

**October 2005**

**2005 Legislation Relating  
to Local and Metropolitan  
Government**

This report describes legislation enacted in the 2005 regular session and the 2005 first special session relating to local and metropolitan government. It also briefly describes vetoed legislation.

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## Introduction

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This report describes legislation enacted in the 2005 regular and special sessions that deal 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 2005, unless otherwise indicated. See the acts or act summaries of the omnibus bills enacted in 2005 for other provisions that may affect local government and are not covered in this report:

|   |   |
|---|---|
| Agriculture .....                       | 1 <sup>st</sup> special session, chapter 1, article 1       |
| Capital Investment .....                | Chapter 20  |
| Data Practices .....                    | Chapter 163   |
| Elections .....                         | Chapter 156, article 6; chapter 162                         |
| Environment and Natural Resources ..... | 1 <sup>st</sup> special session, chapter 1, article 2       |
| Health and Human Services.....          | 1 <sup>st</sup> special session, chapter 4                  |
| Jobs and Economic Opportunity.....      | 1 <sup>st</sup> special session, chapter 1, articles 3 to 5 |
| Public Pensions .....                   | 1 <sup>st</sup> special session, chapter 8                  |
| State Government Finance .....          | Chapter 156, articles 1 to 5                                |
| Taxation .....                          | Chapter 151; 1 <sup>st</sup> special session, chapter 3     |
| Transportation.....                     | 1 <sup>st</sup> special session, chapter 6                  |

Acts are available on the revisor's web site ([www.revisor.leg.state.mn.us/data/revisor/slaws/2005/0/](http://www.revisor.leg.state.mn.us/data/revisor/slaws/2005/0/)). Act summaries are available on the House Research web site ([ww3.house.leg.state.mn.us/hrd/actsum.asp](http://ww3.house.leg.state.mn.us/hrd/actsum.asp)).

## Local Government Generally

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### Land Use, Planning, Zoning

#### Shooting Range Protection

After many years of hearings and work on legislation intended to protect firearms shooting ranges from curtailment of activities or closure because of encroaching development, the 2005 Legislature passed a shooting range protection law, effective May 28, 2005.

#### **Department of Natural Resources (DNR) must adopt standards.**

The commissioner of natural resources must develop and adopt shooting range and shooting preserve performance standards, using an expedited rulemaking process. Until the standards are adopted, the November 1999 revised edition of the National Rifle Association's *Range Source Book: A Guide to Planning and Construction* will provide the standards. The standards must provide for compliance with noise standards under section 87A.05 (new in this act) and for the safe use of shooting ranges within their boundaries, including the containment of projectiles. DNR must review the standards at least once every five years and revise them as necessary for the safe operation of shooting ranges. DNR must follow regular rulemaking procedures in adopting amendments to the standards.

**Operation of compliant ranges.** The new law lists what a shooting range that operates in compliance with the standards must be permitted to do within its geographic boundaries.

**Compliance with other laws.** Newly constructed or remodeled buildings on a shooting range must comply with fire safety, handicapped accessibility, elevator safety, bleacher safety, or other provisions of the State Building Code that have mandatory statewide application. To the extent consistent with this new law: (1) other state laws regarding the health, safety, and welfare of the public may be enforced, and (2) a local unit of government with zoning authority jurisdiction over a shooting range may enforce its applicable ordinances and permits. More restrictive regulation of days and hours of operation imposed by the terms and conditions of ordinances and permits that were in effect on May 28, 2005, remain in effect.

**Nonconforming use.** A shooting range that is a nonconforming use must be allowed to conduct additional shooting activities within its boundaries (as of the date the range became a nonconforming use), provided the range complies with the standards.

**Mitigation area.** The act establishes a buffer area of 750 feet from a shooting range. Within this area, new uses (including new development

or construction of structures) are not allowed if they would result in a compliant outdoor shooting range becoming noncompliant. Existing uses and those granted approval by October 1, 2005, are grandfathered in. A change in use in the buffer area may be approved if the person seeking the approval or, at the discretion of the governing body, the approving authority agrees to provide any mitigation required to keep the range in compliance. If no mitigation is required, the person requesting an approval is responsible for providing documentation of that fact. Any action brought by the owner of the property against the range is subject to section 87A.06. With the permission of the range operator, any mitigation required may be provided on the range property.

**Nuisance actions.** A person who owns, operates, or uses a shooting range complies with the standards is not subject to any nuisance action based on noise or other matters regulated by the shooting range performance standards. This does not prohibit other actions.

**Closure of shooting ranges.** *Clear and immediate safety hazards.* A shooting range that complies with the standards and the requirements of this new law cannot be permanently closed or required to cease activity related to the primary use of the shooting range unless the range or activity is found to be a clear and immediate safety hazard by a court of competent jurisdiction. If a range complies with the standards, there is a rebuttable presumption that the range or activity is not a clear and immediate safety hazard. If a safety hazard is shown but eliminated by the date determined reasonable by the court, the range cannot be closed. *Noncompliance with other laws.* If the operator of the shooting range shows evidence that the range can be brought into compliance with the applicable state law, local ordinance, or permit, the range may not be permanently closed unless the range operator fails to bring the range into compliance by the date that the court determines reasonable.

*Ch. 105, adding Minn. Stat. §§ 87A.01 to 87A.08, effective May 28, 2005.*

## **Local Planning and Aviation**

Aviation planning, including the location of future airports, is now included in the lists of matters that may be included in an official map for county and municipal planning.

A moratorium in an area affected by a city's master plan for a municipal airport may be extended for up to 18 months. This option was previously tied to the Minnesota Department of Transportation (MnDOT) requesting a city to review its master plan for a municipal airport prior to August 1, 2004.

*Ch. 41, §§ 13 to 19, amending Minn. Stat. §§ 394.22, subd. 12, 394.361, subds. 1, 3, 462.352, subd. 10, 462.355, subd. 4, 462.359, subds. 1, 3, effective August 1, 2005.*

**Agricultural Fair  
Grounds**

Agricultural fair grounds are exempt from local zoning ordinances year-round.

*1<sup>st</sup> spec. sess., ch. 1, art. 1, §§ 67, 68, amending Minn. Stat. §§ 38.01, 38.16, effective July 1, 2005.*

**Feedlot Zoning and  
Interim Ordinances**

Existing procedures for adopting or amending county feedlot ordinances are amended by requiring that the Pollution Control Agency (PCA) and the commissioner of agriculture be notified no later than the notice of the first public hearing on the proposed ordinance adoption or amendment. A county may submit a copy of the proposed ordinance to the PCA and the Department of Agriculture (MDA) for review and recommendation by those agencies. At the request of the county board, the county must prepare an economic analysis of the provision's impact on the ordinance on the local economy. Various state agencies must work together to prepare a template for measuring the local economic effects of a feedlot zoning ordinance.

A municipality (defined as a city or town) that proposes an interim ordinance, also called a moratorium ordinance, on livestock production must hold a public hearing not less than ten days after giving notice before the ordinance takes effect.

A municipality must follow new procedures when proposing a new or amended zoning control over feedlots. The PCA and MDA must be notified at the beginning of the process. A municipality may submit a copy of the proposed ordinance to the PCA and MDA for review and recommendation by those agencies. If a municipality's governing body requests it, the municipality must prepare an economic analysis of the ordinance's effect on the local economy. Several state agencies must work together to prepare a template for measuring the local economic effects of a feedlot zoning ordinance.

*1<sup>st</sup> spec. sess., ch. 1, art. 1, §§ 90, 91, 92, amending Minn. Stat. §§ 394.25, subd. 3c, 462.355, subd. 4, 462.357, adding subd. 1g, effective July 1, 2005.*

**Nonconforming Uses**

A municipality (city or town) must regulate the repair, replacement, maintenance, improvement, or expansion of nonconforming uses and structures in floodplain areas to the extent necessary to maintain eligibility in the National Flood Insurance Program and not increase flood damage potential or increase the degree of obstruction to flood flows in the floodway.

*1<sup>st</sup> spec. sess., ch. 1, art. 2, § 146, amending Minn. Stat. §462.357, subd. 1e, effective July 1, 2005.*



## Data Practices

### Copying Charges

If a person requests copies or electronic transmittal of public government data and the requester is not the subject of the data, the government entity may require the requester to pay a fee. The fee is now determined in one of two ways. As of August 1, 2005, if 100 or fewer pages of black and white, letter- or legal-size paper copies are requested, the entity may charge a per-page fee of not more than 25 cents for each page copied (50 cents for a two-sided copy). In all other circumstances, as before, the government entity may charge the actual costs of searching for and retrieving the data, including the cost of employee time, and for making, certifying, compiling, and electronically transmitting copies.

*Ch. 163, § 8, amending Minn. Stat. § 13.03, subd. 3, effective August 1, 2005.*

### Internal Competitive Response

The law relating to internal competitive responses is relocated, expanded, and classified. Now, an internal competitive response is a proposal or bid prepared by staff of a government entity to compete with proposals or bids from the private sector in response to any government entity's request. Data in an internal competitive response are private or nonpublic until completion of the selection or evaluation process, at which time the data, other than trade secret data, become public.

*Ch. 163, §§ 33, 34, 42, amending Minn. Stat. §§ 13.37, subds. 1, 2, 13.591 by adding subd. 5, effective August 1, 2005.*

### Security Information

A government entity, in consultation with the appropriate chief law enforcement officer, emergency manager, or public health official, may make security information available to anyone if access will aid public health, safety, or law enforcement.

*Ch. 163, § 35, amending Minn. Stat. § 13.37, subd. 3, effective August 1, 2005.*

### Applicants for Election or Appointment

The name, city of residence, education and training, employment history, volunteer work, awards and honors, and prior government service or experience, is public data on applicants for elected or appointed positions.

*Ch. 163, § 43, amending Minn. Stat. § 13.601, by adding subd. 3, effective August 1, 2005.*

### Crime Data – Comprehensive Incident-Based Reporting System (CIBRS)

The legislature looked at personal privacy issues raised when law enforcement agency data is made easily available through a central computerized service. CIBRS is the comprehensive incident-based reporting system managed by the Bureau of Criminal Apprehension (BCA). It will allow participating agencies to contribute criminal incident data (any contacts with law enforcement) to a central place

where other agencies can share it for criminal justice purposes. Agencies that can participate are city police departments, county sheriff departments, the Metropolitan Airports Commission police, the Metropolitan Transit police, the state patrol, BCA, and University of Minnesota police. The new law governs data when it is held by CIBRS. It does not change the way law enforcement agencies will treat the data they have.

The Department of Public Safety must report to the legislature by January 15, 2006, on (1) possible use of CIBRS data for background checks required by law, (2) a process for criminal records expungement by the subject of CIBRS data, and (3) retention schedules for CIBRS data.

*Ch. 163, § 81, adding Minn. Stat. § 299C.40, and § 86, effective August 1, 2005.*

**Security Assessment** Each government entity must assess the security of personal information maintained by the government entity. “Personal information” means (1) Social Security number; (2) driver’s license number or Minnesota identification card number; or (3) account number or credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual’s financial account.

*Ch. 167, adding Minn. Stat. § 325E.61, effective January 1, 2006. (See in particular, subdivision 5.)*

## **Contracting, Purchasing**

**Uniform Municipal Contracting Law** A shared hospital or ambulance service purchasing arrangement may award contracts to more than one bidder if it does not decrease the service level or diminish the effects of competition.

*Ch. 63, amending Minn. Stat. § 471.345, subd. 10, effective August 1, 2005.*

**Conflict of Interest Exception** Under Minnesota Statutes, section 471.87, “a public officer who is authorized to take part in any manner in making any sale, lease, or contract in official capacity shall not voluntarily have a personal financial interest in that sale, lease, or contract or personally benefit financially therefrom. Every public officer who violates this provision is guilty of a gross misdemeanor.” “Public officer” is not defined but would include an elected official and probably would include nonelected officers and employees who may influence the decision and make recommendations.

This act adds an exception to those in section 471.88 and allows a local government to contract with a volunteer ambulance service to pay compensation and retirement benefits to its members. The new

provision is essentially the same as that provided in current law for volunteer fire departments.

Under Minnesota Statutes, section 471.88, subdivision 1, the governing body may only do this following a unanimous vote. The exceptions listed in section 471.88 apply to a port authority, seaway port authority, economic development authority, watershed district, soil and water conservation district, town, school district, hospital district, county, or city.

*Ch. 80, amending Minn. Stat. § 471.88 by adding subd. 6a, effective August 1, 2005.*

## **Roads, Vehicles**

### **Seasonal Weight Restriction Exemption**

Utility vehicles performing service restoration or preventing loss of service are now exempt from the spring weight limits of 5 tons per axle on county, city, and town asphalt and gravel roads.

*Ch. 21, amending Minn. Stat. §169.87, subd. 5, effective April 15, 2005.*

### **Seasonal Weight Limits for Garbage and Recycling Trucks**

In 2004, the legislature set the seasonal weight limit for garbage and recycling trucks for one year at 7 tons per axle. The 2005 Legislature repealed the sunset and this seasonal weight limit is now permanent.

*Ch. 34, amending Minn. Stat. §169.87, subd. 6, effective May 6, 2005.*

### **Traffic Citation Quotas Prohibited**

The prohibition against the state patrol setting traffic citation quotas for troopers is extended to any law enforcement agency and commercial vehicle inspectors.

