructed more than three years after the original building. In addition, if the original building meets the square footage test, then the addition must not have been contemplated in the original TIF plan.

*Ch. 154, art. 9, § 10, amending Minn. Stat. § 469.1761, subd. 1, effective for expenditures of tax increment authorized and made after March 8, 2008, regardless of when the request for certification of the district was made.*

### **Excess Increment**

Pre-1979 districts may transfer increments to offset deficits in other districts. These transfers are subtracted before determining if the pre-1979 district has excess increments. (This confirms the intent underlying the deficit and excess increment provisions.)

Also, the state auditor may exempt a city from calculating and reporting the excess increment amounts for a district if the district’s budgeted uses of increment exceed the collected increments by 20 percent or more.

*Ch. 154, art. 9, § 7, amending Minn. Stat. § 469.176, subd. 2, effective March 8, 2008, and applies to all districts regardless of when the request for certification was made, including districts for which the request for certification was made on or before August 1, 1979.*

### **Parking Facilities**

The legislature clarified that publicly owned parking facilities, including those ancillary to public parks and social and recreational facilities, may be financed with increment revenues. Prior law could have been construed to allow this only for private parking facilities. The change confirms the original intent and is retroactive to the original effective date.

*Ch. 154, art. 9, § 8, amending Minn. Stat. § 469.176, subd. 41, effective March 8, 2008, and applies to any expenditure subject to that subdivision.*

### **Bioscience Zones**

The special pooling rules for TIF districts located in bioscience zones

were modified. Prior law permitted expenditures of these districts' increments on public infrastructure that is outside of the district, but within the zone. Now the exemption includes land acquisition and other redevelopment costs. These expenditures are treated as if they were made within the district.

*Ch. 154, art. 9, § 11, amending Minn. Stat. 469.1763, subd. 2, effective for all districts located in bioscience zones regardless of when the request for certification was made.*

### **Certification of Original Tax Capacity**

County auditors must certify original tax capacity within 30 days of receiving all of the information necessary to certify the appropriate parcels. This will eliminate the practice of one county to wait with certification until the tax capacity of the district actually increases in value. Apparently all of the other counties immediately certify the district and do not wait for a value increase to occur. Since some time limits under the TIF act run from the date of certification, this results in uneven treatment across counties.

*Ch. 154, art. 9, § 12, amending Minn. Stat. § 469.177, subd. 1, effective for requests for certification made after June 30, 2008.*

### **Corrections**

The county auditor may correct errors in the certification or decertification of TIF districts, as well as other errors related to the computation of increment. Counties are given flexibility to recertify or change certifications, extend the duration limit of the district, or adjust tax rates in later years to eliminate or correct the effect of the error. The county must notify the city and development authority before taking action and the Department of Revenue and the Office of the State Auditor after taking action.

*Ch. 366, art. 5, § 12, amending Minn. Stat. § 469.177, adding subd. 13, effective May 30, 2008, and applies to all TIF districts.*

## **Property Taxes and Aids**

### **Truth in Taxation**

A nonmetropolitan county may hold a joint public truth in taxation (TnT) hearing with the governing bodies of all of the taxing authorities located wholly or partially within the county that are required to hold a public hearing. The new law specifies the procedures, general structure, and timetable for the meetings. (TnT hearings are not required in cities under 500 in population.)

The joint hearing must be held on the first Thursday in December (which is the regularly scheduled date for counties to hold their initial hearing). Additional hearings may be held if taxing authorities want them.

In lieu of the individual newspaper advertisement for each taxing authority, a single advertisement may be published and the cost of the advertisement apportioned between the taxing authorities.

Formal adoption of the taxing authority's levy must not be made at the joint hearing, but rather at one of the regularly scheduled meetings of the taxing authority's governing body. The amount of the levy subsequently adopted by each of the authorities cannot exceed the amount disclosed to taxpayers at the joint public hearing.

*Ch. 154, art. 2, § 17, amending Minn. Stat. § 275.065, adding subd. 6c, effective for hearings held in 2008 and thereafter.*

### **Special Assessments**

*New deferment.* A county, city, or town may defer payment of special assessments on homestead property owned by members of the National Guard and military reserves ordered into active service. Previously, the deferment was only available to senior citizens and disabled persons.

*Ch. 154, art. 2, § 28, amending Minn. Stat. § 435.193, effective March 8, 2008, and applies to any special assessment for which payment is due on or after that date.*

*Sale of tax-forfeited land.* When apportioning the net proceeds from the sale of tax-forfeited land, special assessments charged against the parcel must be distributed to the appropriate governmental subdivision (i.e., city, county, town, etc.). Prior law referred only to "municipal subdivision," which generally refers only to cities. However, other local governments also have the authority and do impose special assessments. This change clarifies that the proceeds will be apportioned to the appropriate governmental authority.

*Ch. 366, art. 6, § 35, amending Minn. Stat. § 282.08, effective May 30, 2008.*

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

*LGA funding level.* The appropriation for city LGA was increased by \$42 million for aids payable in 2009, from \$484 million to \$526 million. The appropriation will increase by another 2 percent for aids payable in 2010 and an additional 4 percent for aids payable in 2011. The appropriation would remain at the Pay 2011 level of \$558 million for 2012 and future years.

*Ch. 366, art. 2, § 9, amending Minn. Stat. § 477A.03, effective beginning with aids payable in 2009.*

*Changes to the formula.* Most of the new LGA formula provisions were part of an initiative by a number of city groups, which was called the "unity proposal" and was introduced in H.F. 3756. The main differences between that proposal and the final bill are: (1) some of the dollar amounts in the new aid parts were scaled back to reflect the smaller overall LGA appropriation in the final bill, and (2) the formula continues to be used to redistribute the aid each year unlike the original

proposal which froze each city's share of the appropriation at the Pay 2009 percentage for future years. The changes are as follows:

- ▶ A minimum need measure of \$285 per capita is established for cities with a population of 2,500 or more.
- ▶ The term "unmet need" is defined as the difference between (1) a city's need measure and (2) its adjusted net tax capacity multiplied by an average city tax rate. This number can be negative. This term was often used informally but it became necessary to codify it because of the new small city aid base and jobs base aid.
- ▶ The portion of city aid base (grandfathered aid) of \$6 per capita to cities with a population less than 5,000 is eliminated and replaced with a new small city aid base of \$8.40 per capita. This amount will grow every year, based on inflation and will be reduced if a city's "unmet" need is negative. A city with a negative unmet need may not get aid under this provision.
- ▶ The portions of city aid base (grandfathered aid) due to regional center aid to greater Minnesota cities with a population of 10,000 or more is eliminated and replaced with a new city jobs base aid. All cities with a population of 5,000 or more will qualify for this amount, which is equal to \$25 multiplied by a city's 2006 jobs per capita and by its current population. The \$25 per capita will grow every year based on inflation and will be reduced if a city's "unmet" need is negative. A city with a large negative unmet need may not get aid under this provision.
- ▶ The taconite aid offset for LGA is eliminated.

*Ch. 154, art. 1, § 2 as amended by ch. 366, art. 2, § 7, amending Minn. Stat. § 477A.013, subd. 8; ch. 366, art. 2, §§ 1 to 5, amending Minn. Stat. § 477A.011, subds. 34, 36, adding subds. 41 to 43, effective beginning with aids payable in 2009.*

*Moderating the volatility of the formula.* During the 2007 session, city groups suggested a number of changes to the city LGA program to mitigate the perceived year-to-year volatility in the distribution mechanism. Chapter 154 contained the provisions proposed in 2007, but these were further modified in chapter 366. The final LGA changes to reduce aid volatility are:

- ▶ basing Pay 2009 aid on the data used to calculate 2008 data;
- ▶ prohibiting LGA decreases in Pay 2009 only, for cities with a population less than 2,500 unless their only aid in 2008 was the

eliminated small city portion of the city aid base;

- ▶ beginning with aid payable in 2010 using the average of two years of data to calculate “unmet need”;
- ▶ limiting aid losses to the lesser of \$10 per capita or 10 percent of the previous year’s levy for cities with a population of 2,500 or more, and the lessor of \$10 per capita or 5 percent of a city’s certified 2003 LGA for cities with a population under 2,500; and
- ▶ limiting the maximum dollar loss in one year in any city to \$300,000, unless the aid loss is due to a TIF decertification.

*Ch. 154, art. 1, §§ 2, 3, as amended by ch. 366, art. 2, §§ 7, 8, amending Minn. Stat. § 477A.013, subds. 8, 9, effective beginning with aids payable in 2009.*

*Providing additional aid to specific cities.* A number of cities were granted increased city aid base (grandfathered aid). The following six increases had been included in the vetoed 2007 tax bills:

- ▶ \$80,000 annually to the city of Mahnommen, due to tax base loss from a tribal casino
- ▶ \$75,000 per year for Pay 2009-2014 to the city of Newport, for costs related to state highway construction
- ▶ \$30,000 annually to the city of Taylors Falls, for public safety costs related to Interstate Park
- ▶ \$30,000 in Pay 2009 only to the city of Rockville
- ▶ \$100,000 annually to the city of Browns Valley, for flooding costs
- ▶ \$100,000 for Pay 2009-2013 to the city of Crookston, to move facilities in the flood plain

In addition two provisions first proposed this year were also enacted:

- ▶ \$25,000 for Pay 2009-2013 to the city of Mendota, to help with a sewer extension
- ▶ \$90,000 for Pay 2009 only to the city of Spring Lake Park, to compensate for aid lost due to using 2008 data in calculating 2009 LGA

*Ch. 154, art. 1, § 1, as amended by ch. 366, art. 2, § 2, amending Minn. Stat. § 477A.011, subd. 36, effective beginning with aids payable in 2009.*

## **LGA Study**

The chairs of the House and Senate tax committees are required to set

up a ten-member study group, consisting of four legislators and six representatives of local governmental units to study the current LGA system and report recommendations for reforming it to the legislature by December 15, 2010. This is similar to the study proposed in the 2007 tax bill.

*Ch. 366, art. 2, § 12, effective July 1, 2008.*

### **County Program Aid**

The appropriation for the county program aid was increased by \$22 million for aids payable in 2009, from \$205 million to \$227 million. The \$21-million increase is split equally between the two parts of county program aid—need aid and tax-base equalization aid. The appropriation will increase by another 2 percent for aids payable in 2010 and an additional 4 percent for aids payable in 2011. The appropriation would remain at the Pay 2011 level for 2012 and future years.

*Ch. 366, art. 2, § 9, amending Minn. Stat. § 477A.03, effective beginning with aids payable in 2009.*

### **Levy Limits**

Levy limits were reenacted as part of the global deal between the legislature and the governor; they had not originally been included in either the House or Senate versions of the omnibus tax bill. The levy limits are imposed for three years—for taxes payable in 2009 through 2011. Levy limits were last imposed for taxes payable in 2005.

*Levy limit formula.* The formula determines an allowed growth in the combination of a jurisdiction's (1) net tax capacity levy, minus any levy for the allowed special purposes, (2) general purpose state aids, such as county program aid and LGA, and (3) some special payments in lieu of taxes, such as taconite aid, the wind energy production tax, and the utility transition aid. This amount is known as the levy limit base.

For taxes payable in 2009, the starting point for calculating the limit is the Pay 2008 levy limit base. For Pay 2009 and 2010, the starting point is the adjusted levy limit base for the previous year. This ensures that if a jurisdiction's does not levy to the maximum allowed amount in any year, its allowed levy authority in the following year will not be affected.

In each year the starting amount is increased by:

- ▶ the lesser of 3.9 percent or the increase in the implicit price deflator for state and local government purchases;
- ▶ one-half of the percent increase in the number of households in the jurisdiction in the previous year; and
- ▶ one-half of the percent increase in the jurisdiction's tax base in the previous year due to new construction of commercial or

industrial property.

This “adjusted” levy limit base is reduced by the aids and payments made in the same year in which the limit applies to get the levy limit.

*Ch. 366, art. 3, §§ 2 to 4, amending Minn. Stat. §§ 275.70, adding subd. 6; 275.71; 275.74, subd. 2, effective for levies certified in 2008 through 2010, payable in 2009 through 2011.*

*Special levies.* As in the past, there are a number of items that a city or county may levy for outside of the limits. The special levies allowed in law prior to the new legislation include levies for the following purposes:

- ▶ To fund debt—bonds, most certificates of indebtedness, levies to pay the local share of bonds issued by another political subdivision, armory bonds
- ▶ To fund increases approved by voters
- ▶ To pay federal or state matching fund requirements—to the extent that they exceed 2001 amounts or are for programs instituted after 2001
- ▶ To pay for costs to prepare for, or recovery from, natural disasters—upon approval by the commissioner of revenue
- ▶ To pay amounts related to errors in levy certification in the previous year
- ▶ To pay for property tax abatements
- ▶ To pay increases in the employer share of PERA pension costs since 2001
- ▶ To pay operating and maintenance costs of county jails to the extent that the cost is required by Department of Corrections rules and standards
- ▶ To pay for a lake improvement district
- ▶ To repay a federal or state loan issued to help a local government pay the required local share of a federal or state transportation or other capitol project
- ▶ To pay court administration costs during the period in which court costs were being transferred from the counties to the state (obsolete)
- ▶ To fund required police and firefighters relief funds, to the extent that the costs exceed costs in 2001

- ▶ To fund a storm sewer improvement district
- ▶ To fund an animal protection society

The following six new special levies were added:

- ▶ To fund increases in locally managed government pension funds (added to the PERA special levy)
- ▶ To fund increased county health and human services costs related to decreased federal funding
- ▶ To fund increased costs of securing, maintaining, and demolishing foreclosed and abandoned housing in cities that have a 2007 foreclosure rate over 1.4 percent in 2007 or a concentration of foreclosures within a zip code area
- ▶ To allow Minneapolis to recoup unreimbursed policing costs associated with the I- 35W bridge collapse
- ▶ To fund sheriff, police, and firefighter salaries and benefits provided that the amount levied for this purpose in the previous year is removed from the levy limit base
- ▶ To recoup losses due to any unallotment of city and county general purpose aids and credits

*Ch. 366, art. 3, § 1, amending Minn. Stat. § 275.70, subd. 5, effective for levies certified in 2008 and payable in 2009, and thereafter.*

**Counties; Suspension of Maintenance of Effort Requirements**

Chapter 366 contains a provision that relieves counties from all maintenance of effort (MOE) and matching fund requirements while levy limits are in force. The law specifically lists library funding and a number of health and human service programs, where the MOE and matching-fund requirements would be suspended.