*Ch. 46, amending Minn. Stat. § 299D.08, effective August 1, 2005.*

### **Two-Way Operation of Snowmobiles in Local Roads' Rights-of-Way**

A local road authority may allow two-way operation of snowmobiles on either side of the right-of-way of a street or road under its jurisdiction if it determines that two-way operation will not endanger anyone. The commissioner of transportation and local road authorities must notify the commissioner of natural resources and local law enforcement agencies of the locations of two-way snowmobile trails and post the trails for two-way operation.

This authority is substantially similar to that given to the Commissioner of Transportation with regard to use of rights-of-way along trunk highways.

A local road authority is defined as “the commissioner, as to trunk highways; the county board, as to county state aid highways and county highways; the town board, as to town roads; and the governing bodies of cities when the governing bodies or city streets are specifically

mentioned.”

*Ch. 72, amending Minn. Stat. § 84.87, subd. 1, effective August 1, 2005.*

**Vacation of Roads,  
Streets, Access to  
Public Waters**

A person who has petitioned the town board or city council for vacation of a town road or city street that terminates at, abuts, or is adjacent to any public water, must notify the commissioner of natural resources at least 60 days before the hearing, increased from 30 days. At least 15 days before the hearing, the town board or city council must consult with the commissioner to review the proposed vacation. The commissioner must evaluate: (1) the public benefits of the proposed road vacation; (2) the present and potential use of the land for public water access; and (3) the impact of a vacation on conservation of natural resources. After the evaluation, the commissioner must advise the town board or city council of the results.

A person petitioning to vacate a plat must notify to the commissioner of natural resources if part of the vacation is a road or street that terminates at, abuts, or is adjacent to any public water. The petitioner must provide the notice at least 60 days before the hearing, increased from 30 days. The notice creates a right for the commissioner to intervene. Under prior law, there was no right to intervene.

*Ch. 117, §§ 1 to 3, amending Minn. Stat. §§ 164.07, subd. 2, 412.851, 505.14, effective August 1, 2005.*

**Peace Officers,  
Vehicles**

A licensed peace officer with a class D driver’s license may operate any type of vehicle, or combination of vehicles, while on duty.

*Ch. 160, amending Minn. Stat. § 171.02, subd. 2, effective June 3, 2005.*

**DNR Personnel and  
Equipment May Aid  
Local Governments  
With Off-Road  
Vehicle Trails**

The commissioner of natural resources may permit DNR personnel and equipment from the Division of Trails and Waterways to be used to assist local units of government in developing and maintaining off-highway vehicle grant-in-aid trails located on property owned by or under the control of the local unit of government.

*1<sup>st</sup> spec. sess., ch. 1, art. 2, § 21, adding Minn. Stat. § 84.781, effective July 1, 2005.*

**MnDOT Billing for  
Highway Sign  
Program**

The commissioner of transportation may bill highway operations units of the department and local road authorities for the costs of a centrally managed highway sign program. These costs may include equipment acquisition and rental, labor, materials, and other costs as determined by the commissioner.

*1<sup>st</sup> spec. sess., ch. 6, art. 3, § 3, adding Minn. Stat. § 160.298, effective July 15, 2005.*

**Railroad Quiet  
Zones**

Conforming to federal law, cities and towns can no longer establish by ordinance quiet zones in which train whistles and signals are restricted.

Cities and town may apply to the Federal Railroad Administration to establish a quiet zone.

*1<sup>st</sup> spec. sess., ch. 6, art. 3, § 86, amending Minn. Stat. 219.166, effective July 15, 2005.*

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

### **Minnesota Citizens' Personal Protection Act**

In 2003 the legislature passed the Minnesota Citizens' Personal Protection Act. Among other things, it required local law enforcement officials to issue a permit to carry a handgun in public if the applicant met the requirements in law, limiting local law enforcement discretion. The law was challenged on a number of grounds. The Minnesota Court of Appeals upheld the district court's decision to invalidate the statute because its enactment violated the state constitutional requirement that a bill have only one subject. *Unity Church of St. Paul v. State of Minnesota*, 694 N.W.2d 585 (Minn. App. 2005).

The 2005 Legislature reenacted the 2003 law and the portion of the 2003 act that imposed a lifetime ban on firearms possession by felons as a stand-alone bill. It also made the following changes:

- a private establishment may either post a sign or inform individuals of the establishment's policy, but is not required to do both
- a licensed peace officer may carry a weapon on premises that otherwise prohibit carrying
- if a peace officer asks a permit holder, the permit holder must tell if he or she is carrying

*Ch. 83, reenacting Laws 2003, ch. 28, arts. 2 and 3, effective retroactively and without interruption from April 28, 2003; amending Minn. Stat. §§ 609.66, subd. 1d, 624.714, subds. 1b, 2, 2a, 3, 8, 12, 17, as reenacted, by adding subd. 24, effective May 25, 2005, except for the provision relating to firearm instructor certification by an organization or government entity approved by DPS according to the department's standards, effective October 1, 2005.*

### **Salary Cap Raised**

The compensation limit for employees of political subdivisions is increased from 95 percent of the governor's salary to 110 percent. It also provides for annual adjustments to the limit based on the Consumer Price Index. Since 1998, the governor's salary has been \$120,303; 95 percent is \$114,288 and 110 percent is \$132,333.

The compensation limit applies to employees of statutory and home-rule charter cities, counties, towns, metropolitan and regional agencies, and other political subdivisions. It does not apply to school districts,

hospitals, clinics, medical doctors, or doctors of osteopathy.

The statutory limit compares the *compensation* of political subdivision employees to the *salary* of the governor. For political subdivision employees, compensation includes certain benefits as well as salary. It includes all deferred compensation and direct and indirect items of compensation that are not specifically excluded by the statute (e.g., cash allowance for personal use of a car is included).

“Compensation” does not include benefits that are provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave, health and dental insurance, disability insurance, term life insurance, and pension benefits; dues paid to civic, professional, educational, or governmental organizations; or reimbursement for actual expenses that are directly related to the job.

*Ch. 169, amending Minn. Stat. § 43A.17, subd. 9, repealing Minn. Stat. § 356.611, subd. 1, effective August 1, 2005; see also 1<sup>st</sup> spec. sess., ch. 8, art. 1, § 23, amending Minn. Stat. § 356.611, subd. 1, effective retroactively from April 28, 1994.*

## **Rule and Law Waiver Requests**

If a local government has followed the process in law for an exemption from administrative rules and been denied, the local government may seek from the state auditor a waiver or exemption from a state law or rule procedural requirement that governs local government service delivery. The state auditor cannot grant a request if granting it would violate the state or federal constitution, violate federal law, or result in loss of services to people entitled to those services. The state auditor must give a copy of the request to affected state agencies (or the attorney general if there is no state agency) and the Metropolitan Council or metropolitan agency for applications in the metropolitan area, for review and comment. Agencies have 60 days to object or are deemed to agree with the waiver or exemption. The state auditor must hold a hearing if an agency or the exclusive representative of affected employees object to the waiver or exemption request. The state auditor must decide in 60 days.

If the waiver or exemption is granted, the state auditor and the local government must agree on how the local government will deliver the service or program, including the means by which success will be measured and the duration of the waiver or exemption (not less than two years or more than four years, subject to renewal).

The state auditor must report any grants of waivers or exemptions to the legislature, including the chairs of the governmental operations and appropriate policy committees in the House and Senate, and the governor within 30 days.

The state auditor may rescind the agreement if the local government

fails to comply with the terms of the agreement.

Data retains its classification, notwithstanding access to it by other local governments under an agreement authorized by this section.

*Ch. 156, art. 2, § 4, adding Minn. Stat. § 6.80, effective July 1, 2005.*

### **Minimum Wage Increase**

Beginning August 1, 2005, large employers must pay a minimum wage of \$6.15 per hour and small employers must pay a minimum wage of \$5.25 per hour. Employers may continue to pay employees who are less than 20 years old a training wage during the first 90 consecutive days of employment, but the training wage is increased to \$4.90 per hour.

For purposes of the minimum wage law, any enterprise with annual gross sales or business of at least \$625,000 is a large employer. Any enterprise with annual gross sales or business of less than \$625,000 is a small employer. There is some confusion about how to measure the gross sales or business of a political subdivision when determining whether a political subdivision is a large or small employer.

*Ch. 44, amending Minn. Stat. § 177.24, subd. 1, effective August 1, 2005.*

### **Payroll Card Accounts**

An electronic fund transfer to a payroll card account is a wage for purposes of the Minnesota Fair Labor Standards Act if the transfer is compensation due to an employee because of his or her employment and the transfer complies with statutory requirements for electronic fund transfers to payroll card accounts.

Employers cannot pay wages to a payroll card account unless they, among other things, comply with written disclosure requirements, receive written consent from employees, and provide certain transaction statements to employees. Employees must own all wages transferred to a payroll card account and must be able to withdraw those wages on their regular paydays for free. Any employer who violates these or other statutory requirements for payroll card accounts is guilty of a misdemeanor.

The commissioner of labor and industry must report on the use of payroll card accounts to the House and Senate committee chairs with jurisdiction over jobs and economic development issues by February 15, 2007. This law is effective until May 31, 2007.

*Ch. 158, amending Minn. Stat. §§ 177.23, subd. 4, adding 177.255, effective June 3, 2005.*

### **Pay Equity Reporting**

Political subdivisions must not be required by rule to report to the commissioner of employee relations on pay equity compliance more often than once every three years, rather than once every five years.

This returns to the reporting cycle in place in 2003 and earlier.

*1<sup>st</sup> spec. sess., ch. 1, art. 4, § 113, amending Minn. Stat. § 471.999, effective July 1, 2005.*

**Government  
Publications and  
Public Web Sites**

Because the purpose of public web sites and publications is to provide information about the duties and jurisdiction of public agencies and to facilitate access to public services and information, this law is aimed at eliminating material that may be viewed as promoting individuals in office or as political or campaign related. It specifies information that may and may not be included on a public web site or in a public publication. It allows public entities to adopt stricter standards. It states that violation is not a crime and is not subject to a civil penalty. This applies to state and local governments.

The statute that prohibits local governments from putting in their print publications pictures of elected officials or a “pictorial or graphic device that would tend to attribute the publication to an individual or groups of individuals instead of the political subdivision” is repealed.

*Ch. 156, art. 2, § 6, adding Minn. Stat. § 10.60, effective for state agencies on July 1, 2005, and for political subdivisions on July 1, 2006, and art. 2, § 52, para. (b), repealing Minn. Stat. § 471.68, subd. 3, effective July 1, 2006.*

**Objections to State  
Mandates**

Local governments may file written resolutions with the state auditor objecting to state mandates or making recommendations for reform of mandates. The state auditor must list mandates objected to and the name of the objecting local government on the state auditor’s web site.

*Ch. 156, art. 2, § 3, adding Minn. Stat. § 6.79, effective July 1, 2005.*

**Temporary  
Exemptions from  
State Agency Rules  
for Small Cities**

A state agency proposing rules must determine if the initial year’s cost of complying with proposed rules will exceed \$25,000 for any one city that has less than ten full-time employees (and for any business with less than 50 full-time employees). An administrative law judge must review and approve the agency determination. If it is determined that the cost of the rules exceeds the threshold, the city may provide that the rules do not take effect with respect to that city until the rules are approved by a law enacted after the agency determination, unless: (1) the legislature has appropriated money sufficient to fund the expected cost of the rule upon the business or city proposed to be regulated; (2) the rule has been proposed pursuant to a specific federal mandate; (3) the rule is adopted under the “good cause” exemption from rulemaking or under a law specifying that chapter 14 rulemaking does not apply; (4) the rules are for the Public Utilities Commission; or (5) the governor waives application of the requirement for legislative approval (the governor’s waiver can occur either before or after the rule would take effect but for the requirement of legislative approval). If part of a rule exceeds the



threshold, but a severable part of the rule does not, the severable part that does not exceed the threshold can take effect without legislative approval.

*Ch. 156, art. 2, § 9, adding Minn. Stat. § 14.127, effective July 1, 2005, applies to any rule for which the hearing record has not closed before July 1, 2005, or, if there is no public hearing, for which the agency has not submitted the record to the administrative law judge before that date; and § 10, amending Minn. Stat. § 14.19, effective July 1, 2005.*

**Public Employee  
Purchase of Surplus  
Vehicle**

A public employee (state or local) may purchase one surplus state vehicle at any one auction, instead of being limited to buying one vehicle in any 12-month period.

*Ch. 156, art. 2, § 11, amending Minn. Stat. § 15.054, effective July 1, 2005.*

**Public Safety  
Officers, American  
Flag Pin or Patch**

Public employers may not forbid peace officers or firefighters from wearing a patch or pin depicting the flag of the United States on the employee's uniform, according to customary and standard flag etiquette. A peace officer or firefighter who believes a public employer is violating this law may request the attorney general to issue an opinion on the issue. When requested, the attorney general must issue a written opinion, which is binding, unless a court makes a contrary decision. If after issuing an opinion, the attorney general determines that a public employer continues to violate this section, the attorney general may bring an action in district court to compel compliance.

*Ch. 156, art. 2, § 12, adding Minn. Stat. § 15.60, effective July 1, 2005.*

**Policies on Out-of-  
State Travel**

By January 1, 2006, the governing body of each statutory or home-rule charter city, county, school district, regional agency, or other political subdivision, except a town, must develop a policy that controls elected officials' travel outside the state. The policy must be approved by a recorded vote and specify when travel outside the state is appropriate, expense limits, and procedures for travel approval. The policy must be made available for public inspection upon request and reviewed annually.