Like the levy limit provisions, this language was not in either the original House or Senate versions of the tax bill. It was adopted on the last morning of the tax conference committee. After the bill was sent to the governor but before he signed the bill, the Department of Human Services raised concerns that this provision could result in lost federal aid and/or up to \$100 million in costs to the state.

The House and Senate leadership indicated in a letter sent to the governor prior to the signing of the bill, their intent to retroactively repeal this provision at the start of the 2009 legislative session. Counties should be aware that by the time the counties are making maintenance of efforts payments in calendar year 2009, this provision is likely to no longer be in effect and they should plan their budgets

accordingly.

*Ch. 366, art. 3, § 5, adding Minn. Stat. § 275.76, effective July 1, 2008, for aid for years in which levy limits are in effect.*

**Commissioner  
Review of Local  
Assessment Practices**

The commissioner of revenue must review assessment practices within a specified taxing jurisdiction, if requested in writing, by the greater of: (1) five property owners, or (2) 10 percent of the registered voters in the taxing jurisdiction who voted in the last general election. The commissioner must report the findings of the review to the county board of the affected county, to the affected city council or town board, and to the property owner designated in the request as the person to receive the report on behalf of those signing the request.

*Ch. 366, art. 6, § 8, adding Minn. Stat. § 273.0645, effective May 30, 2008.*

**Platted Vacant  
Land, Property  
Taxes Phase-in**

In general, there is a three-year phase-in for the increase in property valuation when vacant land in a metropolitan county is platted. In a nonmetropolitan county, the phase-in period is seven years. Beginning with taxes payable in 2010, the phase-in terminates for the following assessment year if the property is sold or transferred.

*Ch. 366, art. 6, §§ 9, 10, amending Minn. Stat. §§ 273.11, subds. 14a, 14b, effective for taxes payable in 2010 and thereafter.*

Vacant land in the metropolitan area platted on or after August 1, 2001, and (1) classified as homestead in the year prior to platting, (2) owned or part-owned by the same person for the ten consecutive years prior to the initial platting, and (3) remains under the same ownership for the current assessment year, is eligible for a seven-year phase-in assessment schedule. The phase-in terminates if the property is sold or transferred or construction begins before the expiration of the seven-year time period. The owner of property platted before July 1, 2008, must apply for valuation under this provision, and the phase-in would be for the remainder of the seven-year period. For example, if a property under a three-year phase-in has already passed the three-year point, the property would be eligible for the remaining years up to seven.

*Ch. 366, art. 6, §§ 11, 52 (b), amending Minn. Stat. § 273.11, adding subd. 14c; repealing Minn. Stat. § 273.11, subd. 14, effective taxes payable in 2009 and thereafter.*

## **Green Acres**

The legislature made a number of changes in eligibility requirements for the Green Acres program, including eliminating the minimum income requirement.

*See generally, ch. 366, art. 6, §§ 12 to 20, amending various provisions in Minn. Stat. § 273.111. See individual sections for effective dates.*

Except for property already enrolled for taxes payable in 2009, property classified as rural vacant land (2b) and property enrolled in the conservation reserve program (CRP), conservation reserve enhancement program (CREP), reinvest in Minnesota (RIM), and similar programs is not eligible to participate. The grandfathering terminates if the otherwise ineligible property is sold, transferred, or subdivided.

*Ch. 366, art. 6, §§ 12, 13, amending Minn. Stat. § 273.111, subd. 3, effective for taxes payable in 2010 and thereafter; adding subd. 3a, effective May 30, 2008.*

The assessor may require an applicant for participation in the Green Acres program to provide a copy of the appropriate federal income tax schedule or form showing farm income.

*Ch. 366, art. 6, § 15, amending Minn. Stat. § 273.111, subd. 8, effective for applications filed after May 1, 2008.*

Watershed district assessments are not deferred under Green Acres for property initially qualifying under the program for taxes payable in 2009, and for all property in the program for watershed district assessments for new projects after May 31, 2008. Property enrolled in the program for taxes payable in 2008 shall continue to have the special assessments deferred that were initially imposed prior to May 31, 2008.

*Ch. 366, art. 6, § 19, amending Minn. Stat. § 273.111, subd. 14, effective for assessments payable in 2009 and thereafter.*

All county assessors must implement the Green Acres program for assessment year 2009 unless the commissioner of revenue determines that a county is unable to comply, in which case the county must implement it for assessment year 2010, payable in 2011.

*Ch. 366, art. 6, § 20, amending Minn. Stat. § 273.111, adding subd. 17, effective July 1, 2008.*

## **Aggregate Resources**

*Aggregate Resource Preservation Property Tax Law.* The legislature established a program, similar to the agricultural Green Acres program, which allows property containing commercial aggregate deposits to be valued at its agricultural value under certain conditions.

A county may, after notice and public hearing, opt out of the program up to May 29, 2010, effective upon adoption of a county board resolution. However, a county has only 60 days from receipt of the first

application to notify applicants of the county's intent to begin the termination process. The county must act on the termination within six months. A county may at a later date opt back into the program.

Qualifying land must be valued as if it were agricultural property, using a per-acre valuation equal to the current year's per-acre valuation of agricultural land in the county at a class rate of 1 percent. The assessor must not consider any additional value resulting from potential alternative and future uses of the property. Buildings located on the land are valued in the normal manner.

The covenant restricting the property's surface use to that which exists on the application date and restricting its future use to aggregate mining may be cancelled (1) by the owner beginning with the next assessment year, provided that the additional taxes have been paid at the time of the cancellation; or (2) by the city or town where the property is located beginning with the next assessment year, if the city council or town board changes the conditional use of the property, revokes the mining permit, or changes the zoning to disallow mining. No additional taxes are imposed under clause (2).

Once aggregate mining begins, the property is taxed as commercial property.

*Ch. 366, art. 6, § 21, adding Minn. Stat. § 273.1115, effective for taxes levied in 2009, payable in 2010, and thereafter.*

**Aggregate production tax.** The aggregate tax rate is increased and its distribution modified. The aggregate production tax is increased from a maximum of ten cents per cubic yard or seven cents per ton to 21.5 cents per cubic yard or 15 cents per ton. The imposition of this tax is a county option; currently about 34 counties impose the tax. The tax is not imposed on the aggregate excavated in the county until it is transported from the site or sold, whichever occurs first. The same tax rates are imposed on importers as on operators. A county, city, or town that receives revenue under this section cannot impose any additional host community fees on the aggregate production. The county may retain an annual administrative fee of up to 5 percent of the total taxes collected.

After the reduction for the administrative fee the balance is distributed as follows:

	Prior Law	New Law
County road and bridge fund	60%	42.5%
Town road and bridge fund or city general fund as determined by county board	30%	

General fund of city or town where the mine is located or to the county, if mine is in an unorganized town		42.5%
Restoration of abandoned pits, quarries, or deposits	10%	15%

If there are no abandoned pits, quarries, or deposits, this portion must be used for any other unmet reclamation need or for conservation or other environmental needs. (Prior law deposited this portion in the county's road and bridge fund.)

*Ch. 366, art. 6, §§ 36 to 39, amending Minn. Stat. § 298.75, subd. 1, as amended by ch. 154, art. 8, § 15; § 298.75, subds. 2, 6; § 298.75, subd. 7, as amended by ch. 154, art. 8, § 17, effective January 1, 2009.*

### **Taconite Aids**

The remainder of the 2008 distribution from the taconite environmental fund, after making a grant for another project, is for a grant to the city of Virginia to connect sewer and water lines to the St. Louis County maintenance garage on Highway 135 and extend the lines to interconnect with the city of Gilbert's sewer and water lines. Prior law provided that the remainder would be used for purposes listed in the taconite environmental protection fund statute.

*Ch. 154, art. 8, § 13, amending Minn. Stat. § 298.2961, subd. 4, effective March 8, 2008.*

For distribution in 2008 only, 11.4 cents per ton of production tax revenues that otherwise would be used for property tax relief is allocated as follows:

- ▶ Two cents to the Hibbing Economic Development Authority to retire bonds and for economic development purposes
- ▶ One cent to four school districts
- ▶ 0.25 cent to the city of Grand Rapids, for industrial park work
- ▶ 0.65 cent to the city of Aitkin, for sewer and water for housing projects
- ▶ 0.5 cent to the city of Crosby, for well and water tower infrastructure
- ▶ 0.5 cent to the city of Two Harbors, for well and water tower infrastructure
- ▶ 1.5 cents to the city of Silver Bay to pay for improvements

at a former school building currently owned by the city, to be used for economic development purposes

- ▶ 1.5 cents to St. Louis County to extend water and sewer lines from the city of Chisholm to the St. Louis County fairgrounds
- ▶ 1.5 cents to the White Community Hospital for debt restructuring
- ▶ 0.5 cent each to the cities of Keewatin and Calumet for street, sewer, and water improvements
- ▶ One cent to Breitung township for sewer and water extensions associated with the development of Lake Vermilion State Park, if it is established by July 1, 2009

*Ch. 366, art. 10, § 15, effective July 1, 2008.*

In 2009, there is an additional three cents per taxable ton distribution to towns entirely within the taconite area. After that, the amount must be increased annually in the same proportion as the increase in the implicit price deflator, up to a maximum of \$50,000 per year, per town.

*Ch. 366, art. 10, § 8, amending Minn. Stat. § 298.28, subd. 3, effective for distributions beginning in 2009.*

### **Failure to Certify a Proposed Levy**

If a taxing authority fails to certify its proposed levy by the appropriate due date, the county auditor must use the authority's previous year's final levy for purposes of determining its proposed property tax notices and public advertisements. Prior law did not specify what levy should be used if one is not timely certified by a taxing authority.

*Ch. 366, art. 6, § 33, amending Minn. Stat. § 275.065, adding subd. 1d, effective for notices prepared in 2008, property taxes payable in 2009, and thereafter.*

### **Sale of Tax-Forfeited Land**

*Apportioning Net Proceeds.* When apportioning the net proceeds from the sale of tax-forfeited land, special assessments charged against the parcel must be distributed to the appropriate governmental subdivision (i.e., city, county, town, etc.). Prior law referred only to "municipal subdivision," which generally refers only to cities. However, other local governments also have the authority and do impose special assessments. This change clarifies that the proceeds will be apportioned to the appropriate governmental authority.

*Ch. 366, art. 6, § 35, amending Minn. Stat. § 282.08, effective May 30, 2008.*

### **Collection of Charges**

The governing body of a municipality may recover delinquent vacant building registration fees under a municipal program designed to identify and register vacant buildings. These unpaid special charges are

collected through the property tax process. They are listed on the property tax statement and are required to be paid at the same time as property taxes. If not paid, they become a lien on the property in the same manner as property taxes. In addition, the cost of any inspections relating to a municipal housing maintenance code violation that are not paid may be collected as a special assessment. Under prior law only re-inspections could be collected this way.

*Ch. 366, art. 6, § 42, amending Minn. Stat. § 429.101, subd. 1, effective May 30, 2008.*

### **Abatement Limits**

The limit on economic development abatements was increased. It was converted from 10 percent of the current tax levy to 10 percent of net tax capacity (i.e., standard property tax base) for the taxes payable year to which the abatement applies. Jurisdictions may still abate up to \$200,000, if that is greater than the amount determined by the “regular” limit.

*Ch. 366, art. 6, § 43, amending Minn. Stat. § 469.1813, subd. 8, effective for abatements approved after May 30, 2008.*

### **Utility Valuation Transition Aid**

Beginning with assessments in 2007, gas and electric utility property are subject to new assessment rules. The assessments under the new rules are phased in over three years and will generally be lower than the old assessments. A transition aid is set up to compensate cities and towns for lost tax base due to the reassessment. Only cities and towns that will suffer a tax base loss upon full phase-in that exceeds 4 percent of their overall tax base are eligible for transition aid payments.

The payments are equal to the difference between the public utility tax capacity prior to reassessment and the public utility tax capacity for the current year, multiplied by the jurisdiction’s tax rate. The aid continues in each qualifying municipality until the valuation of public utility property exceeds its assessment year 2007 valuation under the old system. For aids payable in 2009, the payments are approximately one-half of what they are expected to be in 2010 because the phase-in rate for the new assessments is only 50 percent in 2009.

*Ch. 366, art. 2, § 10, adding Minn. Stat. § 477A.16, effective beginning with aids payable in 2009.*

## **Sales Taxes**

### **Public Housing Sales Tax Exemption**

The sales tax exemption for construction materials used in certain low-income housing projects now applies to include limited partnerships where the *managing* general partner is a public housing agency, a housing and redevelopment authority (HRA), an entity acting as an

HRA, or a qualifying nonprofit. Previously, limited partnerships only qualified if the *sole* partner was one of these entities.

*Ch. 366, art. 7, § 4, amending Minn. Stat. § 297A.71, subd. 23, effective for sales and purchases after June 30, 2009.*

## **Local Sales Taxes**

All political subdivisions are prohibited from promoting, spending money, or holding a referendum to support imposing a new local sales tax unless the tax was authorized by law during the 2008 legislative session. The prohibition is in effect until May 31, 2010, but does not apply to extensions of an existing tax.

*Ch. 366, art. 7, § 7, amending Minn. Stat. § 297A.99, subd. 1, as amended by ch. 152, art. 4, § 1, effective May 30, 2008.*

## **Transportation**

### **Overview**

Early in the 2008 session, the legislature overrode the governor's veto of a major transportation funding bill. The new law increases transportation funding by:

- ▶ adding a 3.5-cent surcharge on the gas tax;
- ▶ eliminating caps on license tab fees and changing the depreciation schedule;
- ▶ dedicating the portion of the sales tax collected on motor vehicle leases to transportation; and
- ▶ authorizing local option sales taxes for transit and transportation funding.

The law also includes \$1.8 billion in trunk highway bonds for ten years and \$60 million in general obligation bonds for local roads and bridges.

*Ch. 152*

### **Sales Tax on Motor Vehicle Leases**

The sales tax collected on long-term motor vehicle leases will now be dedicated to transportation with 50 percent of the revenue going to the greater Minnesota transit account and 50 percent to the county state-aid highway (CSAH) fund. The dedication is phased in on the same schedule as the dedication of the motor vehicle sales tax to transportation—83.75 percent in fiscal year 2010, 93.75 percent in fiscal year 2011, and 100 percent thereafter.

The money going to the CSAH fund will be allocated to the counties in the seven-county metropolitan area *except* for Hennepin and Ramsey counties, based on their relative population. Hennepin and Ramsey

counties will not get any of this new CSAH money.

*Ch. 152, art. 3, § 8, amending Minn. Stat. § 297A.815, adding subd. 3, effective July 1, 2009.*

**Metropolitan  
Transit Area Local  
Option Sales Tax**

The seven counties in the metropolitan area may form a joint powers board and impose a local sales tax in each county of up to 0.25 percent and an excise tax of \$20 per motor vehicle sale, to pay for transit projects and costs. Each county board that wishes to join and impose the taxes may do so by resolution. The counties that join will make up the metropolitan transit area.

The Counties Transit Improvement Board (CTIB) was established in March 2008 by Hennepin, Ramsey, Dakota, Washington, and Anoka counties. The CTIB consists of two commissioners from each member county plus the chair of the Metropolitan Council.

The board sets up the process and deadlines for awarding transit grants funded by the sales taxes. A grant evaluation and ranking system (GEAR) committee is established under the board to evaluate grant applications. Membership on the GEAR committee consists of county commissioners, the chair of the Metropolitan Council transportation committee, and elected city representatives for each county.

The grants may only be used for the following transit purposes:

- ▶ Capital improvements to transitways
- ▶ Capital costs for park and ride facilities
- ▶ Studies, engineering costs, and property acquisitions for transit way purposes, including construction
- ▶ Operating assistance for transitways

In fiscal year 2009, \$30.783 million of the sales tax revenue must be allocated to the Metropolitan Council for transit operating costs. No more than 1.25 percent of the annual total awards may go to pedestrian and bicycle programs. Also, if a county's share of the sales tax raised is 3 percent or less of the total sales tax revenue raised in the metropolitan transit area, then annual grants to that county must at least equal the amount raised in that county.

The joint powers board or any county in the agreement may issue bonds backed by the sales tax revenue without an election. Counties may opt out of the joint powers agreement after joining; however, the local sales tax in a county doesn't expire until the revenues raised in that county are sufficient to meet all obligations entered into while the county was a member of the agreement.

*Ch. 152, art. 4, §§ 1, 2, amending Minn. Stat. § 297A.99, subd. 1; adding Minn. Stat. § 297A.992, effective February 26, 2008, with the taxes effective the start of a calendar quarter at least 90 days after formation of the joint powers board. The authority expires if no tax is imposed under this authority by October 2, 2008.*

**Greater Minnesota  
Local Option Sales  
and Use Tax**

The 80 counties outside the seven-county metropolitan area are allowed singly, or jointly under a joint power agreement, to impose a local sales tax in each county of up to 0.50 percent and an excise tax of \$20 per motor vehicle sale, to pay for transportation projects or improvements. Each county board that wishes to impose the tax must get voter approval at a general election.

The tax must be used exclusively for a specific transportation project or improvement designated by the county board or the joint powers board, and the tax must terminate when the project is completed.

*Ch. 152, art. 4, §§ 1, 3, amending Minn. Stat. § 297A.99, subd. 1; adding Minn. Stat. § 297A.993, effective July 1, 2008.*

**County State-Aid  
Highway (CSAH)  
Fund**

A new formula was enacted to distribute the increase in the county state-aid highway (CSAH) fund due to the changes in the gas tax, motor vehicle registration tax, and the motor vehicle sales tax.

The money that would have been collected before the changes, adjusted for inflation in the case of the motor vehicle registration and sales taxes, will continue to be distributed under the current formula, which is:

- ▶ 10 percent equally to all counties;
- ▶ 10 percent based on each county's share of total motor vehicle registrations in the previous year;
- ▶ 30 percent based on each county's share of total statewide CSAH lane miles; and
- ▶ 50 percent based on each county's share of total construction needs, adjusted for its share in 1958.

The formula for distributing the increase is:

- ▶ 40 percent based on each county's share of total motor vehicle registrations in the previous year; and
- ▶ 60 percent based on each county's share of total construction needs.

*Ch. 152, art. 5, §§ 2 to 5, amending Minn. Stat. § 162.07, subd. 1, adding subds. 1a, 1c, effective beginning July 1, 2008.*

**Restricting the Use  
of Toll Roads and  
the Privatization of  
Roads and Bridges**

Road authorities, including local governments, are prohibited from imposing tolls on existing roads and bridges. Tolls are allowed if:

- ▶ the toll was in place by September 1, 2007;
- ▶ the toll is on an additional lane added to a highway after September 1, 2007; or
- ▶ the toll applies to any other lane that adds capacity.

Road authorities are also prohibited from leasing or selling a road or bridge that will continue to be used for public transportation purposes.

*Ch. 152, art. 6, §§ 2, 3, adding Minn. Stat. §§ 160.845; 160.98, effective February 26, 2008.*

**Counties; Rail  
Funding**

County regional rail authorities are prohibited from funding more than 10 percent of the capital costs of a light rail or commuter rail project; or any of the operation and maintenance cost for such a project if it is in a county that is imposing the metropolitan transit area local sales tax. The one exception is in Hennepin County, which can continue to fund part of the operations of the Hiawatha LRT line until January 1, 2009.

*Ch. 152, art. 6, § 7, adding Minn. Stat. § 398A.10, effective the day after the metropolitan transportation area sales tax is imposed (July 1, 2008).*

## Cities

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### Capital Notes

Statutory and home rule charter cities had authority to issue capital notes for software that expired July 1, 2007. That authority has been reinstated and made permanent.

*Ch. 154, art. 10, §§ 15, 16, amending Minn. Stat. §§ 410.32; 412.301, effective March 8, 2008.*

### Municipal Gas Agency

The definition of “city” in the municipal gas agency law was expanded to include cities located outside of Minnesota, consistent with a similar change made to the electric utility agency law in 2006.

*Ch. 154, art. 10, § 17, amending Minn. Stat. § 435A.02, subd. 3, effective July 1, 2008.*

### Cemeteries

A statutory city or city of the fourth class may appropriate up to \$10,000 per year to a public or private cemetery in which the dead of a city are buried without restriction. This amount is increased from \$2,500.

*Ch. 187, § 8, amending Minn. Stat. § 471.84, effective August 1, 2008.*

### Veterans’ Memorials

A city does not have to hold a referendum on whether to establish a veterans’ memorial in the city, but the minutes of the meeting at which the ordinance authorizing the memorial is adopted must provide the estimated cost of the memorial, and the city cannot spend more than 10 percent over that amount.

*Ch. 236, amending Minn. Stat. § 416.01, effective August 1, 2008.*

### Utility Disconnection Notice

A utility must notify the city of disconnection of a customer’s gas or electric service if the city requests notice in writing. On October 15 and November 1, the city can get a report of the addresses of all properties currently disconnected and the dates of those disconnections. Between October 15 and April 15, the city can get daily reports. The data is private data on individuals or nonpublic data.

*Ch. 253, amending Minn. Stat. § 13.681, adding subd. 6; adding Minn. Stat. § 216B.0976, effective August 1, 2008.*

### Disability Parking Ordinances

The law that allows a city to adopt an ordinance for a long-term disability permit parking program now spells out the minimum requirements for an ordinance.

*Ch. 272, amending Minn. Stat. § 169.346, subd. 5, effective August 1, 2008.*

### Dogs at Outdoor Food and Beverage Establishments

A city may adopt an ordinance that permits food and beverage service establishments to allow dogs to accompany patrons in designated outdoor areas. This does not include dangerous and potentially dangerous dogs. The ordinance must allow establishments to ban dogs. The law provides the minimum requirements for a permitting process,

and a city may incorporate the requirements into its existing permitting or licensing authority. The law also provides minimum requirements for owners, employees, and patrons to comply with when dogs are allowed in a food and beverage establishment, which must be printed on a sign that is posted where employees and patrons can read it. The law does not change the rights of owners of service dogs and handlers of police dogs. If a city adopts an ordinance, it must adopt a definition of “designated outdoor area” that is consistent with relevant health department rules.

*Ch. 325, § 1, adding Minn. Stat. § 157.175, effective May 16, 2008.*

**Discharge of a  
Charter  
Commission**

A charter commission may be appointed to prepare a home rule charter for the voters of a statutory city to adopt or reject. The charter commission of a statutory city is discharged if three-fourths of the charter commission votes to abolish itself because a charter is not necessary or desirable. Now, a statutory city’s charter commission may be discharged if a petition signed by at least 5 percent of registered voters is filed with the city clerk and the election on whether to discharge the charter commission is successful.

*Ch. 331, § 6, amending Minn. Stat. § 410.05, subd. 5, effective August 1, 2008.*

**Charter  
Amendment**

The threshold for getting a vote on a charter amendment proposed by ordinance is now higher. Under this change, a petition for a referendum on a proposed amendment by ordinance to a city charter must be signed by at least 5 percent of registered voters, instead of 2 percent of the total number of votes cast in the last state general election.

*Ch. 331, § 7, amending Minn. Stat. § 410.12, subd. 7, effective August 1, 2008.*

**Water, Sewer  
Charges**

Water and sewer charges must be as nearly as possible proportionate to the cost of furnishing the service, notwithstanding local charter restrictions.

*Ch. 331, § 8, amending Minn. Stat. § 444.075, subd. 3, effective August 1, 2008.*

## Counties

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**Wheelage Taxes** A metropolitan county's wheelage tax no longer is an offset against the county's property tax levy for roads and bridges. (Metropolitan county means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.)

*Ch. 154, art. 2, § 33, para. (c), repealing Minn. Stat. § 163.051, subd. 5, effective for taxes payable in 2007 and thereafter.*

Motorcycles, motorized scooters, and motorized and electric-assisted bicycles are exempt from the metropolitan county wheelage taxes.

*Ch. 366, art. 9, § 1, amending Minn. Stat. § 163.051, subd. 1, effective July 1, 2008.*

**Capital Notes for Software** Counties' authority to issue capital notes for software expired July 1, 2007, and was reinstated as permanent law.

*Ch. 154, art. 10, § 9, amending Minn. Stat. § 373.01, subd. 3, effective July 1, 2008.*

**Capital Improvement Bonds** The limit on county capital improvement plan (CIP) bonds was increased from 0.0567 percent of taxable market value to 0.12 percent. The special limit for Ramsey County (0.06455 percent) is repealed, allowing the county to qualify for the new 0.12 percent limit. CIP bonds may be issued without holding a referendum, but they are subject to a reverse referendum requirement.

*Ch. 154, art. 10, § 10, amending Minn. Stat. § 373.40, subd. 4, effective March 8, 2008.*

**Subordinate Service Districts** Counties may issue subordinate service district bonds to pay for capital improvements for the districts. The bonds are to be paid for primarily from the proceeds of service charges, special assessments, and district taxes, but the bonds may be general obligations of the county. The bonds would be exempt from net debt limits and the referendum requirement. A subordinate service district may still be terminated, but the rates, charges, and taxes must remain in place as long as they are necessary to pay the outstanding bonds.

*Ch. 154, art. 10, § 11, amending Minn. Stat. § 375B.09, effective March 8, 2008.*

**Assessors** The legislature made a number of changes in the assessment process to increase the quality of assessments and the amount of information available to taxpayers. In addition, the legislature made a number of technical changes, including moving provisions to more appropriate sections of statutes.

*Property valuation notices.* The property valuation notice must state where information about the property is available, the times when it

may be viewed by the public, and the county's web site address.

*Ch. 366, art. 6, § 23, amending Minn. Stat. § 273.121, as amended by ch. 154, art. 13, § 28, effective for notices prepared in 2009 and thereafter.*

*Electronic notices.* Upon written request by the taxpayer, counties may provide valuation notices, truth in taxation (TnT) notices, and property tax statements in an electronic format.

*Ch. 154, art. 13, § 28, amending Minn. Stat. § 273.121, effective March 8, 2008; § 38, amending Minn. Stat. § 275.065, subd. 3, effective for notices required in 2008, payable in 2009 and thereafter; § 41, amending Minn. Stat. § 276.04, effective for tax statements for taxes payable in 2009 and thereafter.*

*Conflicts of interest.* A local or county board of appeal and equalization member cannot participate in any actions of the board that result in market value adjustments or classification changes to property owned by the board member or the member's spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece, or to property in which the board member has a financial interest.

*Ch. 154, art. 13, §§ 35, 36, amending Minn. Stat. §§ 274.01, subd. 1; 274.13, subd. 1, effective March 8, 2008.*

*Training.* The training requirements that have applied to local boards of appeal and equalization now also apply to county boards of appeal and equalization. The Department of Revenue must develop a handbook detailing procedures, responsibilities, and requirements for county boards of appeal and equalization by January 1, 2009. Counties that conduct county boards of appeal and equalization meetings will need to provide proof to the commissioner by December 1, 2009, and each year thereafter, that they are in compliance and that there was a quorum of voting members at each meeting. Counties that are out of compliance will have to appoint a special board of equalization.

*Ch. 154, art. 13, § 37, adding Minn. Stat. § 274.135, effective March 8, 2008.*

*Notice to county auditor by new special taxing districts.* Newly organized special taxing districts and special taxing districts organized in a prior year that have not previously certified a levy to the county auditor, must notify the auditor by July 1 in order to certify a tax levy that year.

*Ch. 154, art. 13, § 40, amending Minn. Stat. § 275.067, effective for taxes payable in 2009 and thereafter.*

**County Historical Society**

First-class cities are now included in the law that allows cities and towns to appropriate property tax revenues to the county historical society. The amount authorized is limited to 0.02418 percent of taxable market value. At this time, only Duluth, Minneapolis, and St. Paul are first-class cities. After the next federal decennial census is certified other cities may have a population of more than 100,000 and be classified as first-class cities. *See* Minn. Stat. § 410.01.

*Ch. 158, amending Minn. Stat. § 138.053, effective July 1, 2008.*

**Summary Budget Data**

Summary budget data that counties must provide to the State Auditor each year may now be provided by January 31 of the budget year instead of December 31 of the year preceding the budget year.

*Ch. 175, amending Minn. Stat. § 6.745, subd. 2, effective August 1, 2008.*

**Memorial Day Observances**

A county board may now spend up to \$3,500 for Memorial Day observances. The amount was last increased in 1984, from \$1,500 to \$2,000.