*Ch. 156, art. 2, § 38, adding Minn. Stat. § 471.661, effective July 1, 2005.*

**Salary Report to  
Residents**

A city or county with a population over 15,000 must annually notify residents of the positions and base salaries of its three highest-paid employees. This may be done on a web site, in a publication, or as part of truth-in-taxation notices.

*Ch. 156, art. 2, § 39, adding Minn. Stat. 471.701, effective July 1, 2005.*

**Vacation and Sick Leave, Employees on Active Military Duty**

Using language from a WWII era interpretation by the attorney general, the act clarifies that for a state or local public employee who is ordered to active military service, vacation and sick leave from the public employer accrues from the day the person's military leave commences until the day the person returns to the former public employment. This benefit applies only for public employees who are reinstated in their former positions of public employment, or in comparable positions.

*Ch. 156, art. 4, §§ 3, 9, amending Minn. Stat. §§ 192.261, subd. 2, 471.975, effective June 4, 2005, and applies to any public officer or public employee serving in active military service on or after September 11, 2001.*

**Veteran's Preference**

Following repeal of the prohibition against applying the preference, a local government must apply veteran's preference for retired veterans (those eligible to receive or receiving a military pension based on length of service) if the retired veteran elects to use veteran's preference in augmenting passing ratings in hiring.

*Ch. 156, art. 4, § 12, repealing Minn. Stat. § 197.455, subd. 3, effective July 1, 2005. See also ch. 95, repealing Minn. Stat. § 197.445, subd. 3, effective August 1, 2005.*

**Gift Ban**

An exception to the gift ban laws for local officials was changed so that a trinket or memento costing less than \$5 may be accepted. Under prior law, the trinket or memento had to be of "insignificant value."

*Ch. 156, art. 6, § 66, amending Minn. Stat. § 471.895, subd. 3, effective July 1, 2005. (The same change was made for state officials and in Hennepin County's statute. See ch. 156, art. 6, §§ 4, 63, 64, amending Minn. Stat. §§ 10A.071, subd. 3, 211B.13, subd. 1, 383B.151, effective July 1, 2005.)*

**Urban Challenge Grants Program**

Cities eligible for the Urban Challenge Grants Program now include Blaine, Bloomington, Brooklyn Center, Brooklyn Park, Crystal, Fridley, New Hope, Richfield, St. Francis, and St. Louis Park, in addition to Minneapolis, St. Paul, and South St. Paul, under prior law. The definition of "low-income area" was expanded to include any city in the metropolitan area with two or more contiguous census tracts with average family incomes of less than 80 percent of the Twin Cities metropolitan area median income.

*Ch. 142, amending Minn. Stat. § 116M.14, subd. 4, effective August 1, 2005.*

**Zero-depth Swimming Pools**

Public pools with zero-depth areas, when access is limited to individuals 18 years of age or older, are exempt from a requirement established in Minnesota Rules that a lifeguard be present at all times the pool is in use.

*Ch. 50, amending Minn. Stat. § 144.1222, adding subd. 2c, effective May 11, 2005.*

**Liability for  
Recreational  
Uses of Land**

Rock climbing and cave exploring are now included in the law that limits liability for municipal power agencies and private owners of land used for recreational purposes.

*Ch. 148, amending Minn. Stat. § 604A.21, subd. 5, effective August 1, 2005, and applying to causes of action arising on or after that date.*

**Solid Waste  
Management  
Revenue Reporting**

Political subdivisions no longer have to report annually all revenue collected from solid waste management fees and accrued interest. “Political subdivision” means any municipal corporation, governmental subdivision of the state, local government unit, special district, or local or regional board, commission, or authority authorized by law to plan or provide for waste management

*1<sup>st</sup> spec. sess., ch. 1, art. 2, § 131, amending Minn. Stat. § 115A.929, effective July 1, 2005.*

**OEA and PCA  
Merged**

The Office of Environmental Assistance is merged into the Pollution Control Agency.

*1<sup>st</sup> spec. sess., ch. 1, art. 2, §§ 160, 162, subd. 3, repealing Minn. Stat. §§ 115A.03, subds. 8a, 22a, 115A.055, subd. 1, 115D.03, subd. 4, 473.801, subd. 6, effective July 1, 2005.*

**Joint Powers**

“Governmental unit” for the purposes of the joint powers statute now includes rehabilitation facilities and extended employment providers that are certified by the commissioner of employment and economic development, and day training and habilitation services licensed under sections 245B.01 to 245B.08.

*Ch. 9, § 2, amending Minn. Stat. § 471.59, subd. 1, effective March 15, 2005.*

**Public Health,  
Emergency Powers**

Two acts amended the emergency health powers law, which in part affects local law enforcement and public health agencies.

The first act adds liability protections for volunteers and employees. It clarifies that persons who volunteer to help a local government during an emergency or disaster, and who register with the local government, are considered employees of that local government for the purposes of workers’ compensation, tort claim defense, and indemnification. It also:

- removes specific language regarding “public health emergency” to create an “all hazard approach” to emergency planning and response;
- authorizes professionals from Canada and the District of Columbia to provide assistance during emergencies when aid is requested by the governor;

- requires health care providers to notify individuals of their right to refuse treatment; and
- removes the sunset date for certain sections.

*Ch. 150, amending various provisions in Minn. Stat. ch. 12, and the 2002 and 2004 acts, effective August 1, 2005, except section 14 which is effective June 4, 2005. (See in particular, ch. 150, §§ 3, 4 amending Minn. Stat. § 12.22, subds. 2a, 4. See also ch. 90, § 1, amending Minn. Stat. § 176.011, subd. 9, effective for injuries occurring on or after May 26, 2005 (modifying the definition of “employee” in the workers’ compensation statute to include volunteers in emergency management work)).*

The second act modifies provisions for the isolation and quarantine of individuals infected or exposed to communicable diseases, establishes provisions for emergency vaccine administration and legend drug dispensing, removes the sunset date for certain sections of the Emergency Health Powers Act, and establishes new sunsets for certain provisions.

*Ch. 149, amending various provisions of Minn. Stat. ch. 144, and the 2002 and 2004 acts, effective August 1, 2005, except section 7, which is effective June 3, 2005.*

### **Sunday On-sale Hour Set Statewide**

On-sale of intoxicating liquor may begin at 10:00 a.m. on Sundays statewide, instead of starting at noon. Cities and counties previously could set the time at 10:00 a.m. by local ordinance.

*Ch. 131, § 9, amending Minn. Stat. § 340A.504, subd. 3, effective August 1, 2005.*

## **Elections**

### **Overview**

In 2002, Congress enacted the Help America Vote Act (HAVA), which provides federal funding to states for election and requires states to implement some election administration law changes. Minnesota enacted a number of changes in 2003 and 2004. The 2005 Legislature made additional changes, mostly in the law relating to electronic voting systems. It also appropriated over \$30 million for grants to local governments for voting systems (mostly for electronic systems for persons with disabilities). See generally, chapter 162.

The 2005 Legislature also made changes to various election procedures and requirements in Laws 2005, chapter 156, article 6.

### **Voter Registration System**

The secretary of state must consult with local election officials in the development of the statewide voter registration system.

*Ch. 162, § 1, amending Minn. Stat. § 201.022, by adding subd. 3, effective June 4, 2005.*

**Separate Precincts,  
Combined Polling  
Place**

A single polling place for a combination of noncontiguous precincts located in one or more counties must be approved by the governing body of each participating municipality and the secretary of state and may be located outside any of the noncontiguous precincts.

*Ch. 162, § 2, amending Minn. Stat. § 204B.14, subd. 2, effective June 4, 2005.*

**Voting System for  
Disabled Voters**

Voting systems used in local elections have two more years in which to comply with the law that requires an accessible system for individuals with disabilities, including nonvisual accessibility for the blind and visually impaired. The voting system must provide the same opportunity for access and participation, including privacy and independence, for disabled voters as for other voters. Systems for local elections must comply for elections held after December 31, 2007. Polling places for federal and state elections must still comply for elections held after December 31, 2005.

*Ch. 162, § 13, amending Minn. Stat. § 206.57, subd. 5, effective June 4, 2005.*

**State Voting  
Systems Contracts**

The secretary of state must appoint an advisory committee that includes county auditors and city clerks who have experience with electronic voting systems to help review and evaluate vendors' proposals. Also, counties and cities may purchase or lease electronic voting equipment and services through state contracts.

*Ch. 162, § 19, adding Minn. Stat. § 206.805, effective June 4, 2005.*

**Suspension of  
Deadline for  
Certification of  
Electronic Voting  
Systems**

The requirement that applications for certification of electronic voting systems or software be submitted between December 1 of an even-numbered year and September 1 of the following odd-numbered year is suspended until December 2006.

*1<sup>st</sup> spec. sess., ch. 7, § 18, effective August 1, 2005. (Cites Minn. Rules part 8220.0325)*

**Ballot Recording  
and Counting  
Security**

The county auditor and municipal clerk must physically and electronically secure ballot recording and tabulating systems against unauthorized access.

*Ch. 162, § 27, adding Minn. Stat. § 206.845, effective June 4, 2005.*

**Local Equipment  
Plans**

Each county auditor must convene a working group of all city, town, and school district election officials in the county to create a local equipment plan by September 15, 2005, or 45 days after state certification of assistive voting systems, whichever is later. A county plan must fund purchase of either precinct-based optical scan voting equipment or assistive voting machines that combine voting methods used for persons with disabilities with precinct-based optical scan voting machines for any precinct whose city or town requests it, if the

requesting city or town agrees with the county on who will be responsible for operating and replacement costs related to the use of the precinct-based equipment. The plan must be submitted to the secretary of state for review and comment. The county board of commissioners must adopt the local equipment plan after a public hearing, and HAVA grant funds may not be spent until the plan is adopted. The county auditor must file the adopted plan with the secretary of state.

*Ch. 162, § 35, effective June 4, 2005.*

**News Media Access  
to Polls**

A media representative may enter a polling place for up to 60 minutes (increased from 15 minutes) as an observer during voting hours. The head election judge may extend this time limit. The media representative must provide a recognized media credential or written acknowledgement from a local election official of his or her credentials. Prior law required prior written authorization of the county auditor or municipal clerk. The media representative must not come within six feet of a voter or interfere with the voting process. As before, a media representative cannot converse with a voter or make a list of those voting or not voting.

*Ch. 113, amending Minn. Stat. § 204C.06, subd. 8, effective May 28, 2005.*

**No Primary in  
Certain Cases**

If a municipality or county has no partisan or nonpartisan offices for which nominees must be selected, the governing body may decide that no state primary will be held in the municipality or county. The clerk or auditor must post a notice if this happens and also notify the secretary of state.

*Ch. 156, art. 6, § 51, amending Minn. Stat. § 204D.03, by adding subd. 3, effective July 1, 2005.*

**Public Finance, Economic Development**

**Overview**

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

**Special Assessments**

If the affected property owners petition the municipality (city or urban town) to bury or alter a new or existing utility distribution system within the public right-of-way that exceeds the electric utility, telecommunications carrier, or cable system operator's design and construction standards, or those set by law, tariff, or franchise, the municipality may assess affected property owners for all or a portion of the costs agreed to.

*Ch. 67, amending Minn. Stat. § 429.021, subd. 1, effective August 1, 2005.*

**Investment of Local  
Public Funds;  
Guaranteed  
Investment  
Contracts**

Government entities may invest in guaranteed investment contracts (GICs) issued by domestic affiliates of companies that qualify under present law. This will allow GICs issued by entities that are not banks or insurance companies to qualify. Present law is limited to U.S. commercial banks, domestic branches of foreign banks, U.S. insurance companies, and Canadian subsidiaries of U.S. insurance companies. (“Government entities” includes any political subdivision of the state.)

*Ch. 152, art. 1, § 2, amending Minn. Stat. § 118A.05, subd. 5, effective June 3, 2005.*

**Prevention of  
Cruelty to Animals  
Funding**

A county or city may increase its spending for appropriations to societies for the prevention of cruelty to animals from 50 cents per capita to \$1 per capita. (See also page 29, regarding special levies.)

*Ch. 152, art. 1, § 5, amending Minn. Stat. § 343.11, effective January 1, 2006.*

**Capital Notes –  
Cities, Counties,  
Urban Towns**

The maximum term of capital notes is increased to ten years from five years. Capital notes may be used for computer software, whether or not it is bundled with machinery and equipment. Prior law allowed use of capital notes for “original operating system software” and this authority would have expired on July 1, 2005. The sunset is now July 1, 2007, and applies the exemption to all types of software.

*Ch. 152, art. 1, § 6, 8, 9 amending Minn. Stat. §§ 373.01, subd. 3, 410.32, 412.301, effective June 3, 2005.*

**Gas Utility Joint  
Venture**

Municipal and cooperative utilities may enter into a joint venture that incorporated before June 30, 2004, to provide gas utility services.

*Ch. 152, art. 1, § 13, adding Minn. Stat. § 452.26, effective June 3, 2005.*

**Revenue Bonds**

The maximum maturity of obligations issued under the industrial revenue bond law is extended from 30 years to 40 years.

*Ch. 152, art. 1, § 16, amending Minn. Stat. § 469.158, effective June 3, 2005.*

**Tax Abatement  
Duration Limits**

The duration limits that apply under the tax abatement program have been increased from ten years to 15 years, if all of three of the taxing districts (county, city, and school district) approve the abatement, and from 15 years to 20 years, if one or two of the taxing districts approve.