Also, a county board may now appropriate up to \$300 to each post of a recognized military service persons' organization or society to help pay for Memorial Day exercises. The amount was last increased in 1979, from \$50 to \$100.

*Ch. 192, amending Minn. Stat. §§ 375.34; 375.35, effective April 18, 2008.*

**Minnesota Real Property Electronic Recording Act**

In 2005, the legislature established a 17-member task force on electronic real estate recording to continue work begun in 2000 by prior groups. The task force was directed to review the Uniform Electronic Recording Act, as drafted by the National Conference of Commissioners on Uniform State Laws, review the Property Records Industry Association position statement on the Uniform Real Property Electronic Recording Act, and recommend alternative structures for the permanent Commission on Electronic Real Estate Recording Standards. (See [Laws 2005, ch. 156](#), art. 2, § 41, adding Minn. Stat. § 507.094, effective July 1, 2005, and expired June 30, 2008.)

The 2008 Legislature enacted the law as recommended by the task force. As described by the Uniform Laws Commission, this act gives counties the authority to prepare for electronic recording of real property instruments. The law:

- ▶ equates electronic documents and electronic signatures to original paper documents and manual signatures, so that any requirement for originality (paper document or manual signature) is satisfied by an electronic document and signature;
- ▶ establishes what standards a recording office must follow and

what it must do to make electronic recording effective; and

- ▶ establishes the Electronic Real Estate Recording Commission, administered by the Legislative Coordinating Commission, to set statewide standards and requires it to set uniform standards that must be implemented in every recording office.

*Ch. 238, art. 2, adding Minn. Stat. §§ 507.0941 to 507.0948, effective July 1, 2008; and art. 3, amending Minn. Stat. §§14.03, subd. 3; 287.08; 287.241; 287.25; 386.03; 386.19; 386.26, subd. 1; 386.31; 386.409; 507.093; 507.24, subd. 2; 507.40; 507.46, subd. 1; and adding 272.122, effective August 1, 2008.*

### **Vacancy on County Board**

The legislature modified the authority of a county to appoint a person to fill a vacancy in the office of county commissioner. If more than a year remains in the unexpired term, a special election must be held. If less than one year remains, the county board may appoint a person to fill the vacancy unless the vacancy occurs within 90 days of the next county general election. If it occurs in that 90-day period, the vacancy must be filled by election at the next county general election. The person elected takes office immediately and also serves for the next term. In addition, the county board must hold a public hearing before making the appointment.

*Ch. 246, amending Minn. Stat. § 375.101, subd. 4, adding subd. 5, effective August 1, 2008.*

### **County Veterans Services Working Group**

A 2008 report of the Office of the Legislative Auditor on county veteran service offices recommended the following:

- ▶ The legislature should require county veterans service offices to collect and report key performance information to the Minnesota Department of Veterans Affairs.
- ▶ The department should include data on outcome measures in its annual report to the legislature and also report such data to county boards.
- ▶ The department should implement a user-friendly statewide management information system; service offices should implement and use the same system.
- ▶ The legislature should require counties to consult with the Department of Veterans Affairs when hiring or reappointing their veterans service officers.

The legislature created a working group of veterans and state and local officials, or their representatives, to discuss, evaluate, and plan for the implementation of these recommendations. By January 15, 2009, the working group must report its proposed recommendations to the chairs

of the Senate and House committees with jurisdiction over veterans affairs, state governmental operations, and local government affairs. The working group expires on June 30, 2009.

*Ch. 297, art. 2 § 26, effective May 13, 2008.*

### **Renewable Energy Projects**

Counties may purchase electricity from renewable projects through power purchase agreements and to sell it, subject to these restrictions:

- ▶ The county may not sell or transmit electricity from an off-site facility
- ▶ On-site generation is limited to ten megawatts
- ▶ The total amount of energy purchased or produced may not exceed the amount of energy used by the county in its own facilities during the previous year

*Ch. 303, § 2, adding Minn. Stat. § 373.48, effective August 1, 2008.*

### **Interim Use Permits Authorized**

Counties may now allow interim uses. An interim use is a temporary use of a property until a particular date or event, or until the zoning changes. Cities and towns were given this authority in 1989. (See Minnesota Statutes, section 462.3597.)

*Ch. 331, §§ 4, 5, amending Minn. Stat. § 394.26; adding Minn. Stat. § 394.303, effective May 17, 2008.*

### **Leased Seasonal Recreation Land**

A county board may adopt a resolution exempting land leased from governments from the property tax if the land is rented by the entity for noncommercial seasonal-recreational/residential use and was exempt from property taxation for taxes payable in 2008. The improvements continue to be subject to property taxation.

*Ch. 366, art. 6, §§ 7, 31, adding Minn. Stat. § 272.0213; amending Minn. Stat. § 273.19, subd. 1, effective beginning for taxes payable in 2009.*

### **County Board of Review Meetings and Appointments**

County boards of review may conduct meetings on Saturdays. If a county conducts either regular board meetings or open book meetings, it must hold at least one meeting each year that does not end before 7:00 p.m. Counties that require taxpayer appointments must include some available times that extend until at least 7:00 p.m.

*Ch. 366, art. 6, § 32, amending Minn. Stat. § 274.14, effective for assessment year 2009 and thereafter.*

## **Towns**

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### **Subordinate Service Districts**

A town must take formal action by resolution to approve or disapprove the establishment of the requested subordinate service district. A town

subordinate service district is created by petition of the affected property owners and prior law did not provide for clear ratification of a district by the town board, including the specific services and the boundaries of the district. The notice of public hearing and the resolution must specify the special services and the territorial boundaries of the district, and the notice must be published in a newspaper of general circulation in the town at least 14 days prior to the hearing.

A town may issue bonds to pay for capital improvements for the districts. These bonds are to be paid primarily out of the proceeds from service charges, special assessments, and district taxes, but the bonds may be general obligations of the town. These bonds would be exempt from net debt limits and the referendum requirement.

A subordinate service district may still be terminated upon a petition of the property owners, but the rates, charges, and taxes must remain in place as long as they are necessary to pay the outstanding bonds.

*Ch. 154, art. 10, §§ 5 to 8, amending Minn. Stat. §§ 365A.02; 365A.04; 365A.08; 365A.095, effective July 1, 2008.*

A town board may refund any surplus taxes or charges collected for a subordinate service district if the district is removed, after all outstanding obligations have been paid in full. The refund must be distributed equally to property owners who paid into the district in the preceding tax year. Any surplus goes to the town's general fund if not refunded.

*Ch. 331, § 2, amending Minn. Stat. § 365A.095, effective May 17, 2008. See also ch. 366, art. 6, § 41, amending Minn. Stat. § 365A.095, as amended by Laws 2008, ch. 154, art. 10, § 8 (making the same change).*

**Town Celebration,  
Volunteer  
Recognition**

The electors of a town may authorize the town board to spend money to recognize volunteers, service efforts, and retiring town officers, or to host or support a community celebration.

*Ch. 166, amending Minn. Stat. § 365.10, subs. 8, 12, effective August 1, 2008.*

**Cemeteries**

A town may use the principal as well as the interest in a town cemetery fund for cemetery purposes, as determined by the town board. Principal from the fund must not be used for routine cemetery maintenance. In addition, a town may appropriate up to \$10,000 per year to a public or private cemetery in which the dead of a town are buried without restriction. This amount is increased from \$2,500.

*Ch. 187, amending Minn. Stat. §§ 365.29; 365.30; 365.31; 365.33, subd. 4; 365.35; 365.36, subs. 2, 3; 471.84, effective August 1, 2008.*

**Extinguishing a**

Not less than 30 days before the first meeting at which a resolution to

## **Town Road**

disclaim and extinguish a town interest in a town road is discussed, the town board must notify each property owner abutting the road to be extinguished of the meeting by certified mail. A notice must also be posted as provided under section Minnesota Statutes, section 366.01, subdivision 8.

*Ch. 287, art. 1, § 18, amending Minn. Stat. § 164.06, subd. 2, effective May 9, 2008.*

## **Nullification of Expedited Town Road Extinguishment**

Any extinguishment of town interest in a town road under Minnesota Statutes, section 164.06, subdivision 2, is nullified if:

- ▶ the interest was not recorded or filed with the county recorder but was recorded or filed with the county auditor prior to 1972;
- ▶ the state or a political subdivision has constructed a road or bridge improvement on a right-of-way affected by the interest;
- ▶ the affected road was the only means of access to a property;
- ▶ the extinguishment took place within the last ten years; and
- ▶ a person whose only access to property was lost because of the extinguishment files a petition of a nullification with the town board stating that the person's property became landlocked because of the extinguishment and that the road satisfies all of the other requirements listed above. A copy of the road order which was filed or recorded with the county auditor must be attached to the petition. The town shall file the petition with the county auditor and record it with the county recorder.

The affected road is then deemed to be a cartway and no additional damages or other payments may be required other than those paid at the time the fee interest was originally acquired and the order filed with the county auditor. A cartway created this way may be converted to a private driveway.

*Ch. 287, art. 1, § 122, effective May 9, 2008.*

## **Levy for Emergency Services in Unorganized Townships**

The county board may levy taxes within an unorganized territory where first responder services are provided.

*Ch. 366, art. 6, § 40, amending Minn. Stat. § 365.243, adding subd. 3, effective for taxes payable in 2009 and thereafter.*

## **Development Authorities and Special Districts**

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### **Airport Authorities**

A city together with another city, county, town, or an Indian tribe may create an airport authority. The new law establishes the process to create an airport authority and provides that the powers of the airport

authority are vested in the airport authority commission, which must have at least five members. The new law specifies representation of the member jurisdictions, and the terms and compensation of commissioners. An airport authority may be increased, decreased, or dissolved.

An airport authority is a special taxing district and may authorize a levy if approved by a vote of at least two-thirds of the members of the authority.

*Ch. 154, art. 2, §§ 18, 27, amending Minn. Stat. § 275.066; adding Minn. Stat. § 360.0427, effective for taxes payable in 2009 and thereafter, as amended by Laws 2008, ch. 366, art. 6, § 45; ch. 154, art. 2, §§ 24 to 26, amending Minn. Stat. § 360.031; adding Minn. Stat. §§ 360.0425; 360.0426, effective July 1, 2008.*

**Economic  
Development  
Authorities**

The law defining and governing conflicts of interest for economic development authorities (EDAs) is now substantially the same as that for HRAs (Minn. Stat. § 469.009). The new law also provides for specific exceptions to what might otherwise be a conflict of interest.

*Ch. 197, amending Minn. Stat. § 469.098, effective April 18, 2008, except for the criminal penalties, which are effective June 1, 2008, and apply to crimes committed on or after that date.*

**Special Districts,  
Audit Requirements**

Special districts are defined and included in the laws governing financial audits of political subdivisions. A “special district” is:

a public entity with a special or limited purpose, financed by property tax revenues or other public funds, that is not included in a city, county, or town financial report as a component of that local government, that is created or authorized by law, and that is governed by (1) persons directly elected to the governing board of the district, (2) persons appointed to the governing board of the district by local elected officials, (3) local elected officials who serve on the board by virtue of their elected office, or (4) a combination of these methods of selection. Special district includes special taxing districts listed in section 275.066.

A special district must file with the state auditor, within 60 days of adoption, any document relating to governance of the district.

Special districts with annual revenues of more than the threshold amount (the same as certain cities, which was \$150,000 in 2004, adjusted for inflation) must provide for an annual audit by the state auditor or a public accountant. A special district with less revenue must have an audit at least once every five years. A small special district must prepare a financial statement in years in which the district is not audited. This new law does not apply to a special district subject to auditing and reporting requirements under other law.

Financial statements and audits must be presented to the governing board and filed with the state auditor within 180 days after the end of the district's fiscal year.

*Ch. 200, amending Minn. Stat. §§ 6.47; 6.51; 6.54; 6.55; 6.551; 6.57; 6.59; 6.60; 6.62, subd. 2; 6.63; 6.64; 6.65; 6.66; 6.67; 6.68; 6.70; 6.71; 6.76; 103D.355; adding Minn. Stat. § 6.756; repealing Minn. Stat. 2006, § 6.56, subd. 1, effective August 1, 2008.*

**Drainage  
Authorities**

The specific dollar amount relating to thresholds for bid procedures are changed to cross references to the Uniform Municipal Contracting Law, also amended in this new law.

*Ch. 207, §§ 1 to 3, amending Minn. Stat. §§ 103E.705, subds. 5, 6, 7, effective August 1, 2008.*

**Housing and  
Redevelopment  
Authorities**

The maximum general operational levy of HRAs was increased from 0.0144 percent of taxable market value to 0.0185 percent of taxable market value. In addition, the levy is now based on the previous year's taxable market value instead of the current year's, consistent with other levy limits based on taxable market value.

*Ch. 366, art. 5, § 11, amending Minn. Stat. § 469.033, subd. 6, effective for taxes payable in 2009.*

## **Special Legislation**

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Special levies and taconite aids are described in previous sections of this report.

**Anoka County**

The \$1,250,000 limit on Anoka County's special law bonding authority for county library buildings was eliminated. These bonds are now limited only by the percentage limit (0.1 percent of taxable market value) in the special law. Based on the market value for taxes payable in 2008, this would have increased the limit to \$3.13 million (or an increase of about 1.5 times).

The county can issue bonds without a referendum. Also, issuance of the bonds is not subject to reverse referendum, as would be the case if county capital improvement bonds were used to finance these buildings.

*Ch. 366, art. 5, § 10, amending Minn. Stat. § 383E.20, effective upon local approval.*

**Austin TIF**

An exemption from the five-year rule for TIF District No. 9 in Austin allows the city to use increments to reimburse the city's HRA for money the HRA spent to dispose of soils and debris in the TIF district after the end of the permitted five-year period.

The five-year rule requires spending of increment for “in-district” activities (i.e., those within the area of the TIF district itself, not the larger “project” area) to be completed within five years after the district is certified. After the end of this period, all increments (other than those permitted to be pooled) must be spent to pay back bonds or other obligations incurred during the five-year period.

*Ch. 366, art. 5, § 25, effective upon local approval.*

### **Beltrami County**

A one-time \$500,000 payment is made to Beltrami County before June 30, 2009, to pay the costs of out-of-home placements ordered by the Red Lake Tribal Court, because the Red Lake tribe and the county did not have an agreement in place to pay these costs during 2007.

*Ch. 366, art. 2, § 13, effective May 30, 2008.*

### **Bemidji**

Bemidji may expand the projects that it may fund from its existing local sales tax revenues to include a regional event center, based on voter approval received at the November 2006 general election. The revenues currently are earmarked for parks and trails within the city. The city may now pay the city’s share of constructing a regional events center, not to exceed \$44 million plus associated bond costs. The city may issue up to \$44 million in bonds for construction costs of the center, based on the 2006 referendum. The tax would now expire at the earlier of (1) when bonds for both projects are paid off, or (2) when revenues sufficient to pay the \$9.8 million of bonds for the parks and trails have been raised, plus 30 years.

*Ch. 154, art. 5, § 3, amending Laws 2005, 1<sup>st</sup> spec. sess., ch. 3, art. 5, § 39, effective upon local approval.*

### **Big Stone County**

The county board may by resolution assign to the county treasurer duties that the county auditor currently handles relating to delinquent real property taxes. The county auditor and treasurer must both agree to the shift in duties. The county had implemented this shift in duties on a temporary basis under a waiver granted by the state auditor in June 2006.

*Ch. 180, effective upon local approval.*

### **Bloomington**

*TIF for Central Station.* The city has ten years, instead of five, to complete spending of the increment for “in-district” activities in TIF District No. 1-I, Bloomington Central Station, at which time the increments must be spent to pay back bonds or other obligations incurred during the period.

*TIF for Mall of America (MOA) phase II.* The city may transfer property from the phase I TIF district (No. 1-C) to the phase II district (No. 1-G). This property represents the portion of the phase I district

that has not been developed or that contains the phase I parking ramp. Because phase II district's duration runs through 2018 and phase I district's ends in 2015, the transfer will allow the collection of three additional years of increment from these parcels.

The tax capacity of the phase II district would be increased by \$208,000, reflecting the parcel transfer.

Various special requirements are imposed on the phase II TIF district:

- ▶ All increments must be used for public infrastructure costs (e.g., the parking ramp or streets) and public improvements under the restated agreement between the MOA and Bloomington.
- ▶ Bloomington must enter a contract with the developer requiring phase II to be constructed, to the greatest extent practicable, from American Steel as a condition for receiving public assistance. No theater or auditorium providing live entertainment may be built on the site, but this does not prohibit movie theaters, nightclubs, or museums.
- ▶ Drawing water from an aquifer for a man-made lake, water park, or similar is prohibited.
- ▶ The agreement must require payment of wages sufficient to generate annual income equal to the federal poverty level for a family of four (approximately \$21,000 for 2007). This requirement applies only to full-time, permanent employees. Temporary or seasonal employees are exempt, as are nonprofit employers and businesses with fewer than 50 employees.
- ▶ Amusement areas of the facility must provide affordable access.
- ▶ The developer must enter a labor peace agreement with the labor organization that is most actively engaged in attempting to represent hotel workers in Hennepin and Ramsey counties. The agreement must prohibit boycotts or similar efforts to discourage patronage of the hotel for at least five years. This does not apply to retail operations with less than \$250,000 of gross revenues per year.

*Local sales taxes.* The city of Bloomington may impose several local taxes, the proceeds of which must be used to finance the parking facility for phase II of MOA:

- ▶ Sales tax: A general sales and use tax of up to 1 percent on sales within the two MOA TIF districts
- ▶ Lodging tax: A lodging tax with a up to 1 percent within a taxing district in the city that the city council defines and must

include the two MOA TIF districts

- ▶ Admissions and recreation tax: Up to a 1-percent tax on admissions to entertainment and recreational facilities and rental of recreational equipment within the MOA TIF districts or within a bigger area that the city specifies
- ▶ Food and beverage tax: Up to 3 percent tax on food and beverages for consumption on or off the premises within the MOA TIF districts

Bloomington may use the proceeds of its existing city lodging tax (notwithstanding restrictions under another law) derived from facilities within the phase II TIF district for the project, rather than the usual purposes for which those revenues must be used. That is, the city would be allowed to use its existing lodging tax revenues from the phase II MOA hotel(s) for the MOA phase II parking ramp.

*State revenue bonding.* The city may contract with the state to issue revenue bonds to finance the project. These revenue bonds could be issued by the commissioner of finance, the Agricultural and Economic Development Board, or the Public Facilities Authority. The developer must be a party to this contract.

These bonds could be issued to pay for project costs, cost of issuance, and to refund the bonds. The amount of bonds is limited to the estimated cost of the parking facility and soft costs. The bonds may only be paid with local taxes described above.

These bonds are revenue bonds and are not a general or moral obligation of the state. State taxes cannot be used to pay the bonds. Standard bond provisions are included, providing pledging of the revenue, allowing refunding, and so forth. The state pledges not to impair the bond contract. (However, under the Minnesota Constitution, the state cannot contract away the power of taxation, except by issuing general obligations bonds as specifically authorized by the constitution.)

Conditions that Bloomington and MOA must meet before the city can contract with a state entity to issue the bonds include the following:

- ▶ The city and the developer must provide to the commissioner of finance all of the materials and information necessary for the commissioner to evaluate the project and make the required “but-for” determination (See the next bullet)
- ▶ The commissioner of finance must make a written determination that the financial assistance provided is necessary to make the project financially feasible

- ▶ The city, Bloomington port authority, the developer, and the commissioner of finance must enter a development agreement
- ▶ The Legislative Commission on Planning and Fiscal Policy must approve the development agreement before it becomes effective

The development agreement must provide at least the following:

- ▶ The minimum amount of the private improvements the developer must provide
- ▶ The developer's contribution to the parking facility
- ▶ The start and finish dates for the project
- ▶ A requirement that the assistance be used solely for the construction of the parking facilities and to reimburse the state for its costs in evaluating the deal
- ▶ That the port authority will own the facility
- ▶ That the developer will pay for operating, capital improvement, and repair of the facility
- ▶ That the developer pays for the construction costs and is reimbursed as it completes required private improvements

*Ch. 366, art. 5, §§ 26 to 30, effective upon local approval.*

### **Brooklyn Center**

*TIF.* The special law providing TIF authority for Brooklyn Center was modified. Previously, 15 percent of the increments from the district was required to be used for housing development. The permitted uses of the account are now expanded to include environmental remediation costs. Also, the housing purposes are only required to satisfy the requirement for standard housing districts, not qualified housing districts (provisions for which were repealed in other parts of the new law).

*Ch. 154, art. 9, §§ 15 to 17, amending Laws 1994, ch. 587, art. 9, § 14, subds. 1, 2, 3, effective March 8, 2008.*

*Crime-free multihousing pilot project.* The city may establish a “crime-free multihousing program” as a pilot project. Participating properties qualify for the lower class 4d property tax class rates.

*Ch. 366, art. 6, § 48, effective upon local approval and expires after taxes payable in 2017.*

### **Burnsville TIF**

Burnsville may apply special TIF rules to districts located in a defined area of the city (the Northwest Quadrant). To qualify for these special

rules, the city must make blight-like findings for 80 percent of the acreage of the project areas—i.e., peat, soils difficulties, landfills, quarries, floodways, or substandard structures are present on the property. In these districts:

- ▶ the five-year rule is extended to 10 years;
- ▶ increments may be spent anywhere within the project area, subject to a limit that no more than 80 percent of the increments may be spent outside the area of the district;
- ▶ “soils deficiency districts” could be created under special rules. For an area to qualify, 80 percent of the district must have unusual terrain or soil deficiencies where the cost of the soil-related site preparation exceeds the fair market value of the land. (For example, if the land were worth \$1,000 – before doing the preparation work—the soil correction work would need to cost more than \$1,000.) Increments from a soil deficiency district would be limited to paying for land acquisition, soil correction, public infrastructure directly caused by the soil deficiencies, and administrative costs; and
- ▶ use of increments is prohibited for landfill closure or installing infrastructure on the Burnsville Amphitheater site.

The authority to approve districts under the special law expires December 31, 2027.

*Ch. 154, art. 9, §§ 21, 25, repealing Laws 1998, ch. 389, art. 11, § 18, effective upon local approval. The increments from the district repealed must be returned to the county for distribution as excess increments. Local approval filed April 15, 2008.*

### **Carver County**

The Carver County Board may control financing and administration of the county library system, except for certain duties specific to the library board. Under general law in Minnesota Statutes, chapter 134, a county board may appoint a library board, but once appointed, the library board has control of the operation and administration of the library system. Under this law, the Carver County library board would be responsible for library policies and rules, review of the annual operating budget and five-year capital plan for submission to the county board, and any duties assigned to it by the county board. The library board would have sole authority and discretion in maintaining and developing the library collections and use of library meeting rooms. This special law for Carver County is similar to that enacted for Washington County in 2005 (chapter 13) and Hennepin County in 1981 (Minn. Stat. § 383B.239).

*Ch. 261, effective upon local approval.*

### **Central Iron Range**

Interest earned on the 2007 allocation for the Central Iron Range

**Sanitary Sewer District**

Sanitary Sewer District accrues to the district instead of St. Louis County.

*Ch. 154, art. 8, § 14, amending Minn. Stat. § 298.2961, subd. 5, effective for distributions made in 2007 and thereafter. See ch. 366, art. 10, § 13, amending the effective date.*

A local government in the district now has 180 days after adoption of the first comprehensive plan, up from 60 days, to elect to not be included within the Central Iron Range Sanitary Sewer District. The district includes the cities of Hibbing, Buhl, Chisholm, and Kinney, and the towns of Balkan and Great Scott.

The law also completes local approval of 2002 and 2003 laws establishing the Central Iron Range Sanitary Sewer District and validates all actions taken by the district once local approval of this 2008 law is complete.

*Ch. 300, § 45, amending Laws 2002, ch. 382, art. 2, § 5, subd. 3, as added by Laws 2003, ch. 128, art. 9, § 10, subd. 3, and § 46, effective upon local approval.*

**Clearwater**

Clearwater may impose a one-half cent local sales tax and a \$20 tax on motor vehicle sales based on voter approval at the 2006 general election. The city can use up to \$12 million plus associated bond costs to pay for a pedestrian bridge and community center. The city may issue up to \$12 million in bonds for the projects without a separate referendum. The tax terminates at the earlier of 20 years or when revenues first meet or exceed an amount equal to \$12 million plus any additional costs, including interest, related to the bond issuance.

*Ch. 366, art. 7, § 19, effective upon local approval.*

**Columbus**

A town that received a payment in lieu of taxes in 2006 or thereafter, and subsequently incorporated as a city, may continue to receive any future year's allocations that would have been made to the town had it not incorporated, provided that the payments will terminate if the governing body of the city passes an ordinance that prohibits hunting within the boundaries of the city. Currently the city of Columbus (Anoka County) is the only city to qualify for this provision.

*Ch. 154, art. 2, § 1, amending Minn. Stat. § 97A.061, subd. 2, effective retroactively for aid payments made in 2007 and thereafter.*

**Comfort Lake-Forest Lake Watershed District**

The Comfort Lake-Forest Lake Watershed District is deemed a watershed management organization under Minnesota Statutes, section 103B.205, subdivision 13. That law generally applies just to watershed districts that are wholly located within the metropolitan area, or joint powers entities established wholly or partly within the metropolitan area. The district may manage or plan for the management of surface waters within the watershed district's boundary as it existed on April 1,

2008, in Chisago and Washington counties through the authorities provided both in the chapter dealing with watershed districts and the chapter dealing with watershed management organizations. This will increase the district's potential levy authority.

*Ch. 366, art. 6, § 51, effective May 30, 2008.*

## **Cook County**

*Lodging and admissions taxes.* Cook County may impose up to a 1-percent lodging tax and up to a 3-percent amusement tax to fund the Cook County Event and Visitor's Bureau. The amusement tax applies to recreational facilities and the rental of recreational equipment as well as the usual entertainment. The taxes expire 15 years after first imposed.

*Ch. 366, art. 7, § 17, effective for sales and purchases made after June 30, 2008.*

*Local sales tax.* The county may impose a one-half cent local sales tax, based on voter approval at a general or special election before December 31, 2009. Up to \$14 million plus associated bond costs may be raised to pay for capital projects and improvements to a county community center and recreation area, and the Grand Marais Public Library. The county may issue up to \$14 million in bonds for the projects without a separate referendum. The tax terminates at the later of 20 years or when revenues first meet or exceed an amount equal to \$14 million plus any additional costs, including interest, related to the bond issuance.

*Ch. 366, art. 7, § 18, effective upon local approval.*

## **Cook-Orr Hospital District**

The specific limitation on the amount of the levy that may be made by the Cook-Orr Hospital District was eliminated. The district's levy is now subject to the general law levy limitation that applies to other hospital districts. Also, the district may now use the levy, other than the portion that is levied for ambulance service expenses, for operating as well as capital expenses.

*Ch. 154, art. 2, §§ 30, 31, amending Laws 1988, ch. 645, § 3, as amended by Laws 1999, ch. 243, art. 6, § 9, and Laws 2000, ch. 490, art. 6, § 15; and Laws 1989, ch. 211, § 8, subd. 4, as amended by Laws 2002, ch. 390, § 24, and Laws 2003, ch. 127, art. 2, § 22, subd. 4, effective upon local approval. Local approval filed April 29, 2008.*

## **Crane Lake Town**

The town board of Crane Lake (St. Louis County) may issue up to \$250,000 in certificates of indebtedness to pay for land in an exchange with the U.S. Forest Service. The debt is exempt from town debt limits. The certificates may be paid back over 30 years. The town must levy to repay the certificates.

*Ch. 154, art. 10, § 28, effective upon local approval. Local approval filed May 19, 2008.*

**Crystal TIF**

Crystal may use increment from its housing replacement district for any purpose in the city that is permitted for housing district increments under general law.

*Ch. 366, art. 5, § 20, amending Laws 1995, ch. 264, art. 5, § 46, subd. 2, effective upon local approval and applies to revenues regardless of when they were received. Local approval filed June 20, 2008.*

**Dakota County TIF**

The Dakota County Community Development Authority may designate additional property to be acquired by the authority for a TIF project without meeting the general law procedures that apply to approval of an original TIF plan, if the property consists of one or more parcels under common ownership and is acquired from a willing seller for the purpose of development as a housing project. This exception applies if the acquisition is approved by the governing body of the authority after publishing notice and holding a hearing.