*Ch. 152, art. 1, § 17, amending Minn. Stat. § 469.1813, subd. 6, effective June 3, 2005.*

**Bond Allocation,  
Notice, Deadline**

The deadline for filing the bond issuance notice under the state’s cap on tax-exempt bonds is now 4:30 p.m. on the last business day in December, instead of the last Monday in December; the notice must be filed with the Department of Finance. (These notices must be filed

within five days after issuance, if that is earlier.)

*Ch. 152, art. 1, § 22, amending Minn. Stat. § 474A.131, subd. 1, effective June 3, 2005.*

### **Judgment Bonds**

Municipal judgment bonds are now excluded from the calculation of net debt for purposes of debt limits. “Municipality” means city of any class, county, town, or school district.

*Ch. 152, art. 1, § 23, amending Minn. Stat. § 475.51, subd. 4, effective June 3, 2005.*

### **Capital Improvement Program (CIP) Bonds**

Urban towns are now included in the city CIP bond program. (An urban town—sometimes called metropolitan area town—is defined as (1) a town with platted portions where 1,200 or more people reside, (2) a town with a platted area within 20 miles of the city hall of a city of the first class having over 200,000 population, or (3) a town with a population of 1,000 or more that elects to exercise the powers of an urban town.) In addition, CIP bonds now may be used for town halls and libraries.

CIP bonds issued by cities and towns with populations of less than 2,500 are exempt from the net debt limits.

The limit on CIP bonds is now set at 0.16 percent of the taxable market value of the issuing city or town. As a result of a drafting error in 2003, prior law tied the limit to the market value of the county, not the city that was issuing the bonds. There now is also a mechanism for allocating the limit among municipalities for jointly shared projects in proportion to their contributions to financing the facility.

*Ch. 152, art. 1, §§ 27 to 30, amending Minn. Stat. §§ 475.521, subds. 1 to 4, effective June 3, 2005.*

### **Street Reconstruction Bonds**

The purposes for which street reconstruction bonds may be issued has been expanded. (These bonds are exempt from the election requirement.) The expanded purposes include the following:

- Turn lanes and improvements having a “substantial” public safety function
- Realignments
- Modifications to intersect with a state and county roads
- Paying the local share of state and county road projects

*Ch. 152, art. 1, § 31, amending Minn. Stat. § 475.58, subd. 3b, effective June 3, 2005.*

### **JOBZ Modifications**

Job opportunity and building zones (JOBZ) and bioscience zones were authorized in 2003. The 2005 Legislature made a number of changes to



the rules related to these zones. Below are the changes that have a direct impact on local governments.

**Public notice and meeting.** The notice of any public meeting about a business subsidy agreement must now include notice that a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with requirements of the business subsidy law. No action may be filed against the grantor for failure to comply unless a written complaint is filed.

*1<sup>st</sup> spec. sess., ch. 3, art. 7, § 3, amending Minn. Stat. § 116J.994, subdivision 5, effective August 1, 2005.*

**Enforcement.** A resident of or a business owner in a jurisdiction that grants business subsidies is now allowed to file a civil action for equitable relief if the grantor does not comply with the business subsidy law. Before bringing an action, the party must file a complaint with the grantor and propose a remedy. The grantor has 30 days to reply. The complaint to the grantor must be filed within 180 days after a business subsidy agreement is approved. The complainant may bring an action within 30 days of the reply or 180 days of approval of the subsidy agreement, whichever is later. Costs and attorney fees may be awarded to the prevailing party.

*1<sup>st</sup> spec. sess., ch. 3, art. 7, § 5, amending Minn. Stat. § 116J.994, by adding subd. 11, effective for business subsidy agreements entered into on or after August 1, 2005.*

**Repeal of the local government JOBZ aid.** The JOBZ aid program for cities and counties with large shares (more than 3 percent) of their property tax bases in JOBZ is repealed. This program is not necessary since the local government aid (LGA) formula implicitly adjusts for the exemption for cities and the tax base equalization portion of county program aid implicitly adjusts for the exemption for counties.

*1<sup>st</sup> spec. sess., ch. 3, art. 7, § 20, repealing Minn. Stat. § 477A.08, effective for beginning with aids payable in 2005.*

### **International Economic Development Zone**

Political subdivisions in the area surrounding the Minneapolis St. Paul International Airport are authorized to establish an international development zone within 60 miles or 90 minutes driving time of the airport to develop a regional center to handle international air freight. Qualifying businesses in the zone will get tax breaks similar to those granted businesses in JOBZ zones. The new law is codified in Minnesota Statutes, sections 469.321 to 469.328. The following describes the provisions that most directly impact local governments.

*1<sup>st</sup> spec. sess., ch. 3, art 10, in general.*

**Foreign trade zone authority.** The authority is called the Greater Metropolitan Foreign Trade Zone Commission number 119 and is defined as a joint powers organization formed by Hennepin County, Bloomington, Minneapolis, and the Metropolitan Airports Commission. The definition permits other local governments to join the agreement later.

*1<sup>st</sup> spec. sess., ch. 3, art. 10, § 13, adding Minn. Stat. § 469.321, effective July 14, 2005.*

**Application for designation.** A local government unit or units, or a joint powers board, may apply to the Foreign Trade Zone Authority (Greater Metropolitan Foreign Trade Zone Commission number 119) for international economic development zone status. A local government unit, however, cannot submit more than one application. The zone must be located within the boundaries of the applying units.

The application must include a resolution or ordinance from each city, town, or county in which the zone is located, agreeing to provide the property tax and local option sales tax benefits provided by the international economic development zone law. It must also include an agreement to treat international economic development zone tax benefits as business subsidies under the Minnesota business subsidy law, as well as supporting evidence necessary for the Foreign Trade Zone Authority to evaluate the application.

The applications must be submitted by December 31, 2005.

*1<sup>st</sup> spec. sess., ch. 3, art. 10, § 14, adding Minn. Stat. § 469.3215, effective July 14, 2005.*

**Transportation impact study before designation.** Before designation, the Foreign Trade Zone Authority, in consultation with the local government unit applicant, must conduct a transportation impact study based on the regional model and utilize traffic forecasting and assignments. The results must be used to evaluate the effects of the proposed use on the transportation system and identify any needed improvements. If the site is in the metropolitan area, the study must also evaluate the transportation impacts on the Metropolitan Transportation System plan as well as the comprehensive plans of the municipalities that would be affected. The applicant must pay for the study.

*1<sup>st</sup> spec. sess., ch. 3, art. 10, § 15, adding Minn. Stat. § 469.322, effective July 14, 2005.*

**Zone performance reporting.** Requires the local government unit(s) receiving a zone designation to report annually to the commissioner of employment and economic development on its progress in meeting the

zone performance goals under, and the applicant's compliance with, the business subsidy law.

*1<sup>st</sup> spec. sess., ch. 3, art. 10, § 22, adding Minn. Stat. § 469.329, effective January 1, 2007.*

### **Border City Zone Allocations**

An additional \$1.5 million is allocated for border city enterprise zone and border city development zone tax reductions. This allocation is divided equally between the two programs, but the cities can reallocate the amounts between the two programs. The allocation is divided among the qualifying border cities on a per capita basis. The five cities that qualify are Moorhead, Dilworth, East Grand Forks, Breckenridge, and Ortonville.

*1<sup>st</sup> spec. sess., ch. 3, art. 7, §11, amending Minn. Stat. § 469.169, by adding subd. 17, effective July 14, 2005.*

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

### **Special Laws**

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

### **Overview**

The 2005 Legislature made a number of technical and minor policy changes in the tax increment financing law. It repealed the three-year rule and the market value-based income limits that apply to housing districts. It provided that the income limits for housing districts for rental housing are the same as those under federal law for tax-exempt bond and low-income housing credit projects. It simplified calculation of the deficit pooling limits and provided an option for calculating the pooling limit.

*Ch. 152, art. 2.*

### **Border City Development Zone**

A city may limit the property tax exemption under the border city development zone law to a time period less than the duration of the zone designation, or a portion of the property tax, or both.

*Ch. 152, art. 2, §§ 3, 4, amending Minn. Stat. § 272.0212, subds. 1, 2, effective for development agreements approved after June 3, 2005, beginning for taxes payable in 2006.*

### **Housing Districts**

The two-tiered set of income limits that have applied to housing districts since the percentage income limits were enacted in 1989 are repealed.

Under prior law, the definition of "housing district" limited the amount of market value of the planned development that may be in "other than low and moderate income housing." Minn. Stat. § 469.174, subd. 11 (2004). Section 469.1761 imposes percentage income tests for rental and

owner-occupied housing developments. Development authorities have generally administered the law in a way that treats housing that meets the percentage test (i.e., all of the housing units that were used in the denominator when the percentages were computed for the tests) as being “low and moderate-income housing” for the purposes of the market value test. The market value test is eliminated altogether. The restriction on providing assistance to commercial property is moved to section 469.1761, which contains the income tests.

*Ch. 152, art. 2, § 5, amending Minn. Stat. § 469.174, subd. 11, effective for districts for which the request for certification was filed with the county auditor after October 5, 1989, except that (1) the new language is effective for requests for certification made after June 30, 2005, and (2) the fair market value of the improvements which are constructed for commercial uses in a district for which the request for certification was filed with the county auditor after October 5, 1989, and before July 1, 2005, may not exceed more than 20 percent of total fair market value of the planned improvements in the development plan or agreement.*

**Commercial properties within housing districts.** The size of related commercial developments that may be assisted with housing district increments is now limited. Prior law imposed a percentage of market value test. This new provision substitutes a square-footage test, as a simpler and clearer test that avoids the difficulties involved with appraisal or cost accounting under the market-value test. Thus, housing district increments may be used to assist both the housing development that meets the income tests under section 469.1761 (i.e., the entire development, not just the income-qualified units) and the related commercial or other developments meeting the 20 percent square footage test. Other properties (e.g., market rate housing units or commercial properties) could be included in the district, if they are not assisted with tax increments (i.e., the authority documents that these properties paid for their full cost of development and did not receive a “bargain” on site acquisition, infrastructure, or similar costs).

*Ch. 152, art. 2, § 14, amending Minn. Stat. § 469.1761, subd. 1, effective for districts for which the request for certification was made after June 30, 2005.*

**Rental property; income limits.** The 50-80 income test for rental properties is eliminated. Only properties that meet the income test under federal law would qualify (i.e., the 20-50 and 40-60 tests). The 50-80 test allowed a development to qualify if 50 percent of the units are occupied by individuals with incomes at or below 80 percent of the area median. For 2004, 80 percent of the area median is \$61,360 for a family of four in the Twin Cities (and various other counties) and \$41,760 in the rural counties that are subject to the lowest income limits.

*Ch. 152, art. 2, § 15, amending Minn. Stat. § 469.1761, subd. 3, effective for districts for which the request for certification was made after June 30, 2004. (This date is an error and should be changed to 2005 in a technical corrections bill in the next legislative*

*session.)*

## **Definition of Increment**

The definition of increment is modified in three ways:

- Clarifies that the proceeds from the sale or lease of property, purchased in part with increments and in part with other moneys, are tax increments only in the proportion to which the original property tax was purchased with increments.
- Provides that returns or repayments of increment by developers or others are increments. Present law provides this under the developer payment provision (applicable to districts to which the request for certification was made after August 1, 1993). Minn. Stat. § 469.1766. The developer payment provision is repealed. The effective date is tied to the effective date of the original developer payment restrictions (i.e., post-1993 districts).
- Clarifies that market value homestead credit payments are increment. This credit was enacted in 2001 and was first paid for taxes payable in 2002. Treating these credits as increments reflects administrative practice and the practice under the old homestead credit (in place in the 1970s and 1980s). In addition, it is consistent with the economic character of these credits, as essentially a substitute for property taxes.

*Ch. 152, art. 2, §§ 6, 31, amending Minn. Stat. § 469.174, subd. 25, effective for TIF districts, regardless of when the request for certification was made, including districts for which the request for certification was made before August 1, 1979, provided that the amendment to clause (2) applies only to the extent that the underlying provisions of clause (2) apply to the district and to the sale or lease under prior law. This effective date does not affect the application of clause (1), (3), or (4); repealing Minn. Stat. § 469.1766, effective retroactive to enactment of the developer payments provision.*

## **TIF Plan**

The TIF plan requirement is modified to make it clear that identification of properties to be acquired can be done in a number of different ways. This is intended to give authorities flexibility to identify an area in which properties may be acquired without specifically listing each parcel number or property ID.

*Ch. 152, art. 2, § 7, amending Minn. Stat. § 469.175, subd. 1, effective for plans and amendments approved after June 30, 2005.*

## **Fiscal and Economic Effects of TIF**

The fiscal and economic implications of proposed TIF districts must now include an estimate of the total amount of increment that will be generated over the life of the district (broken down separately for the school district and county holding their shares of the tax constant).

Prior law required the development authority to provide this information

to the county and school district for notice and comment before it approves the TIF plan. The requirement, however, did not specify how to estimate the impact of TIF on the county and school. Some cities have followed a practice of reporting no expected impact because they assume that no development would have occurred without using TIF. Requiring the estimate to report the projected TIF amounts now prohibits this practice.

*Ch. 152, art. 2, § 8, amending Minn. Stat. § 469.175, subd. 2, effective for all districts for which certification is requested after December 31, 2005.*

### **TIF Plan Filing**

TIF and development plans must be filed with the Office of the State Auditor in addition to the requirement under present law to file them with the Department of Revenue.