*Ch. 366, art. 5, § 35, effective upon local approval.*

## **Duluth**

*Food and beverage tax.* Duluth may increase its food and beverage tax from 1.5 percent to 2.25 percent. The increase does not require voter approval. The extra 0.75 percent tax must be used to help pay off the \$40 million in debt issued for building a new ice arena and related improvements to the Duluth Entertainment and Convention Center (DECC). This portion of the tax will expire when sufficient revenues are raised from this and other revenue sources to pay these bonds. Revenues from the current tax are being used to repay \$8 million of bonds for capital improvements to the DECC and \$5 million for the Great Lakes Aquarium. Current law requires that this portion of the tax will be reduced from 1.5 percent to 1 percent when these debts are repaid.

*Ch. 154, art. 5, § 2, amending Laws 1980, ch. 511, § 1, subd. 2, as amended by Laws 1991, ch. 291, art. 8, § 22, and Laws 1998, ch. 389, art. 8, § 25, and Laws 2003, 1<sup>st</sup> spec. sess., ch. 21, art. 8, § 11, effective upon local approval. Local approval filed May 5, 2008.*

*Spirit Mountain.* The legal description of land administered by the Spirit Mountain Recreation Area Authority is corrected.

*Ch. 198, amending Laws 1973, ch. 327, § 2, subd. 1, as amended by Laws 1984, ch. 390, § 1, effective upon local approval.*

*Duluth Entertainment and Convention Center (DECC).* The DECC may adopt a fair and competitive procurement process and enter into a contract that provides for a construction manager at risk and for capital improvements and renovations paid for with a \$38 million 2008 bond fund appropriation.

*Ch. 322, § 8, effective May 16, 2008. See also ch. 179, § 21, subd. 7 (bonding act).*

*TIF.* The city has ten years, instead of five, to complete spending of the increment for “in-district” activities in two TIF districts, at which time the increments must be spent to pay back bonds or other obligations incurred during the period.

*Ch. 366, art. 5, § 31, effective upon local approval.*

## **Eveleth-Virginia Municipal Airport Board of Adjustment**

The Eveleth-Virginia Municipal Airport Board of Adjustment must grant a variance to a property owner living in safety zone A of the Eveleth-Virginia Municipal Airport and adjust the safety zone to exclude certain residential buildings.

*Ch. 287, § 124, effective upon local approval.*

## **Eyota TIF**

Eyota now qualifies as a “small city” under the TIF act without regard to the mileage restrictions under general law. General law requires a city to be located ten miles or more from the nearest border of a city with a

population of 10,000 or more to qualify as a “small city.”

*Background information.* Qualifying as a “small city” under the TIF act enables the city to use economic development TIF districts for small commercial developments—i.e., retail, office space, and similar developments. These developments cannot exceed 15,000 square feet. However, the city can do multiple districts, if each development is separately owned. Economic development districts can be used at any location, that is, they are not restricted to difficult to develop parcels containing “blight.” Cities that do not qualify as “small cities” may only use economic development TIF districts for more “footloose” type industries—for example, manufacturing, research and development, and warehousing.

*Ch. 154, art. 9, § 22, effective upon local approval.*

### **Fergus Falls**

Land and buildings acquired by Fergus Falls before January 1, 2007, located on the site of the former Regional Treatment Center (RTC) in Fergus Falls are exempt from the property tax. The exemption applies for 15 years after the date specified by the city’s resolution designating the area. The exemption is phased out over the last three years of the designation as follows:

- ▶ 75 percent for the third to the last year
- ▶ 50 percent for the second to the last year
- ▶ 25 percent for the last year of duration

*Ch. 366, art. 6, § 5, amending Minn. Stat. § 272.02, adding subd. 88, effective for property taxes payable in 2009 and thereafter.*

### **Fridley TIF**

Fridley or its HRA may establish a “Northstar Transit Station District” redevelopment district, with several exceptions to the general law:

- ▶ Although the district would be treated as a redevelopment district with a 25-year duration limit, it would not be required to satisfy the “blight test” and would not be restricted to using its revenues to “correct blight” but could also be used to develop the transit station and access to the station.
- ▶ The five-year rule does not apply to the district.
- ▶ The district may be smaller than the defined area. If the initial district is smaller than the defined area, the city may create additional districts in this area under the general law rules. These districts would qualify to spend increment for purposes of the transit station and to provide access to it, regardless of the general law restrictions on spending increment. These

districts would not qualify for the other exemptions under the 2008 special law. In addition, these districts would be given a 5-percentage point higher pooling percentage (30 percent, rather than 25 percent). The authority to create these districts terminates in 2017.

In addition, three other Fridley TIF districts are exempted from the general law pooling rules to allow use of their increments to finance the transit station.

*Ch. 366, art. 5, § 23, amending ch. 154, art. 9, § 23, effective upon local approval.*

## **Hennepin County**

*Capital notes.* The maximum maturity of capital notes under the law for Hennepin County statute was increased from five years to ten years, and capital notes may be issued for computer software. These changes make the Hennepin County law consistent with the general law that applies to the capital notes of other counties.

*Ch. 154, art. 10, § 12, amending Minn. Stat. § 383B.117, subd. 2, effective March 8, 2008.*

*Hennepin County HRA area of operations.* Hennepin County HRA's area of operations is now anywhere in the county, reversing the general law provision that excluded a city with an HRA created before 1971 from a county HRA's area of operations. This affects the cities of Hopkins, Minneapolis, Robbinsdale, and St. Louis Park. Individual municipal HRAs still must approve county HRA projects.

*Ch. 154, art. 10, §§ 13, 14, amending Minn. Stat. §§ 383B.77, subd. 1, 2, effective July 1, 2008.*

*Ditch transfer.* Hennepin County may use an alternative procedure to the one in statute to transfer listed county ditches from the county to a water management authority.

*Ch. 331, § 3, adding Minn. Stat. § 383B.61, effective August 1, 2008.*

*Deed and mortgage tax.* Hennepin County's authority to impose a mortgage registry tax (MRT) and deed tax, which expired December 31, 2007, is reinstated, until December 31, 2012. The taxes fund the county's environmental response fund.

*Ch. 366, art. 9, § 13, amending Minn. Stat. § 383B.80, subd. 4, effective May 30, 2008.*

*Environmental response fund.* Hennepin County may not spend more than 3 percent of the fund for administration costs.

*Ch. 366, art. 9, §§ 11 and 12, amending Minn. Stat. § 383B.81, subs. 1, 2, effective July 1, 2008.*

## **Hopkins TIF**

Hopkins may spend up to 20 percent of the income from the

redevelopment TIF district, established in a 2003 special law, on housing activities outside of the district. Prior law limited this district to spending its increment on activities in the district.

*Ch. 366, art. 5, §, 21, amending Laws 2003, ch. 127, art. 10, § 31, subd. 1, effective May 30, 2008.*

## **Itasca County**

*Long-term easement for rail line.* Itasca County may grant a 40-year easement of tax-forfeited land to the Itasca County Regional Rail Authority for a rail line right-of-way. The easement may be canceled only by resolution of the county board for a substantial breach of the terms of the easement and after reasonable notice.

*Ch. 368, art. 1, § 70, effective May 24, 2008.*

*Sales tax exemption for the public safety radio system.* The area covered by the public safety radio sales tax exemption is extended to include purchases for the part of the system located in Itasca County.

*Ch. 366, art. 7, § 3, amending Minn. Stat. § 297A.70, subd. 8, effective for sales and purchases after June 30, 2008.*

## **Lakeview Cemetery Association**

Any two or more of the following municipalities to enter into a joint powers agreement to create the Lakeview Cemetery Association with the powers and duties of a cemetery association: the cities of Bovey, Calumet, Coleraine, Marble, and Taconite, and the towns of Greenway, Iron Range, Lawrence, and Trout Lake.

Any of the eligible cities or towns that do not join the association initially may join later, and any cities or towns that are members of the association may withdraw from the association.

The joint powers agreement may provide for a uniform tax rate to be levied against all taxable properties located within each participating city or town. The total combined levy from all participating cities and towns cannot exceed \$200,000 per year. If levied, the tax is in addition to all other taxes on the property, including taxes permitted to be levied for cemetery purposes by the city or town and must be disregarded in the calculation of all other rate or per capita levy limitations imposed by law. The tax shall be collected by the Itasca County auditor-treasurer and paid directly to the Lakeview Cemetery Association.

*Background.* Laws 1994, chapter 587, article 9, section 8, allows the town of Iron Range and the cities of Coleraine and Bovey to levy a tax and make an appropriation not to exceed \$15,000 annually to the Lakeview Cemetery Association. The annual amount was increased to \$25,000 in the 2005 omnibus tax law, effective for taxes payable in 2006 and thereafter. That law is repealed when the association initially levies under this provision.

*Ch. 154, art. 2, §§ 32, 33 (b), effective for taxes payable in 2009 and thereafter.*

## **Mankato**

The city may extend its existing local sales tax from December 31, 2018, to December 31, 2022, subject to a reverse referendum. The authorized use of the revenues is changed by eliminating the use for operations of the Mankato Civic Center and expanding the allowed construction purposes to include a performing arts theatre and women's hockey center attached to the Mankato Civic Center.

The city also may impose by ordinance up to a 1-percent food and beverage tax and up to a 1-percent amusement tax to fund the operations of the civic center to replace the revenue previously coming from the general local sales tax.

*Ch. 366, art. 7, §§ 9, 10, 15, 16, and 22, amending Laws 1991, ch. 291, art. 8, § 27, subd. 3, as amended by Laws 1998, ch. 389, art. 8, § 28; § 27, subd. 4, as amended by Laws 2005, 1<sup>st</sup> spec. sess., ch. 3, art. 5, § 25, repealing Laws 2005, 1<sup>st</sup> spec. sess., ch. 3, art. 5, § 24, effective upon local approval.*

## **Minneapolis**

*Street maintenance and lighting.* Minneapolis may pay all or part of the costs of construction and operation of streets and street lighting from city general revenue. Previously, the special law only permitted use of city general revenues to maintain streets and street lighting.

The 2008 law repeals the section of the 1973 special law that requires Minneapolis to include the prior year's assessments for street maintenance in the calculations of aggregate receipts for purposes of levy limits if the city pays for street maintenance out of general revenues. There are no general levy limits in effect at this time.

*Ch. 154, art. 2, §§ 29, 33(a), amending laws 1973, ch. 393, § 1, as amended by Laws 1974, ch. 153, § 1, and repealing laws 1973, ch. 393, § 2, effective July 1, 2008.*

*Housing replacement district.* The parcel limit for Minneapolis's housing replacement TIF districts was increased from 200 to 400. Also, the special law was amended to reflect the reorganization of the city's economic development functions.

*Ch. 154, art. 9, §§ 18, 19, amending Laws 1995, ch. 264, art. 5, § 44, subd. 4, as amended, § 45, subd. 1, as amended, effective upon local approval.*

Minneapolis may use tax increments for parcels not included in the housing replacement district so long as the expenditures are for parcels that are vacant sites, contain vacant houses, or contain substandard houses (all are types of parcels the city could include in the housing replacement district).

*Ch. 366, art. 5, § 20, amending Laws 1995, ch. 264, art.5, § 46, subd. 2, effective upon local approval and applies to revenues regardless of when they were received.*

*Park and recreation board.* The Minneapolis Park and Recreation Board may keep the money from the condemnation award for the park property that was taken for the reconstruction and expansion of the I-35W bridge in Minneapolis. The proceeds must be deposited into a park and land acquisition account and used only to acquire land for public park purposes adjacent to the Mississippi River in Minneapolis. Lands acquired with these funds must be included within the metropolitan regional open space system and are subject to the provisions in the statute that governs the leasing and sale of state bond-financed property. The board must report each year to the commissioner of finance and the Metropolitan Council regional administrator, outlining the use of the funds in the account until the funds are gone.

*Ch. 257, effective May 2, 2008.*

*Engine brake regulations.* Notwithstanding any other law or charter provision, Minneapolis may by ordinance restrict or prohibit the use of an engine brake on motor vehicles along I-394, between downtown Minneapolis and South Penn Avenue. The commissioner of transportation must put up the appropriate signs, which will be paid for by the city. An “engine brake” is any device that uses the engine and transmission to slow the vehicle by compression of the engine. (This type of braking is often called “Jake braking,” after the major manufacturer of this type of system.)

*Ch. 350, art. 1, § 87, effective May 24, 2008.*

*Nonprofit riverfront revitalization corporation.* Minneapolis and the Minneapolis Park and Recreation Board may establish a nonprofit corporation for riverfront revitalization. The initial board of directors will have between ten and 24 members, including two representatives of each the Minneapolis City Council and the Minneapolis Park and Recreation Board, and may include various other interest groups listed. No more than half may represent governmental entities. The corporation may reimburse board members for expenses but may not pay any compensation. The corporation must comply with the Open Meeting Law and the Government Data Practices Act. The city and park board may provide office space, administrative support, and funding to help create and establish the corporation. The corporation may accept gifts, and the city and park board may accept gifts, etc., for transfer to the corporation. Any political subdivision may make gifts and grants to the corporation. Use of governmental resources for the corporation is for a public purpose.

The city must report by January 15, 2010, to chairs of legislative committees with jurisdiction over local and metropolitan government on the creation and funding of the corporation.

*Ch. 314, effective upon local approval by the city and the park and recreation board, but local approval must be completed by August 1, 2008, or the law is deemed disapproved.*

*Dedication fee.* Under prior law, Minneapolis and the Minneapolis Park and Recreation Board could impose a dedication fee on new housing units to help pay for parks, playgrounds, recreation facilities, wetlands, and open space. Now, they may impose the fee on new commercial and industrial development. The law also adds trails to the uses.

As under prior law, there must be an adopted capital improvement budget and a parks and open space plan or a parks, trails, and open space component in the city's comprehensive plan. There must also be a nexus between the development being charged and the need for the parks, etc.

*Ch. 331, § 11, amending Laws 2006, ch. 269, § 2, effective upon local approval; see also ch. 366, art. 17, § 5 (identical).*

*TIF.* Minneapolis may establish a new redevelopment TIF district with the same area and original tax capacity as all of its pre-1979 TIF districts. As a condition for establishing the district, the city must enter an agreement with Hennepin County providing for transfer of the increment attributable to the county's tax rate to the county. The increments from the district would be used to pay interest on the Target Center bonds and for neighborhood revitalization. The district terminates in 2020.

Because this is a new district, it would contribute to the fiscal disparities pool, unlike the pre-1979 HRA districts. To prevent the district from affecting LGA, county program aid, or school aid, the captured net tax capacity of the district is included in adjusted net tax capacity for those programs.

*Ch. 366, art. 5, § 37, effective upon local approval.*

### **Nashwauk Public Utilities Commission**

The Nashwauk Public Utilities Commission (PUC) is increased from three to five members, with staggered terms. Under general law, a city PUC has three members. The increase in membership was sought in connection with the expected increased work and role of the utility as mining and steel manufacturing increases in the region. (Grand Rapids was similar authority in 1999, and Delano and Shakopee were given similar authority in 2002.)

*Ch. 183, effective upon local approval.*

In addition, the Nashwauk utility was authority to expand its gas utility service without an election.

*Ch. 179, § 71, effective upon local approval. See also Laws 1997, ch. 21.*

**New Brighton TIF** New Brighton may spend tax increment revenues from a TIF district on activities in the Northwest Quadrant project area without regard to the pooling and five-year rules. This area was designated by special legislation passed in 1998. These expenditures must be used to “facilitate” cleanup of hazardous substances, but are not limited to the permitted expenditures of hazardous substance districts. In addition, the city may extend the duration of districts and subdistricts in the Northwest Quadrant project area by an additional four years and may use surplus increments from two additional districts in the city for costs in the Northwest Quadrant project area, without regard to the general laws pooling restriction.

*Ch. 366, art. 5, § 24, amending ch. 154, art. 9, § 24, effective upon local approval. Local approval filed May 13, 2008.*

**Nicollet County** Under general law in chapter 375A, a county may make the office of auditor-treasurer appointive if approved by a referendum. This act allows Nicollet County to make this office an appointed position, subject to an 80-percent vote of the county board and reverse referendum. It also provides for the current officeholder to complete the term to which the officer was elected before the office is made appointive.

*Ch. 160, effective upon local approval.*

**North Mankato** The city may impose a one-half cent local sales tax based on voter approval at the 2006 general election. The city can use up to \$6 million plus associated bond costs to the local share of Trunk Highway 14, regional parks and trails, the Taylor public library, riverfront development, and lake improvement projects. The city may issue up to \$6 million in bonds for the projects without a separate referendum. The tax terminates when revenues first meet or exceed an amount equal to \$6 million plus any additional costs, including interest, related to the bond issuance.

*Ch. 366, art. 7, § 20, effective upon local approval. Local approval filed June 5, 2008.*

**Northwestern Minnesota Multicounty HRA** The Northwestern Minnesota Multicounty HRA may levy up to 25 percent of the statutory HRA levy without approval of its constituent cities or counties. This, in effect, makes the HRA a special taxing district for purposes of this levy. The rest of the statutory levy authority would be subject to approval by the city or county, as is provided by the general law. The Northwestern Minnesota Multicounty HRA includes the six counties of Kittson, Polk, Marshall, Pennington, Red Lake, and Roseau.

*Ch. 366, art. 5, § 33, effective for taxes payable in 2009 through 2014.*

**Oakdale TIF** If the city creates redevelopment TIF districts in two separately defined areas of the city, the city may elect to have the original net tax capacity of these districts be based on the tax capacity of the land only. The two areas are commonly referred to as the Oakdale Center Mall and the Tanners Lake Commercial Area.

*Ch. 366, art. 5, § 34, effective upon local approval. Local approval filed June 18, 2008.*

**Proctor** Proctor may expand the use of revenues from its existing local sales tax to fund a number of capital improvements to public utilities, sidewalks and trails, and parks. The city may also issue up to \$7.2 million in bonds to fund those projects without voter approval.

*Ch. 366, art. 7, §§ 12 to 14, amending Laws 1999, ch. 243, art. 4, § 18, subds. 1, 3, 4, effective upon local approval.*

**Ramsey County, St. Paul, St. Paul Public School District** Ramsey County, the city of St. Paul, and the St. Paul public school district's joint truth in taxation hearing may be held "during the week of" the second Tuesday of December, rather than "on" the second Tuesday of December.

*Ch. 366, art. 6, § 34, amending Minn. Stat. § 275.065, subd. 8, effective for proposed notices and hearings held in 2008 and thereafter.*

**Ramsey County** *Deed and mortgage tax.* Ramsey County's authority to impose a mortgage registry tax (MRT) and deed tax, which expired December 31, 2007, is reinstated, until December 31, 2012. The taxes fund the county's environmental response fund.

*Ch. 366, art. 9, § 10, amending Minn. Stat. § 383A.80, subd. 4, effective May 30, 2008.*

*Environmental response fund.* Ramsey County may no longer administer its environmental response fund (funded with the MRT and deed tax) as a regional rail authority. It must be administered either as a county board or an HRA. The use of the fund is also limited to dealing with polluted property and remediation; it can no longer be used for economic development, recreation, housing, transportation, or rail traffic. Also, the amount used for administration costs are limited to 3 percent of the fund.

*Ch. 366, art. 9, §§ 11, 12, amending Minn. Stat. § 383A.81, subds. 1, 2, effective July 1, 2008.*

**Rock County** Under general law in [chapter 375A](#), a county may make the office of auditor-treasurer appointive if approved by a referendum. This act allows Rock County to make this office an appointed position, subject to an 80 percent vote of the county board and reverse referendum. It also provides for the current officeholder to complete the term to which the

officer was elected before the office is made appointive.

*Ch. 209, effective upon local approval.*

### **Scambler**

The town of Scambler in Otter Tail County may impose an aggregate materials tax if the county does not impose the tax and approves the town imposing it. The town retains the proceeds of the tax and must use them for the purposes for which aggregate materials taxes are now dedicated. If Otter Tail County imposes an aggregate materials tax, Scambler's tax is repealed.

*Ch. 154, art. 16, § 8, amending Minn. Stat. § 298.75, adding subd. 11, effective upon local approval. Local approval filed May 8, 2008.*

### **St. Louis County**

A provision was enacted to make payments to St. Louis County on land acquired for the new Lake Vermillion State Park. The payment is equal to 1.5 percent of the land's appraised value. For the first five years, the appraised value is the purchase price plus the value of any donated land. The land will be revalued by the assessor every five years.

These annual payments will be divided equally between the local governments in which the acquired land is located, with one-third each to the county, the schools districts, and the towns. The money will be paid at the same time as natural resource in-lieu of tax payments, and the money may be used for general governmental purposes.

A similar provision was enacted in Chapter 366, article 2, but was repealed by this provision.

*Ch. 368, art. 3, § 2 effective when the state acquires the land for the park.*

### **St. Paul TIF**

St. Paul may establish a new redevelopment TIF district with the same area and original tax capacity of its downtown pre-1979 TIF district. As a condition for establishing the district, the city must enter an agreement with Ramsey County providing for transfer of the increment attributable to the county's tax rate to the county. The increments from the district would be used to pay the convention center bonds. The district terminates in 2023.

Because this is a new district, it would contribute to the fiscal disparities pool, unlike the pre-1979 HRA districts. To prevent the district from affecting LGA, county program aid, or school aid, the captured net tax capacity of the district is included in adjusted net tax capacity for those programs.

*Ch. 366, art. 5, § 36, effective upon local approval.*

### **Steele County**

The commissioner of health may license and certify, as part of a pilot project, up to 80 beds transferred from an existing county-owned facility in Steele County to the site of a new acute care facility. Upon the

transfer, 28 beds must be delicensed. The law specifies the methodology for calculating the increase in the property payment rate for the first three years of operation.

Steele County may lease, sell, or otherwise transfer to a nonprofit corporation all real and personal property used by the county for nursing home, assisted living, and related purposes. The county may also acquire a membership interest in the nonprofit corporation.

The articles of incorporation or bylaws of the transferee corporation may give the county board the right to appoint and remove one or more members of the governing board. The corporation must be a nonprofit corporation organized under chapter 317A.

The nonprofit corporation is subject to the Open Meeting Law and the Data Practices Act.

*Ch. 285, amending Minn. Stat. § 144A.071, subd. 4c, effective upon local approval. Local approval filed June 4, 2008.*

## **Two Harbors**

Two Harbors may expand the use of its existing local sales tax to use revenues to include water system improvements.

*Ch. 366, art. 7, § 11, amending Laws 1998, ch. 389, art. 8, § 45, subd. 3, effective upon local approval.*

## **Vadnais Lake Area Water Management Organization**

The Vadnais Lake Area Water Management Organization (VLAWMO) may certify to the county auditor any fees or charges imposed by the organization and the parcels on which the charges are imposed. The county auditor must extend the charges on the property tax statements. The amounts must be certified by November 30 for taxes payable in the following year. If the charges are not paid, they become delinquent and are subject to the same penalties and same rate of interest as real property. The county auditor must pay VLAWMO the charges collected at the same time and in the same manner as property taxes. The county auditor may charge VLAWMO a fee to recover the costs of administering the charges.

*Ch. 366, art. 6, § 47, effective May 30, 2008.*

**Watonwan County** All five of the Watonwan County Soil and Water Conservation District supervisors resigned prior to the October 1 deadline for filing with the Campaign Finance and Public Disclosure Board. Under Minnesota Statutes, section 103C.305, subdivision 6, a vacancy occurring more than 56 days before the next state primary is filled by appointment of the district board. In this case, all board seats are vacant and there is no one to make the appointments.

This law allows the Watonwan County Board to make the appointments and allows the appointees to hold office until after those elected at the fall 2008 election take office. Those elected will hold office for the remainder of the term or for the next regular term, whichever is appropriate.

*Ch. 170, effective April 4, 2008, and expires January 5, 2009.*

**Wells TIF** Rents from a building and proceeds from selling the building received after the end of the duration of the Wells Downtown Development Program 1 TIF district are deemed not to be increments. This will allow the city to treat these moneys as unrestricted city funds (e.g., the city could deposit them in its general fund and use them for any permitted city purpose). This building was acquired with tax increments and, therefore, under the general law definition of “increments,” rents generated by the building or the proceeds from selling it are tax increments—i.e., they can only be used for purposes specifically authorized by statute. Because this TIF district was created before July 1, 1982, pooling is not permitted, and the city would have been required to spend the increments on TIF permitted activities within the old district.

*Ch. 366, art. 5, § 32, effective upon local approval.*

**White Community Hospital District** Any two or more of the cities of Aurora, Biwabik, and Hoyt Lakes, and the towns of Biwabik, White, and Colvin may establish a hospital district to levy taxes to make grants to the White Community Hospital. The grants may be used for any purpose a hospital district may use money for, but they may not be used to provide medical student loans in exchange for a promise to work for the hospital. The tax levy must be at a uniform rate on all taxable properties in each participating city, town, and unorganized area. The maximum amount that can be levied cannot exceed 0.066088 percent of fully taxable market value. (The levy limit rate specified would yield revenues of about \$200,000 based upon four jurisdictions participating, using payable 2008 data.) Since the levy limit rate is based on market value, the limit automatically increases as market values increase or as other taxing jurisdictions join the district.

The hospital district may be established even though the cities and

towns are not contiguous to each other. The resolution to establish the district may be adopted after public notice, subject to reverse referendum. Any other city, town, or unorganized area in St. Louis County may join the district. The law also provides for detachment from the district. In both cases, the action is by resolution without a referendum.

The hospital district board consists of a city council member or town board supervisor of each member city or town, appointed by and serving at the pleasure of the city council or town board. The St. Louis County Board will appoint a resident of an unorganized area that is a member of the district, to serve at the pleasure of the county board.

The hospital district board members are not compensated, but appointing authorities may pay per diem and expenses for their members.

*Ch. 366, art. 6, § 46, effective May 30, 2008, for taxes levied in 2008, payable in 2009 and thereafter.*

**Willmar**

Willmar may use funds originally granted by the state for land acquisition at its former airport to fund aeronautical purposes at its new airport. If the grant funds are not spent by June 30, 2012, the funds go back to the state airports fund.

*Ch. 287, art. 1, § 123, effective August 1, 2008.*

**Winsted**

Winsted may issue up to \$4.9 million in local general obligation bonds without a referendum, and outside the net debt limits, for a city hall/community center/police station, for park improvements, and related public improvements.

*Ch. 154, art. 10, § 29, effective upon local approval. Local approval filed March 25, 2008.*

**Yellow Medicine  
County**

Under general law in chapter 375A, a county may make the offices of recorder and auditor-treasurer appointive if approved by a referendum. This act allows Yellow Medicine County to make these offices appointed positions, subject to an 80-percent vote of the county board and reverse referendum. It also provides for the current officeholders to complete the terms to which the officers were elected before the offices are made appointive.

*Ch. 161, effective upon local approval. Local approval filed June 10, 2008.*

## Metropolitan Council

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### **Rail Transit Funding Program**

The Metropolitan Council must initiate negotiations with the Federal Transit Administration to secure federal funds for a single comprehensive program of rail transitway development, to include Rush Line, Red Rock, Southwest Corridor, and an extension of Northstar commuter rail to St. Cloud.

*Ch. 152, art. 6, § 8, effective July 1, 2008.*

### **Commuter Rail**

*Operation.* The Metropolitan Council will operate and maintain any commuter rail line that extends into the metropolitan area, once planning and construction are complete. The council may obtain commuter rail equipment and supplies before a line is in service and may plan, design, construct, and provide equipment for any improvements to an existing commuter rail line over which it has authority. The council may use a “best value” method for awarding procurement contracts, which can be based on price, environmental considerations, quality, vendor performance, or other factors identified in the contract solicitation.

MnDOT must transfer ownership or provide access rights to the council for any commuter rail facility that the council is required to operate and maintain.

The Metropolitan Council may enter into agreements with political subdivisions or private entities related to commuter rail operation and maintenance and may expend funds and exercise other powers outside of the metropolitan area when carrying out the council’s commuter rail responsibilities.

*Ch. 269, adding Minn. Stat. §§ 174.92; 473.4057, effective May 6, 2008.*

*Rolling stock sales tax exemption.* The purchase of rolling stock and repair parts for commuter rail, including the Northstar corridor rail project, is exempted from the sales tax. This is similar to the existing exemption for light rail transit rolling stock and repair part purchases. The tax must to be paid at the time of purchase and refunded.