*Ch. 152, art. 2, § 9, amending Minn. Stat. § 469.175, subd. 4a, effective for plans and amendments approved after June 30, 2005.*

### **Annual Financial Reports**

The required contents of the annual TIF report to the Office of State Auditor now include reporting the amount of homestead market value credit received by the district, but no longer include reporting the following:

- Cost and sale price information on properties sold to developers
- Amount of increments provided to other governmental units
- Whether the TIF plan allows various mechanisms for pooling of increments

*Ch. 152, art. 2, §§ 10, 11, amending Minn. Stat. § 469.175, subds. 5, 6, effective for reports required to be filed after December 31, 2005.*

### **Excess Increments**

The new law includes the following clarifying changes in the excess increment statute:

- Establishes a deadline of nine months after the end of the calendar year for the authority to take action in spending or returning excess increments. Prior law was unclear as to how long authorities had to act.
- Transfers under the provision allowing pooling to eliminate deficits are added to the calculation of excess increments, so the payments reduce the amount of excess increments. These transfers are permitted uses of increment and, therefore, should be taken into account before determining the amount of excess increments.
- Provides explicit rules for application of the statute to pre-1979

districts. These districts do not have TIF plans or budgets. (The effective date of the 2003 changes to the excess increment statute applied them to pre-1979 districts.) The section treats the permitted expenditures under section 469.176, subdivision 1c, as the district's de facto budget. Amounts of increments that exceed the remaining payments on those bonds are treated as excess.

- Defines “outstanding bonds” to make it clear that excess increments can only be used to pay bonds that are secured by the district's increments. If prior law were construed to mean any outstanding bonds, it would have negated the other limits on spending increments (e.g., the pooling rules) when there are excess increments.

*Ch. 152, art. 2, § 12, amending Minn. Stat. § 469.176, subd. 2, effective for districts regardless of when the request for certification was made, and applies to calculations of excess increments beginning in calendar year 2005.*

### **Bioscience Zones, TIF Pooling Rules**

Increments from a district in a biotechnology and health sciences industry zone may be expended outside of the district but within the zone for the construction of public infrastructure necessary to support the activities of the zone.

*Ch. 152, art. 2, § 16, amending Minn. Stat. § 469.1763, subd. 2, effective June 3, 2005.*

### **Pooling for Deficits**

There are three changes in the deficit-pooling rules to simplify and clarify the calculations.

**Optional calculation.** The authority may elect an alternative for computing the limits under rules permitting pooling to eliminate deficits. Prior law allowed a city to pool (transfer) surplus increments from one district to another district with a deficit that was caused by the 1997-2001 property tax changes. The amount of the pooling authority is limited to the *lesser* of:

- The district's “deficit”—this is defined as its increments and available increments from other districts under the regular pooling rules being insufficient to pay its bonds issued and contracts incurred before August 1, 2001 or
- The reduction in the district's increments caused by the 1997-2001 changes in the property tax class rates and the repeal of the general education tax levy.

The election under this section would allow the authority to calculate the pooling limit without regard to the second restriction (the reduction in increments caused by property tax changes), if the authority pledges

irrevocably to use the district's increments and any pooled increments only to pay pre-existing obligations—bonds and contracts incurred before August 1, 2001. This is intended to simplify the deficit pooling rules—calculation of the reduction in increment caused by the property tax changes is very complex and difficult to do. This will allow the city and authority to bypass that calculation if they limit their use of increments to paying off the old bonds and contracts.

**Expenditure limits applicable to transferring districts.** The law also clarifies that transfers under the rules permitting pooling to eliminate deficits are not restricted by the district-specific spending restrictions. This will permit increments from a redevelopment district, for example, to be used to eliminate a deficit in an economic development district. This confirms a memorandum issued by the Office of the State Auditor.

**General education levy.** Finally, the law specifies how to calculate the effect of the general education tax levy repeal. This calculation applies under the limit restricting transfers to the reduction in increment caused by tax reform (the second bullet noted above). The school district's general education tax levy rate (referenced to the repealed homestead education credit statute) is multiplied by the district's current captured tax capacity. This is intended to clarify and simplify calculation of the limit. The Department of Revenue will be able to provide cities with these tax rates for each of the school districts in the state.

*Ch. 152, art. 2, § 17, amending Minn. Stat. § 469.1763, subd. 6, effective June 3, 2005, and applies to transfers of increment made by districts certified before June 2, 1997. (Transfers made after the effective date of the original enactment of Minn. Stat. § 469.1763, subd. 6, which was enacted in Laws 1999, ch. 243, art. 10, § 3, effective for all districts for which certification was made before June 2, 1997).*

### **Three-Year Rule Repealed**

The three-year rule required bonds to be issued, property to be acquired, or public infrastructure to be constructed in the district within three years of certification of the district. This restriction could be satisfied in a technical manner (e.g., by issuing a small amount of bonds) and was a trap for the unwary city or development authority. The rule technically required the activity to occur after the certification, so activity occurring after the request for certification but before the district was actually certified did not qualify. The four-year rule requires development to occur on each parcel in the district and provides a stronger guarantee of development activity in the district. (The three-year rule was contained in the original 1979 act, while the four-year rule was added by the 1982 amendments.)

*Ch. 152, art. 2, § 31, repealing Minn. Stat. § 469.176, subd. 1a, effective June 3, 2005, provided that any qualifying activity undertaken before certification of the district satisfies the three-year rule for the district.*



## Property Taxes and Aids

### Levy Limits

Levy limits on cities with a population of 2,500 or more and counties expired with taxes payable in 2005. They were not reenacted during either the 2005 regular or special sessions.

**Special levies.** If levy limits are reinstated at a future time, counties and cities will be allowed to levy outside the levy limits, for the following two new purposes:

- For a storm sewer improvement district under Minnesota Statutes, section 444.20
- For a local society for the prevention of cruelty to animals (SPCA) under Minnesota Statutes, section 343.11. The first time a county or city uses the SPCA special levy authority, the amount it levied for this purpose in the previous year must be deducted from the levy limit base. (See also page 19 regarding increase in per capita spending.)

*Ch. 152, art. 1, § 3 and 1<sup>st</sup> spec. sess., ch. 3, art. 1, § 25, amending Minn. Stat. § 275.70, subd. 5, effective beginning with taxes levied in 2005, payable in 2006 and thereafter.*

### Electric Generation Facilities – Personal Property Tax Exemptions

The legislature granted personal property tax exemptions for several new or expanded electric generation facilities. Also, for previously granted exemptions, the legislature granted extensions to meet certain requirements.

**Cannon Falls.** Goodhue County, Cannon Falls, and the Cannon Falls school district must approve a facility, to be located in the city of Cannon Falls, in order for the exemption to be granted.

*Ch. 151, art. 3, § 4, amending Minn. Stat. § 272.02, by adding subd. 68, effective beginning with assessment year 2006, taxes payable in 2007.*

**Faribault.** The municipal power agency that will own the facility to be located in the city of Faribault, needs to negotiate a payment in lieu of taxes to the city in order for the exemption to be granted.

*Ch. 151, art. 3, § 5, amending Minn. Stat. § 272.02, by adding subd. 69, effective beginning with assessment year 2005, taxes payable in 2006.*

**Shakopee.** Scott County and the city of Shakopee must approve expansion of an existing facility in Shakopee to provide peaking, emergency backup, or contingency services in order for the exemption to be granted.

*Ch. 151, art. 3, § 6, amending Minn. Stat. § 272.02, by adding subd. 70, effective*

*beginning with assessment year 2005, taxes payable in 2006.*

**Cambridge area.** Isanti County and the affected township must approve a facility, to be located in a township near the city of Cambridge, in order for the exemption to be granted.

*Ch. 151, art. 3, § 7, amending Minn. Stat. § 272.02, by adding subd. 71, effective beginning with assessment year 2006, taxes payable in 2007.*

**Waseca County.** Waseca County must approve a facility, to be located in Blooming Grove township, in order for the exemption to be granted.

*Ch. 151, art. 3, § 8, amending Minn. Stat. § 272.02, by adding subd. 72, effective beginning with assessment year 2005, taxes payable in 2006, provided that construction commences after January 1, 2006, and before January 1, 2008.*

**Minneapolis – hydroelectric generation facility (Crown Hydro).** The 2002 Legislature granted a personal property exemption for this plant that was to be built in the city of Minneapolis. It is to be a 3.2-megawatt run-of-the-river hydroelectric generation facility. Construction was to begin by January 1, 2004. The 2003 Legislature amended the construction date to January 1, 2005. The 2005 Legislature has now provided an additional two years, to January 1, 2007. In addition, it eliminated the requirement that the facility be located on publicly owned land.

*Ch. 151, art. 3, § 2, amending Minn. Stat. § 272.02, subd. 53, effective for taxes levied in 2005, payable in 2006 and thereafter.*

**Minneapolis – Midtown Exchange (former Sears site).** The legislature provided a tax exemption for attached machinery and other personal property that is part of an electric generation facility that generates up to 30 megawatts of installed capacity. The facility must not be owned by a public utility and must:

- be designed to utilize at least 90 percent waste biomass as a fuel;
- be located within a city of the first class;
- have its primary location at a former garbage transfer station;  
and
- be designed to have the capability to provide baseload energy and district heating.

Construction of the facility must begin between January 1, 2004, and January 1, 2008.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 6, amending Minn. Stat. § 272.02, by adding subd. 82, effective for assessment year 2005, taxes payable in 2006 and thereafter.*

**Mankato.** The 2003 Legislature granted a personal property tax exemption for an electric generation facility with a capacity of 550 megawatts. The 2005 Legislature reduced the capacity requirement to 300 megawatts. It also eliminated the prior restriction to a facility in which the construction is begun after January 1, 2004, and before January 1, 2007. Now, any expansion to the facility will be eligible for this exemption, without regard to the date when the construction of the expansion begins.

*Ch. 151, art. 3, § 3, amending Minn. Stat. § 272.02, subd. 56, effective for taxes levied in 2005, payable in 2006 and thereafter.*

**Benson.** A proposed poultry litter biomass generation facility to be built in Benson (Swift County) that was granted a personal property tax exemption, has two more years in which to begin construction.

*Ch. 151, art. 2, § 1, amending Minn. Stat. § 272.02, subd. 47, effective for taxes levied in 2005, payable in 2006 and thereafter.*

## Wind Energy Production Tax (WEPT)

**Earlier reporting.** The annual reporting date for WEPT is moved from March 1 to February 1. This will allow the Department of Revenue to notify counties of the amounts by February 28 instead of March 31, so townships will have a better idea of WEPT revenues when adopting levies in March.

*Ch. 151, art. 5, § 14, amending Minn. Stat. § 272.029, subd. 4, effective for reports and certifications due in 2006 and thereafter.*

**Revenue distribution change.** The WEPT program, which began with 2004 payments, provides revenue to local governments. The law was clarified so that for both 2004 and 2005, distribution of the tax is based on a local government's relative share of the local tax rate, rather than the total tax rate, which would include the state property taxes. Beginning in 2006, the WEPT revenues will be distributed based on fixed percentages as follows:

- 80 percent to counties
- 14 percent to cities and townships
- 6 percent to schools districts

This change in 2006 is to allow local governments better estimates of the amount of actual payments they will receive when planning their budget since the amount will not depend on the relative tax levy in other jurisdictions and will not fluctuate as much from year to year.

*Ch. 151, art. 5, § 15, amending Minn. Stat. § 272.029, subd. 6, effective June 3, 2005.*

**2004 township levy adjustment.** In 2004, there was some confusion

among the townships regarding how to account for wind production taxes in certifying their property tax levies. Towns and county auditors were allowed to adjust 2004 (pay 2005) town levies for errors made in accounting for these taxes. This provision, which was included in the 2004 tax bill but not enacted, authorized those adjustments.

*Ch. 151, art. 5, § 45, effective for taxes payable in 2004.*

**Local Boards of  
Appeal and  
Equalization**

The 2003 Legislature established training requirements for local boards of appeal and equalization. The 2005 Legislature clarified and modified the requirements. Local boards have until their meeting dates in 2006, and each year thereafter, to meet the training requirements related to that year, rather than January 1 of each year. Any city or town that conducts a local board meeting must notify the county assessor by December 1, 2006, and each year thereafter, that it is in compliance with the training requirement. Compliance with annual quorum and training requirements refers to compliance in the current year, rather than to compliance in the prior year.

*Ch. 151, art. 5, §§ 25, 26, amending Minn. Stat. § 274.014, subds. 2, 3, effective June 3, 2005.*

**Adjustments When  
Owner Refuses  
Assessor Access to  
the Property**

A board of appeal and equalization cannot make an adjustment to a property's value in favor of the owner if the owner does not permit the assessor access to the property. The law has been clarified that it applies only when the owner expressly refuses the assessor access to the property.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 18, amending Minn. Stat. § 274.01, subd. 1, effective for the 2006 assessment and thereafter.*

**Training of  
Assessors**

Beginning with the four-year licensing periods starting on or after July 1, 2004, every accredited assessor must participate in a seminar that focuses on ethics and professional standards developed by the commissioner of revenue.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 7, amending Minn. Stat. § 273.0755, effective July 14, 2005.*

**City Authority to  
Allow Lead Hazard  
Abatement  
Valuation  
Adjustments**

Cities may allow property owners in the city to apply to the assessor for a one-year market value reduction in their property tax assessment for lead hazard reduction projects. If a city allows this type of tax abatement, it must establish standards for qualifying projects and designate a city agency to issue certificates of completion for qualifying projects to be submitted by the property owner to the assessor. This program is only allowed for projects that cost at least \$3,000 and are started and completed in the period between July 1, 2005, and July 1, 2010. The one-year valuation reduction is equal to the cost incurred, up to a maximum of \$20,000. Most property tax abatements do not require

involvement of a city agency in verifying that a property meets the abatement criteria.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 10, amending Minn. Stat. § 273.11, by adding subd. 22, effective July 14, 2005, for projects begun and completed between July 1, 2005, and July 1, 2010.*

**Border City  
Credit –  
Disallowance**

Beginning with assessments in 2006 and thereafter, a border city may deny the border city disparity reduction credit to individual commercial-industrial properties that meet one of the following conditions:

- For the last three or more years, has been condemned, has been dangerous, or has multiple building code violations
- For the last three or more years, has been condemned and illegally occupied
- For the last three or more years, has been issued multiple orders to correct nuisance conditions
- For the last five or more years, has been unoccupied and not used for commercial or industrial purposes

The city must provide standards and notify the property owner that this credit may be disallowed unless the owner brings the building up to code, and the building is occupied and used for commercial or industrial purposes for at least 180 days in the next 12-month period. The property owner can appeal the disallowance at the local and county board of appeal and equalization.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 17, adding Minn. Stat. § 273.1321, effective beginning with assessment year 2006 and thereafter, for taxes payable in 2007 and thereafter.*

**Truth-in-Taxation  
(TnT) Process**

**Additional information included with proposed tax notices.**

Beginning with taxes payable in 2006, counties, cities, and school districts will be allowed to provide supplemental information with the notice of proposed property taxes sent to taxpayers, if approved by the county board. Previously, what could and could not be included with this notice was strictly proscribed in statute. This will allow local governments to provide information on changes in state and federal aids, demographics, or in the cost or level of service provision that might help explain proposed tax changes.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 22, amending Minn. Stat. § 276.065, subd. 3, effective beginning with taxes levied in 2005, payable in 2006 and thereafter.*

**Joint hearings.** Counties, cities, and school districts are required to hold individual truth-in-taxation hearings on specified days. St. Paul, Ramsey County, and the St. Paul school district have had authority to

hold a joint hearing. A few jurisdictions requested special legislation in 2005 to allow joint hearings and two groups of political subdivisions were granted this authority. They are:

- Aitkin County, the city of Aitkin, and Independent School District No. 1; and
- Nobles County, the city of Worthington, and Independent School District No. 518.

The joint hearings must be held on the second Tuesday of December.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, §§ 23, 24, amending Minn. Stat. § 275.065, by adding subs. 9, 10, effective beginning with hearings conducted in 2005 and thereafter.*

**Border Cities  
Development Zone  
Property Tax  
Reimbursements**

The date by which a border city must certify the amount of its tax credit allocation that it wishes to use to reimburse the county and/or city for property tax reductions granted under the border city development zone program is delayed by one year, from October 1 of the assessment year to October 1 of the year in which taxes are payable. Since the payment is made December 26 of the year in which taxes are payable, the delay in certification ensures that the city has better information when making the certification.

*Ch. 151, art. 5, § 42, amending Minn. Stat. §469.1735, subd. 3, effective for reimbursement of taxes payable in 2005 and thereafter.*

**Timetable for State  
Demographer and  
Metropolitan  
Council Population  
and Household  
Estimates**

A new, consistent timetable is established for estimating and certifying annual population and household estimates calculated by the Metropolitan Council for local governments in the metropolitan area and the state demographer in the rest of the state.

For many years the demographic estimates made by the state demographer were subject to a schedule that allowed local governments to review and dispute the estimates prior to certification for state aid and other purposes; however no schedule was imposed on the estimates made by the Metropolitan Council. In 2004, White Bear Lake disputed the population estimate used to calculate its 2005 local government aid (LGA) amount. The challenge to the LGA calculation met the timeline for disputing errors in the LGA calculation methodology but it was unclear that a dispute of a population estimate met the definition of an error in calculation. To avoid this problem in the future, a new timetable was established for disputing all demographic estimates prior to their certification for use in the aid formula.

Now the state demographer and the Metropolitan Council must provide estimates of population, number of households, and average household size to all local governments by June 1 of each year. Each local

government has until June 24 to object in writing. By July 15, the state demographer and the Metropolitan Council will certify the estimates to be used in the aid calculations, even estimates still in dispute. Any changes made in estimates after July 15 will not be used in calculating aid until the next year.

*Ch. 151, art. 4, §§ 1, 3 to 6, 9 to 10, amending Minn. Stat. §§ 4A.02, 276A.01, subd. 7, 473F.02, subd. 7, 477A.011, subds. 3, 38, 477A.0124, subd. 2, adding Minn. Stat. § 473.24, effective June 3, 2005.*

### **Payment in Lieu of Taxes (PILT)**

Land utilization project (LUP) lands are lands leased by the state from the federal government pursuant to Title III of the Bankhead Jones Farm Tenant Act. LUP lands are located in Lake of the Woods, Beltrami, and Roseau counties. Previously, these lands were classified as “other natural resource lands” for purposes of state payments in lieu of taxes (PILT). They are now classified separately and the PILT on these lands will be increased from 37.5 cents per acre (adjusted for inflation) to 75 cents per acre (adjusted for inflation). The payments will continue to be distributed in the same manner as payments for “other natural resource land.”

*1<sup>st</sup> spec. sess., ch. 3, art. 1, §§ 31 to 35, amending Minn. Stat. §§ 477A.11, subd. 4, adding subd. 5, 477A.12, subds. 1, 2, and 477A.14, subd. 1, effective for aids payable in 2006 and thereafter.*

## **Sales Taxes**

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### **Regional Public Safety Radio Communications System**

**Phaseout of Metropolitan Radio Board.** The 2004 Legislature began the process of phasing out the Metropolitan Radio Board and implementing a statewide system consisting of the Statewide Radio Board and regional radio boards around the state. In 2005, the Metropolitan Council’s authority to sell 911 revenue bonds for phases two and three of the 800MHz public safety radio communications system is replaced with similar authority to the commissioner of finance. The amount of the bond authorization for the second phase (the metropolitan area) is reduced and the bond authorization for the third phase (the areas around Rochester and St. Cloud) is increased. The Metropolitan Radio Board is scheduled to sunset on July 1, 2006.

*Ch. 136, art. 10, §§ 17 to 21, adding Minn. Stat. § 403.275; amending Minn. Stats. §§ 403.27, subds. 1, 3, 403.30, subd. 1; repealing § 403.30, subd. 3, effective June 3, 2005; see also ch. 136, art. 1, § 9, subds. 7, 8, for appropriations.*

**Sales tax exemption.** The sales tax exemption for purchase of equipment for the system in the seven-county metropolitan area before August 31, 2005, has been expanded by adding areas that qualify for the

exemption and by eliminating the August 31, 2005 sunset date. The exemption, which is now permanent, applies to purchases of the first and second phase of the system, which includes the seven-county metropolitan area, and the portion of the third phase of the system located in the state patrol southeast district (Rochester area) and in the counties of Benton, Sherburne, Stearns, and Wright.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 12, amending Minn. Stat. § 297A.70, subd. 8, effective for sales after April 30, 2005.*

**Municipal Electrical  
Utilities,  
Construction Sales  
Tax Exemption**

Materials and supplies used in construction of electrical generation and related facilities, including equipment incorporated into the facility, pursuant to a joint powers agreement to meet the biomass energy mandate, are now exempt from sales tax if the owner is a municipal utility or a joint venture of municipal utilities. The tax must be paid at the time of purchase, and the owner must apply for a refund of the tax. This provision means that local governments will be able to get the exemption on “turnkey” projects. Previously, the municipality had to do a separate equipment contract in order to receive a sales tax exemption under the capital equipment exemption.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, §§ 16, 18 to 20, amending Minn. Stat. §§ 297A.71, by adding subd. 35, 297A.75, subds. 1, 2, 3, effective for sales after January 1, 2005.*

**Local Sales Taxes**

**Enforcement, collection, and administration.** The commissioner of revenue may bill a local government if the state is required to make refunds of local sales taxes after a tax has terminated and the amount of the refunds exceeds the amount of taxes held by the commissioner for the local jurisdiction. Without this provision, the commissioner would need to hold a larger amount of the final payment of local sales tax revenues to a local government in order to ensure coverage of any future refunds.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 22, amending Minn. Stat. § 297A.99, subd. 9, effective for all refunds made on or after July 14, 2005.*

**Notification of use tax.** All political subdivisions that impose a local sales and use tax must inform residents of the duty to pay the local use tax via their web page and annually through billings for utility services. Previously, no effort had been made to educate taxpayers about the local use tax that complements the local sales tax. This tax applies when a taxpayer in the taxing jurisdiction purchases taxable goods outside of the jurisdiction without paying the local sales tax.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 23, amending Minn. Stat. § 297A.99, by adding subd. 12a, effective January 1, 2006.*

**Authority for local sales taxes.** A local government may only impose a local sales tax if authorized under special legislation. Although, the



House omnibus tax bill proposed allowing general authority to impose a local sales tax under specific circumstances, this provision did not survive the conference committee. Instead, a number of existing local sales taxes were extended and modified and new authority was granted to five more cities. These provisions are listed in the section on Special Legislation under the separate cities.

## Cities

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### **Technical Correction to LGA City Aid Base**

Prior to 2004, about \$360 million of the city LGA appropriation was “city aid base”—guaranteed aid to each city primarily based on what it received in LGA in 1994. As part of the 2003 LGA reform, all but \$24 million of city aid base was eliminated as well as a low-income apartment aid scheduled to be rolled into the city aid base in 2004. Unfortunately, a drafting error left the law unclear regarding how to calculate “city aid base.” For aids payable in 2004 and 2005, the Department of Revenue, based on letters from the chairs of the House and Senate tax committees and agreement by the governor and various city groups, administered the law based on the legislative intent. The legislature attempted to retroactively fix the language in 2004, but the correction died when the tax bill failed to make it out of conference committee. The 2005 Legislature passed the technical fix retroactively to aids payable in 2004.

*Ch. 38, amending Minn. Stat. § 477A.011, subd. 36, effective retroactively beginning with aids payable in 2004.*

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

**Mechanism for transitioning from the small-city to the large-city need measure.** The LGA program uses different formulas to calculate per capita “need” for small cities (those with a population less than 2,500) and large cities (those with a population of 2,500 or more). The small-city need formula tends to be quite generous to cities with a population just under 2,500, and when those cities cross the 2,500 population threshold, the per capita need under the large-city formula tends to be much less than under the small-city formula. The result is usually a substantial loss in LGA when the city crosses the population threshold.

The new transition mechanism phases cities from the small-city need formula to the large-city formula over a five-year period. In the first year that a city’s population exceeds 2,500, 80 percent of its per capita need is determined by the small-city formula and 20 percent by the large-city formula. In the second year the percents are 60 percent and 40 percent respectively. The percent of need based on the large-city

formula increases by 20 percent each year until in the fifth year the city's need is based solely on the large-city formula.

The transition mechanism is effective for all cities that first crossed the 2,500 population threshold after 2002. The 2002 population estimates were used in calculating aids payable in 2005, the first year the new LGA formulas passed during the 2003 session took effect; four cities are currently affected—Wells, Crystal Lake, Rush City, and Cohasset. Osseo crossed the population threshold in the 2004 population estimate used in calculating pay 2006 aid.

*Ch. 151, art. 4, § 7, amending Minn. Stat. § 477A.011, subd. 34, effective beginning with aids payable in 2006.*

**Additional aid for small cities.** Beginning with aids payable in 2006, cities with a population less than 5,000 will get additional LGA equal to \$6 per capita. This extra payment is eliminated when a city reaches the 5,000-population threshold and begins to receive municipal street aid instead.

*1<sup>st</sup> spec. sess., ch. 3, art. 2, § 1, amending Minn. Stat. § 477A.011, subd. 36, effective beginning with aids payable in 2006.*

**Taconite cities.** The new LGA formula enacted in 2003 provided for an LGA offset for taconite aids paid to cities. Beginning with aids payable in 2006, this offset is eliminated for specific cities that are deemed to be “directly impacted by a taconite mine or plant.” The cities that will no longer be subject to the taconite aid offset are: Babbit, Eveleth, Hibbing, Keewatin, Mountain Iron, Silver Bay, and Virginia. All other cities that receive taconite aid will continue to be subject to the LGA offset.

*1<sup>st</sup> spec. sess., ch. 3, art. 2, § 2, amending Minn. Stat. § 477A.013, subd. 8, effective beginning with aids payable in 2006.*

**Appropriation increase.** The LGA appropriation is increased by \$48 million annually, from \$437,052,000 to \$485,052,000. It should be noted that the limits on maximum annual LGA increases allowed in any city in a given year were not adjusted for the additional appropriation. The result is some cities with large aid increases in 2006 due to the appropriation increase, will see reductions in the following year due to money shifting to cities that were subject to aid limits in 2006.

*1<sup>st</sup> spec. sess., ch. 3, art. 2, § 3, amending Minn. Stat. § 477A.03, subd. 2a, effective beginning with aids payable in 2006.*

## **City Market Value Credits**

As part of balancing the state budget in 2003, the legislature reduced the 2003 and 2004 market value credit payments to cities that receive no LGA. This was so they were treated equally with cities that had their

LGA payments cut during the same period. However, the cuts to LGA were permanent since the LGA appropriation was permanently reduced, while the market value credit cuts were for two years only. The market value credit reductions to cities are extended for another two years, for payments in 2005 and 2006.