*Ch. 366, art. 7, § 2, amending Minn. Stat. § 297A.70, subd. 3, and, effective for sales and purchases after December 31, 2006; art. 7, § 6, amending Minn. Stat. § 297A.75, effective May 30, 2008.*

**Transportation  
System Performance  
Evaluation**

The requirements for the mandated performance audit of the transportation system performed by the Metropolitan Council have been changed to:

- ▶ require an evaluation instead of an audit;
- ▶ take place prior to each major revision of the transportation policy plan instead of every four years, with a transit system evaluation to take place every two years;
- ▶ use the results of the evaluation to make recommendations for incorporation of improvements in the revised transportation policy plan;
- ▶ require a peer review of an internal evaluation instead of necessitating contracting with an independent entity to perform an audit; and
- ▶ require submission of the evaluation to the legislature.

*Ch. 287, art. 1, § 94, amending Minn. Stat. § 473.1466, effective May 9, 2008, and applies to revisions of the transportation policy plans after the 2008 revision.*

**Controlled Access  
Approval**

Metropolitan Council approval of acquisition of a transit fixed-guideway by the MnDOT or a local government is no longer required.

*Ch. 287, art. 1, § 95, amending Minn. Stat. § 473.166, effective May 9, 2008.*

**Transit Planning**

The current requirement for light rail planning has been changed to a broader transit planning requirement. The Metropolitan Council must identify heavily traveled corridors where development of a transitway might be feasible and cost effective in its transportation policy plan. Service in a transitway may include bus rapid transit, light rail, commuter rail, or other available technologies. After receiving comments from affected local government units, the council must designate the locally preferred alternative transportation mode for each corridor. Light rail may not be constructed in a corridor until designated as the locally preferred alternative transportation mode.

*Ch. 287, art. 1, § 100, amending Minn. Stat. § 473.399, effective May 9, 2008.*

**Light Rail Transit  
(LRT)**

*Responsible authority.* The governor must designate either the Metropolitan Council or MnDOT as the entity responsible for a new LRT line in the metropolitan area. If the commissioner of transportation is designated as the responsible authority for a particular LRT line, the facilities must be transferred to the Metropolitan Council upon completion.

*Ch. 287, art. 1, §§ 103, 104, amending Minn. Stat. §§ 473.3993; 473.3994, effective May 9, 2008.*

*Design-build.* The responsible authority may use the design-build

method for construction of LRT facilities. Most of the current law provisions governing trunk highway construction using design-build are made applicable to LRT construction.

*Ch. 287, art. 1, § 105, adding Minn. Stat. § 473.3995, effective May 9, 2008.*

*Federal funding applications.* The provisions governing applications for federal assistance are expanded to include all LRT facilities rather than only the central corridor project.

*Ch. 287, art. 1, § 106, amending Minn. Stat. § 473.3997, effective May 9, 2008.*

*Council powers clarified.* It has been clarified that the Metropolitan Council may exercise powers granted to it to plan, design, acquire, construct, and equip LRT facilities in the metropolitan area.

*Ch. 287, art. 1, § 107, adding Minn. Stat. § 473.3999, effective May 9, 2008.*

The role of the commissioner of transportation in assuring appropriate period of testing of new LRT facilities has been eliminated.

*Ch. 287, art. 1, § 108, amending Minn. Stat. § 473.4051, effective May 9, 2008.*

The Metropolitan Council must maintain on its web site financial data and ridership information for each LRT it operates.

*Ch. 350, art. 1, § 85, amending Minn. Stat. § 473.399, by adding subd. 5, effective August 1, 2008.*

*Construction materials sales tax exemption.* Construction materials and supplies used in, and equipment incorporated into, the Central Corridor LRT line and associated facilities are exempted from the sales tax. The tax must be paid at the time of purchase and refunded as provided. The refunds are limited to \$5 million, and no refunds may be applied for until after July 1, 2009.

*Ch. 366, art. 7, § 5, amending Minn. Stat. § 297A.71, adding subd. 40, effective for sales and purchases after June 30, 2008; art. 7, § 6, amending Minn. Stat. § 297A.75, effective May 30, 2008.*

## **Metropolitan Transit Police**

The following additional powers and areas of jurisdiction are given to the Metropolitan Transit Police:

- ▶ Jurisdiction extends to bus/transit lanes, freeway shoulders in the metropolitan area used by transit vehicles, and high-occupancy vehicle lanes used by transit vehicles
- ▶ Transit police may exercise general law enforcement powers to assist, on request of or by contract with, any law enforcement agency
- ▶ Jurisdiction extends to offenses related to commuter rail within

and outside the metropolitan area if MnDOT contracts with the Metropolitan Council to operate commuter rail

*Ch. 287, art. 1, § 109, amending Minn. Stat. § 473.407, subd. 1, effective May 9, 2008.*

**Transit Discount  
Passes**

The Metropolitan Council may offer discount passes to registered nonprofit organizations, including for use by people under age 16 when buses are not operating at full capacity.

*Ch. 287, art. 1, §§ 110, 111, amending Minn. Stat. § 473.408, by adding subs. 8, 9, effective May 9, 2008.*

**Seizure of Property**

Metropolitan Transit was added to the list of agencies allowed to seize property subject to criminal forfeiture. This means the council may seize property upon process issued by any court having jurisdiction over the property. Property may be seized without process if:

- ▶ the seizure is incident to a lawful arrest or a lawful search;
- ▶ the property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding under this chapter; or
- ▶ the appropriate agency has probable cause to believe that the delay occasioned by the necessity to obtain process would result in the removal or destruction of the property and that:
  - the property was used or is intended to be used in commission of a felony; or
  - the property is dangerous to health or safety.

*Ch. 287, art. 1, § 112, amending Minn. Stat. § 609.531, subd. 1, effective May 9, 2008.*

**Rail Transit  
Feasibility Study**

The Metropolitan Council may conduct a feasibility study on rail transit along I-394 from downtown Minneapolis to Minnetonka or Wayzata.

*Ch. 287, art. 1, § 120, effective August 1, 2008.*

**Transit Funding  
Reduced**

The Metropolitan Council's appropriation for bus operations and LRT for fiscal year 2009 is reduced by \$136,000.

*Ch. 363, art. 11, § 4, effective July 1, 2008.*

**Reports,  
Cooperation, Other  
Mandates**

The Metropolitan Council is required to assist the commissioner of transportation in preparation of an annual report to the legislature on transit services outside the metropolitan area. The chair of the Metropolitan Council must appoint an employee of the council to serve as a member of the newly formed advisory committee on nonmotorized transportation. When planning or designing trunk highway bridge work within the metropolitan area, the commissioner of transportation must

consult with the chair of the Metropolitan Council regarding transit infrastructure and improvements and coordinate planning and development of highway and transit projects.

The Metropolitan Council must cooperate with the commissioner of transportation in a study of the benefits, feasibility and cost of adoption of a “complete streets” program.

The Metropolitan Council is required to describe the route along or near Trunk Highway 12 between Willmar and downtown Minneapolis as the Little Crow transitway.

*Ch. 350, art. 1, §§ 68, 69, 88, 91, 94, adding Minn. Stat. §§ 174.247; 174.37, effective August 1, 2008, except § 68, which is effective January 1, 2009.*

**Metro Mobility  
(Special  
Transportation  
Services)**

Metropolitan Council Metro Mobility vehicles must display contact information for the Metropolitan Council so people know where to go with complaints.

*Ch. 287, art. 1, § 72, amending Minn. Stat. § 174.30, subd. 4, effective July 1, 2008.*

Various regulations governing Metro Mobility by the Metropolitan Council have been amended, including reporting to the legislature as part of its annual program evaluation, annual input from service users, and membership of the Transportation Accessibility Advisory Committee to include 15 members and a chair.

*Ch. 287, art. 1, § 97, amending Minn. Stat. § 473.386, subd. 2, effective May 9, 2008.*

This act amends the procedures and verification process of certification of eligibility to receive special transportation services and clarifies the penalty for fraudulent certification.

*Ch. 287, art. 1, § 98, amending Minn. Stat. § 473.386, subd. 2a, effective May 9, 2008.*

The Metropolitan Council’s Metro Mobility duties are modified to:

- ▶ include contracting with providers when it is “feasible and cost-efficient” to do so;
- ▶ remove a requirement that service providers be allocated ridership equitably; and
- ▶ remove a requirement of annual evaluation of service providers.

*Ch. 287, art. 1, §§ 96, 99, amending Minn. Stat. § 473.386, subds. 1, 3, effective May 9, 2008.*

*Evaluation, assessment criteria.* As part of its budget procedure, the Metropolitan Council must prepare an assessment of its progress

towards meeting its transit goals for persons with disabilities. The assessment must include a description of proposed program enhancements, an assessment of progress, an estimate of the total number of actual and potential riders who are disabled, an estimate of the level and type of service required to meet unmet needs, and an analysis of the costs and revenue options to meet needs. This new assessment is to be part of the council's program evaluation that is submitted to the legislature annually.

*Ch. 350, art. 1, § 84 amending Minn. Stat. § 473.13, subd. 1a, effective May 24, 2008.*

### **Transit Debt Authorization**

The Metropolitan Council is authorized to issue up to \$33.6 million of bonds or other debt instruments to fund the regional transit master plan and transit capital improvements. The council is further authorized to issue up to \$33 million.

*Ch. 154, art. 10, § 19, amending Minn. Stat. § 473.39, adding subd. 1m, effective March 8, 2008; ch. 366, art. 5, sec 18, amending Minn. Stat. § 473.39, by adding subd. 1n, effective July 1, 2008.*

### **GARVEE Financing Permitted**

The Metropolitan Council may, along with cities and counties, borrow in anticipation of the receipt of federal transportation grants by issuing bonds (GARVEE bonds). This includes the ability to borrow on behalf of a state agency that is to receive those grants (i.e., the state agency would pledge to pay over the grant money to the city or county that issued the GARVEE bonds).

The proceeds of the bonds would be used to finance the transportation projects for which the grants will be received (as well as debt service, issuance costs, and funding a reserve). The bonds can be issued as either revenue bonds or general obligations. The maximum annual debt service for revenue bonds cannot exceed two-thirds of the estimated grants for the year (put another way, the estimated grant payments must be at least 150 percent of the debt service). For general obligation bonds, the estimated annual grant amounts cannot exceed 110 percent of the debt service (or debt service is limited to about 91 percent of the estimated grant). The bonds are issued under Minnesota Statutes, chapter 475, but they are not subject to voter approval and they are not included in net debt limits.

*Ch. 154, art. 10, §§ 20, 23, amending Minn. Stat. § 473.39, adding subd. 5; adding Minn. Stat. § 475.522, effective July 1, 2008.*

**Urban Partnership Agreement (UPA)**

Minnesota has been awarded \$133.3 million through the U.S. Department of Transportation's Urban Partnership Agreement program for strategies to reduce traffic congestion in the Twin Cities. Money from the UPA will be used to improve traffic flow on I-35W between downtown Minneapolis and the southern suburbs. In order to secure the federal funding, the legislature enacted several program provisions and appropriated funding to the Metropolitan Council for the UPA.

Each January 15 from 2009 to 2014, the commissioner of transportation, in conjunction with the Metropolitan Council, must report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation concerning the status of the state's participation in the UPA.

*Ch. 306, § 6, effective May 12, 2008. See also ch. 179, § 17, subd. 2, appropriating \$16.672 million to the Metropolitan Council for the UPA; ch. 179, § 16, appropriating funds to MnDOT; ch. 152, art. 2, § 2, subd. 4 and § 4, appropriating trunk highway funds to MnDOT.*

**Wastewater Treatment, Algae Research**

The legislature allocated \$500,000 to help fund research being conducted jointly by the council and the University of Minnesota on the potential of algae grown at wastewater treatment plants as a source of renewable energy.

*Ch. 363, art. 6, § 3, subd. 4, effective May 30, 2008.*

**Water Planning**

The council's metropolitan area water supply advisory committee was extended until December 31, 2010.

*Ch. 258, § 4, amending Minn. Stat. § 473.1565, subd. 2, effective May 2, 2008.*

The Metropolitan Council's reports to the legislature regarding water supply planning must now be included in the Environmental Quality Board's "Minnesota Water Plan," which is prepared every ten years.

*Ch. 363, art. 5, § 27, amending Minn. Stat. § 473.1565, subd. 3, effective July 1, 2008.*

**Parks and Open Space**

There is no net change in the budget for metropolitan regional parks, although \$300,000 of general fund appropriation for fiscal year 2009 is replaced with a natural resources fund appropriation; \$200,000 is appropriated from the general fund for the Como Zoo polar bear and gorilla exhibit projects.

*Ch. 363, art. 5, § 6, effective July 1, 2008.*

## Vetoed Legislation

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### **Three Rivers Park District**

This act would have allowed park district boards to buy land within the boundaries of a city without a resolution of the city council in support of the purchase if the purchase is in accordance with the city's adopted comprehensive plan. Although written as a general law, at this time, the only park district is the Three Rivers Park District (Hennepin County, except Minneapolis; see Minnesota Statutes, section 383B.68, et seq.). "Park district" is defined in Minnesota Statutes, section 398.01.

*Ch. 193 (H.F. 3114/S.F. 2820).*

### **Contributions to Nonprofits**

This act would have allowed a city, county, or town to make a monetary or in-kind contribution to a nonprofit organization if it is for a public purpose and to support an educational, social service, health, or other charitable purpose.

*Ch. 237 (H.F. 3220/S.F.2929).*

### **Use of Sick Leave Benefits**

This act would have expanded the use of employer-provided sick leave benefits by allowing an employee to use sick leave benefits to care for a spouse, sibling, parent, grandparent, or stepparent.

*Ch. 324 (H.F. 219/S.F. 1128).*

### **Staggered Four-Year Terms for Members of the Metropolitan Council**

This act would have provided for staggered four-year terms for members of the Metropolitan Council, except that after each reapportionment, half of the new members would serve for two-year terms. Current law provides that the terms of Metropolitan Council members end with the term of the governor.

*Ch. 339 (H.F. 2662/S.F. 2605).*

### **Benefits for Local Government Employees**

This act would have allowed local governments to define "dependent" for the purposes of providing employee benefits. This would have allowed a local government to provide benefitsx for domestic partners and others.

*Ch. 342 (H.F. 1097/S.F. 960).*