*1<sup>st</sup> spec. sess., ch. 3, art. 2, § 5, effective for aids payable in 2005 and 2006.*

**Technical  
Corrections to 2004  
City and County  
Aid Reductions**

The statutory language for making cuts in 2004 city LGA and 2004 county program aid was somewhat ambiguous. The language was corrected, effective retroactively, to reflect the actual procedures used.

*Ch. 151, art. 4, §§ 13, 14, amending Laws 2003, 1<sup>st</sup> spec. sess., ch. 21, art. 5, § 13, and art. 6, § 9, effective for aids payable in 2004.*

**City Special Service  
Districts and  
Housing  
Improvement  
Districts**

Cities' authority to establish by ordinance new special service districts and housing improvement areas is extended to June 30, 2009. After that, a city must get special legislation to establish a new special service district or housing improvement area. In a special service district, a city may provide a higher level of services in parts of the city and fund those services with special assessments or service charges on nonresidential taxable properties. In a housing improvement area, a city may fund improvements to a multiunit housing development by issuing bonds and/or imposing charges on the development.

*Ch. 152, art. 1, §§ 10, 11, amending Minn. Stat. §§ 428A.101, 428A.21, effective June 3, 2005.*

**Special Assessments  
for Street or Road  
Improvements  
Outside of City**

A city may use the special assessment law to assess for streets and roads that it constructs outside of its jurisdiction, when the city later annexes the abutting property. To use this authority, the city must obtain the consent of the town and must notify the property owner when it orders the improvement (i.e., before it constructs the street or road). After it annexes the property, it must again provide the landowner notice and hearing before actually imposing the assessment on the annexed property.

*Ch. 152, art. 1, § 12, adding Minn. Stat. § 429.052, effective for street and road improvements first ordered after August 1, 2005.*

**City Council Vote  
on Proposed  
Charter  
Amendments**

A city council must hold a hearing on and vote on a charter amendment proposed by the charter commission. Under prior law, a city council was not required to do so, but could. This does not require the city council to enact the proposed charter amendment.

*Ch. 93, amending Minn. Stat. § 410.12, subd. 7, effective August 1, 2005.*

**Study of Collecting  
Delinquent Sewer  
and Water Charges**

A legislative working group is established to study issues relating to collection of delinquent water and sewer bills from owners, lessees, and occupants of rental property. The 11-member group includes representatives of cities, residential rental property owners, tenants, and legislators. The working group must report findings and recommendations to the legislature by January 15, 2006.

*Ch. 156, art. 2, § 49, effective July 1, 2005, and expires on the day following the date the working group submits its report.*

**Study,  
Biotechnology  
Piping Systems**

The commissioner of labor and industry will convene a working group to study procedures for supervising installation of biotechnology piping systems. Two members of the group must be city representatives who have experience with these systems. One city representative must be from a city of the first class and the other from a second-, third-, or fourth-class city. The group must report to the appropriate legislative committees by February 1, 2006.

*Ch. 96, effective August 1, 2005.*

**Study of Fees**

Home-rule and statutory cities are required to report to the commissioner of revenue by January 15, 2006, on the amount and type of fees imposed by the city, the amount and type of fee increases since January 1, 2003, revenues derived from each fee for the four most recent fiscal years, and the uses of fee revenues. This information will be part of a report on all fees imposed by state agencies, school districts, and cities.

*1<sup>st</sup> spec. sess., ch. 3, art. 11, § 7, subd. 3, effective August 1, 2005.*

## **Counties**

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**County Capital  
Improvement  
Program**

Counties may issue general obligation bonds, subject to reverse referendum, to finance specified capital improvement projects if the county has a capital improvement plan. The 2005 Legislature clarified that the capital improvement plan is not effective until approved by the county board. The legislature also eliminated the requirement that the plan be approved by the commissioner of employment and economic development.

*1<sup>st</sup> spec. sess., ch. 1, art. 4, §§ 101, 102, amending Minn. Stat. §§ 373.40, subds. 1, 3, effective July 1, 2005.*

Also, the law clarified that county CIP bonds can be used to acquire conservation easements, but not better them. (It is unclear how a conservation easement could be “improved” with a betterment.)

*Ch. 152, art. 1, § 7, amending Minn. Stat. § 373.40, subd. 1, effective June 2, 2005.*

**Electronic  
Reporting of  
Homestead Parcels**

Beginning April 30, 2007, counties must report electronically the following items for each parcel of homestead property:

- Property ID number
- Name and Social Security number of owner and spouse
- Property classification for the current year and prior year
- Whether it was homesteaded by a relative of the current owner
- The property taxes for the current year and prior year
- Market value of any improvements first assessed in the current year
- Assessor's estimated market value for the current year and prior year
- The taxable market value for the current and prior year
- Whether there are delinquent taxes owed on property
- The unique taxing jurisdiction in which the property is located
- Any other information the commissioner of revenue decides is necessary

The information is to be used to detect improper homestead claims.

*Ch. 151, art. 5, § 20, amending Minn. Stat. § 273.124, subd. 13, effective July 1, 2005.*

**Dates for Certifying  
Levies and Tax  
Rates**

A county auditor must certify a local levy and tax rate to the auditors in other counties in which a taxing jurisdiction crosses county lines by October 5, instead of September 20. This change was necessary because school districts do not have to certify their levy to the county auditor until September 30.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 21, amending Minn. Stat. § 275.065, subd. 1a, effective July 14, 2005.*

**County Board of  
Equalization  
Meetings**

County boards of equalization may meet on any ten consecutive days in June, rather than only during the last ten days. The actual meeting dates must be listed on the valuation notices as provided by other provisions in law. "Meeting day" is clarified to exclude Saturdays and Sundays.

*Ch. 151, art. 5, § 27, amending Minn. Stat. § 274.14, effective June 3, 2005.*

**Prohibited  
Purchases of Tax-  
Forfeited Property  
Clarification**

The prohibition against county auditors, treasurers, attorneys, court administrators, assessors, and other county employees purchasing or having someone purchase on their behalf tax-forfeited land was clarified to apply only to tax-forfeited land in the county for which the specified officeholders perform duties. People prohibited from purchasing property must not have another person purchase it on their behalf for their benefit or gain, directly or indirectly.

*Ch. 151, art. 5, § 31, amending Minn. Stat. § 282.016, effective June 3, 2005.*

**County Economic  
Development  
Agencies**

**Metropolitan counties.** Metropolitan-area counties may now form county economic development authorities or grant a county housing and redevelopment authority EDA powers. This does not apply to Dakota, Scott, and Carver counties, which operate under previously enacted special laws.

*1<sup>st</sup> spec. sess., ch. 1, art. 4, § 106, amending Minn. Stat. § 469.1082, subd. 1, effective July 1, 2005.*

**Nine-member boards.** Counties may now establish a nine member county EDA board. At least two members must be county commissioners. Board members serve for six-year terms. Previously, county EDA boards could only consist of three, five, or seven members.

*1<sup>st</sup> spec. sess., ch. 3, art. 7, § 10, amending Minn. Stat. § 469.1082, adding subd. 8, effective August 1, 2005.*

**Location of County  
Board Meetings**

A county board may meet at locations within the county other than at the county seat (but the first meeting of the year still must be in the county seat).

*Ch. 42, amending Minn. Stat. § 375.07, effective August 1, 2005.*

**Weed Control;  
Delegation of  
Appeal Committee  
Duties**

A county board may delegate to the county board of adjustment the duties of the appeal committee under the law relating to control and eradication of noxious weeds.

*Ch. 49, amending Minn. Stat. § 18.83, subd. 3, effective May 11, 2005.*

**County Approval of  
DNR Acquisition of  
Scientific and  
Natural Areas  
(SNAs)**

To acquire land for designation as SNAs, the commissioner of natural resources must comply with the same county review and approval procedures that apply to acquisition of wetlands for wildlife.

*Ch. 161, §§ 1, 26, amending Minn. Stat. § 84.033, by adding subd. 3, repealing subd. 2, effective June 4, 2005.*

**Real Estate  
Recording and  
Filing Statutes  
Updated**

The Minnesota County Recorders Association's legislative committee, along with the Minnesota Real Estate Services Association and the Minnesota Land Title Association, prepared this legislation to update the statutes that relate to real estate filing and recording to more accurately reflect the process that currently takes place. Most of the act clarifies that documents are recorded, not filed, with the county recorder or registrar of titles. It also makes clear in a few sections that plats are filed. In addition, the act:

- updates the requirements for county support of the office to include technology;
- establishes requirements for the content of grantor/grantee indexes regardless of the format maintained;
- requires a tract index be maintained and allows for use of electronic media;
- allows for manual or electronic means of maintaining a grantor/grantee index;
- allows for the use of electronic media in record keeping methods;
- allows actions relating to abstracts of titles to be done in a "reasonable time" rather than the currently specified ten days;
- provides that a document to be recorded must be legible;
- provides technical clarifications related to Torrens property; and
- repeals obsolete language.

*Ch. 4, amending various sections of Minnesota Statutes, repealing Minn. Stat. §§ 386.183, 386.34, 386.53, 580.16, effective August 1, 2005.*

**Real Estate  
Recording and  
Registration Fees**

Fees charged by counties for recording and registration of real estate are modified to set flat, uniform statewide rates. The portion of recording fees required to be contributed to the technology fund is increased. The technology fund is used to obtain, maintain, and update technology and equipment for recording services.

*Ch. 136, art. 14, §§ 6 to 11; amending Minn. Stat. §§ 357.18, 505.08, subd. 2, 508.82, 508A.82, 515B.1-116; adding 357.182; effective July 1, 2005. See also 1<sup>st</sup> spec. sess., ch. 7, §§ 12 to 15.*

**Filing or Recording  
Certificates  
Establishing  
Markers for  
Surveys**

Land surveyors must file or record within one year certificates that establish the location of corner markers and other monuments and markers that are the key to surveys.

*Ch. 99, amending Minn. Stat. §§ 160.15, subd. 4, 381.12, subds. 1, 3, effective August 1, 2005, and applies to markers and monuments placed on or after August 1, 2005.*

If a county closes a full-time county surveyor office in a county building, the county must transfer to the county recorder for recording all certificates of location of corners filed with the surveyor's office.

*Ch. 99, amending Minn. Stat. § 389.03, effective August 1, 2005.*

**County Forest  
Roads, Recording**

A county may record the adopted map of county forest roads as prescriptive easements under the same terms as authorized for state forest roads under Minnesota Statutes, section 89.715 (new in 2005). This includes public notice and hearing on the proposed map and a process for appeals. A "county forest road" is a road that provides public access to and management of tax-forfeited lands that have been classified as conservation lands. The legal status of a road not shown on the recorded map is not affected.

*Ch. 101, § 2, adding Minn. Stat. § 282.041, effective August 1, 2005.*

**Electronic Real  
Estate Recording**

A county that participated in the electronic recording pilot project may continue to record or file documents electronically if it complies with task force standards and uses validated software.

A county that did not participate in the pilot project may record or file a real estate document electronically, if the document to be recorded or filed is of a type included in the pilot project, the county complies with the task force standards and uses validated software, and the new task force votes to accept a written certification by the county board and county recorder that the county is using validated software.

*Ch. 156, art. 2, §§ 40, 42, amending Minn. Stat. §§ 507.093, 507.24, subd. 2, effective June 4, 2005.*

A 17-member task force on electronic real estate recording is created to continue the work of the prior group. The secretary of state is the task force chair. Other members represent counties and real estate business. Among other duties, the task force must 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.

*Ch. 156, art. 2, § 41, adding Minn. Stat. § 507.094, effective July 1, 2005 and expires*



*June 30, 2008.*

**Leases for Biomass  
Production or Sale**

A county may grant leases for up to 25 years for production or removal of farm-grown closed-loop biomass or short-rotation woody crops grown on tax-forfeited lands, without first offering the leases at public sale. Counties have the same authority with regard to peat.

*1<sup>st</sup> spec. sess., ch. 1, art. 2, § 141, amending Minn. Stat. § 282.04, subd. 1, effective July 1, 2005.*

**County  
Environmental  
Trust Fund**

A 1998 law authorized counties to sell land acquired by exchange of county land for certain lakeshore lots in the county leased by the state. Proceeds of a sale must be deposited in a county environmental trust fund. A county now has some flexibility in depositing or investing its environmental trust fund money. As before, it may deposit it as provided in general law. Now it may also enter into an agreement with the State Board of Investment to invest all or part of the money on behalf of the county in investment such as stocks and bonds but not venture capital, real estate, resource investments, or international securities. In addition, if the proceeds of the sale of tax-forfeited land in a county are \$250,000 or more, the county may spend up to 5.5 percent of the market value of the fund to improve natural resources in the county. Under prior law, if the proceeds exceeded \$250,000, the county could spend only interest earnings. This change recognizes that with broader investment authority, there may be investment earnings other than just “interest.” This change is similar to a change that was made in the constitutional provision governing the state environment and natural resources trust fund (Minn. Const. art. XI, sec. 14).

*1<sup>st</sup> spec. sess., ch. 1, art. 2, § 149, amending Laws 1998, ch. 389, art. 16, § 31, subd. 4, as amended, effective July 1, 2005.*

**Town Road Signs**

Counties may use a part of their county state-aid funds to aid towns in replacing town road signs, without subsequent reduction in money needs.

*1<sup>st</sup> spec. sess., ch. 6, art. 3, § 12, amending Minn. Stat. § 168.08, subd. 3, effective July 15, 2005.*

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## **Towns**

**Capital  
Improvement  
Program (CIP)  
Bonds**

Urban towns are now included in the city CIP bond program. (An urban town—sometimes called metropolitan area town—is defined as (1) a town with platted portions where 1,200 or more people reside, (2) a town with a platted area within 20 miles of the city hall of a first-class city with over 200,000 population, or (3) a town with a population of

1,000 or more that elects to exercise the powers of an urban town.) In addition, CIP bonds now may be used for town halls and libraries.

CIP bonds issued by cities and towns with populations of less than 2,500 are exempt from the net debt limits.

The limit on CIP bonds is now set at 0.16 percent of the taxable market value of the issuing city or town. Prior law (as a result of a drafting error in 2003) tied it to the market value of the county, not the city that is issuing the bonds. There now is also a mechanism for allocating the limit among municipalities for jointly shared projects in proportion to their contributions to financing the facility.

*Ch. 152, art. 1, §§ 27 to 30, amending Minn. Stat. § 475.521, subd. 1, 2, 3, 4, effective June 3, 2005.*

**Revenue Definition Clarified**

“Total revenue” for town spending purposes is now defined as property taxes payable in that year as well as revenue from other sources and amounts carried forward from previous years. A town must not spend more than its total revenue without a vote by the electors. Prior law referred only to property taxes levied. This clarification in the law is in response to a request for clarification of a town’s spending authority by the Minnesota Association of Townships and a letter from the state auditor endorsing the need for this clarification.

A town may impose a tax as authorized by other laws in addition to those voted on at the annual town meeting (e.g., subordinate service districts, special assessments, etc.).

*Ch. 151, art. 3, §§ 14, 15, amending Minn. Stat. §§ 365.43, subd. 1, 365.431, effective June 3, 2005.*

**Collection of Unpaid Charges for Emergency Services**

A town that has not been paid for an emergency service it provided may collect the unpaid amount as a charge against any real property in the state owned by the person served, not only on property within the town. The town may certify the amount due to the county auditor of the county in which the recipient owns real property. The charges are then collected along with the property taxes levied against the property, and the county auditor will remit the amount to the appropriate town. If the charges are not paid, they become a lien on the property.

A city may use this same authority after adopting an ordinance authorizing the manner and amount of charging for the specific services. Minn. Stat. § 415.01.

*Ch. 151, art. 3, §§ 16, 17, amending Minn. Stat. §§ 365.011, 365.012, effective June 3, 2005.*

**Special Assessments  
for Street or Road  
Improvements  
Outside of City**

A city may use the special assessment law to assess for streets and roads that it constructs outside of its jurisdiction, when the city later annexes the abutting property. To use this authority, the city must obtain the consent of the town and must notify the property owner when it orders the improvement (i.e., before it constructs the street or road). After it annexes the property, it must again provide the landowner notice and hearing before actually imposing the assessment on the annexed property.

*Ch. 152, art. 1, § 12, adding Minn. Stat. § 429.052, effective for street and road improvements first ordered after August 1, 2005.*

**Town Road Signs**

Counties may use a part of their county state-aid funds to aid towns in replacing town road signs, without subsequent reduction in money needs.

*1<sup>st</sup> spec. sess., ch. 6, art. 3, § 12, amending Minn. Stat. § 168.08, subd. 3, effective July 15, 2005.*

MnDOT must develop and implement a town road sign replacement program. Standards for sign removal, replacement, and installation must conform to applicable federal, state, and local standards. Provides for local government participation. Effective when state or federal funds are appropriated for the program.

*1<sup>st</sup> spec. sess., ch. 6, art. 3, § 89, effective July 15, 2005.*

## **Development Authorities and Special Districts**

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**Housing and  
Redevelopment  
Authorities (HRA)**

**Federally subsidized transit facilities, bidding exception.** In 2004, the governor vetoed legislation sought by Minneapolis that would have provided an exception to the requirement that a housing and redevelopment authority (HRA) use an open and competitive bidding process for construction of a transit facility if at least 60 percent of the construction costs are federally financed and other conditions are met.

This year, the legislation was more narrowly written. An HRA does not need to use the competitive bidding process for a facility that is: (1) built to facilitate operation of public transit or encourage its use, (2) constructed in conjunction with and directly above or below a development, and (3) financed with proceeds of parking ramp general obligation or revenue bonds or with at least 60 percent of the construction costs financed with federal funds. This authority expires August 1, 2009.

*Ch.152, art. 1, § 14, amending Minn. Stat. § 469.015, subd. 4, effective June 3, 2005.*

**General obligation bond projects.** HRA revenue bonds may have a maximum maturity of 35 years for housing for the elderly and 40 years for other obligations. Prior law allowed a maximum maturity of 30 years from the estimated completion date of the project (rather than issuance of the bonds).

In addition, the new law expands the definition of “qualified housing development project,” which is a permitted use of HRA general obligation bonds. Under prior law, the HRA itself had to be the owner of the project for the term of the bonds. With the expanded definition, the project may be owned by a limited partnership or other entity (e.g., a limited liability company). To qualify, the entity must (1) have the HRA (or another entity under the control of the HRA) as its sole general partner, and (2) have (or likely receive) an allocation of both tax-exempt bonding and federal low-income housing tax credits.

This modification will allow outside investors to become limited partners in the project and to qualify for the federal low-income housing tax credit.

*Ch. 152, art. 1, § 15, amending Minn. Stat. § 469.034, subd. 2, effective June 3, 2005.*

**Levy limits.** The levy limits for HRAs must be calculated based on the taxable market value for the current assessment year instead of the previous assessment year.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 28, amending Minn. Stat. § 469.033, subd. 6, effective for property taxes payable in 2006 and thereafter.*

### **Watershed Districts**

The compensation for watershed district managers is increased from a maximum of \$55 per day to \$75.

*Ch. 103, amending Minn. Stat. § 103D.315, subd. 8, effective August 1, 2005.*

### **Iron Range Resources and Rehabilitation Board (IRRRB)**

The IRRRB must approve economic development projects funded with the taconite environmental protection fund.

*Ch. 152, art. 1, § 4, amending Minn. Stat. § 298.223, subd. 1, effective June 3, 2005.*

The commissioner of Iron Range Resources and Rehabilitation may issue \$15 million of revenue bonds to make grants to Iron Range school districts for health, safety, and maintenance improvements. To receive a grant, the school district must levy the maximum amount permitted by law. The money to pay these bonds is appropriated in equal amounts from the taconite environmental trust fund and the Douglas J. Johnson economic protection trust fund. (If the economic protection fund distributions are insufficient, the balance is taken from the

environmental fund.) The IRRRB is treated as a “district” for purposes of the school district finance laws.

*Ch. 152, art. 1, § 39, effective June 3, 2005.*

The IRRRB may offer a targeted early separation program for IRRRB employees who are at least 60 years old and have at least five years of Minnesota State Retirement System (MSRS) service credit or have at least 30 years of MSRS service credit. The incentive program may include cash, insurance, or both. The incentive program is not an unfair labor practice.

*Ch. 156, art. 2, §§ 34, 35, adding Minn. Stat. §§ 298.215, 298.216, effective June 4, 2005, and expires June 30, 2006.*

The commissioner of Iron Range Resources and Rehabilitation cannot sell or privatize Ironworld Discovery Center or Giants Ridge Golf and Ski Resort without prior approval by a majority vote of the IRRRB.

*1<sup>st</sup> spec. sess., ch. 1, art. 4, § 88, amending Minn. Stat. § 298.22 by adding subd. 9, effective July 1, 2005.*

A grant and loan fund is established in the taconite environmental fund. In 2005, the fund is for the city of Virginia’s steam heating system. In 2006, the fund is for the cities of Hibbing and Virginia public utilities commissions’ biomass electrical generation plants. In 2007, the fund is for the city of Tower for the East Two Rivers project. In 2008 and after, the board may distribute money in the fund to joint ventures with mining companies for land reclamation for other uses. The grant and loan fund will be funded by a five-cent per ton taconite tax and an amount equal to the increase in tax proceeds due to the increase in the implicit price deflator.

*1<sup>st</sup> spec. sess., ch. 1, art. 4, §§ 89, 90, 91, amending Minn. Stat. §§ 298.28 by adding subs. 9b, 10, effective for distributions in 2005 and subsequent years, and § 298.2961, by adding subd. 4, effective July 1, 2005.*

### **Soil and Water Conservation Districts, Joint Powers Boards**

The Board of Water and Soil Resources must establish a beaver damage control grant program to make grants to joint powers boards, soil and water conservation districts, and Indian tribal governments. The grants are for up to 50 percent of the costs of a beaver damage control program. The grant program was established with a one-time \$100,000 appropriation.

*1<sup>st</sup> spec. sess., ch. 1, art. 2, §§ 5, 120, adding Minn. Stat. § 103F.950, effective July 1, 2005.*

### **Sanitary Districts**

A sanitary district may exercise the authorities and duties of a county to establish a solid waste management program, inspect mixed municipal

solid waste facilities, and develop resource recovery systems.

*1<sup>st</sup> spec. sess., ch. 1, art. 2, § 130, amending Minn. Stat. § 115A.554, effective July 1, 2005.*

**Park Districts**

A park district superintendent's term may be for up to five years, increased from two years.

*Ch. 82, § 10, amending Minn. Stat. § 398.10, effective August 1, 2005.*

**Emergency Medical  
Services Special  
Taxing District**

The sunset date for establishing new emergency medical services (EMS) special taxing districts was extended by two years, from taxes payable in 2008 to taxes payable in 2010. (Once a district is established, it can continue to levy after the sunset date.) EMS taxing districts largely support volunteer ambulance providers and other emergency responders in rural Minnesota. This new type of special taxing district was authorized by the 2001 Legislature.

*Ch. 151, art. 3, § 19, amending Laws 2001, 1<sup>st</sup> spec. sess., ch. 5, art. 3, § 8, effective June 3, 2005.*

**Port Authority  
Commissioners' Pay**

Compensation for port authority commissioners is now as provided in Minnesota Statutes, section 15.0575, subdivision 3 (\$55 per diem plus expenses, but not for public employees performing duties during work time for which they are already compensated). Previously it was fixed at \$35 per meeting, plus expenses.

*1<sup>st</sup> spec. sess., ch. 1, art. 4, § 105, amending Minn. Stat. § 469.050, subd. 5, effective July 1, 2005.*

**Metropolitan  
County Regional  
Railroad Authorities**

Any metropolitan county (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington counties) that levies for its regional rail authority must list the amount of the regional rail authority levy separately from the county levy on the property tax statement.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 26, amending Minn. Stat. § 276.04, subd. 2, effective for property taxes payable in 2006 and thereafter.*

## **Special Legislation**

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**Aitkin County and  
the City of Aitkin**

Beginning with the truth-in-taxation hearings conducted in 2005, Aitkin County, the city of Aitkin, and Independent School District No. 1 may hold a joint hearing on the second Tuesday of December. Normally, each political subdivision must hold a separate hearing.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 23, amending Minn. Stat. § 275.065, by adding subd. 9, effective beginning with hearings conducted in 2005 and thereafter.*

**Albert Lea**

The city of Albert Lea may impose a sales and use tax of one-half of 1 percent if approved by the city voters at the next general election. The tax revenues must be used to pay for lake improvement projects. The tax terminates ten years after imposition or when the revenues meet or exceed the sum of \$15 million, whichever is earlier. The city may submit the issue to the voters for approval at a special election on November 8, 2005.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 38, effective upon local approval; 1<sup>st</sup> spec. sess., ch. 7, § 41.*

**Alexandria**

The city of Alexandria may enter into joint venture agreements with the Runestone Electric Association and two other named entities to provide certain telecommunications and information services (local service or interexchange service under chapter 237).

*Ch. 97, art. 16, amending Laws 2002, ch. 329, § 5, effective upon local approval.*

**Anoka County**

**Codification of special laws.** The revisor of statutes is directed to put into the statutes the special laws that have been enacted over the years for Anoka County. The law also repeals obsolete special laws for Anoka County.

Other counties that have had their special laws codified are Ramsey, Hennepin, St. Louis, and Dakota.

*Ch. 28, effective April 27, 2005.*

**Aid corrections related to the state takeover of certain court costs.** Beginning with aids payable in 2006, an additional \$132,923 is added to the county program aid appropriation. Beginning in fiscal year 2006, the district court general fund budget is reduced by \$132,923, as part of an agreement between the state court system and Anoka and Washington counties. The counties and the court disputed who would pay certain post-retirement health insurance costs for court employees. Under the agreement, these costs will continue to be paid by the counties after the state takeover and the aid reduction related to the takeover is reduced. Anoka County will annually receive \$73,259 of the increased county program aid appropriation and Washington County will receive \$59,664. The court aid that each of these counties will receive in 2005 for the six months of costs prior to the state takeover that occurs July 1, 2005, will also be increased by an amount equal to one-half of the permanent annual increase starting in 2006.

*Ch. 151, art. 4, §§ 11, 12, amending Minn. Stat. §§ 477A.0124, subd. 4, 477A.03, subd. 2b, effective beginning with aids payable in 2006; ch. 151, art. 4, § 15, effective for aids payable in 2005 only; ch. 151, art. 4, § 16, effective June 3, 2005.*

**Bemidji**

The city of Bemidji may extend the duration of a tax abatement for the fairgrounds district of the city by four years.

*Ch. 152, art. 1, § 35, effective June 3, 2005.*

**Local sales tax.** The city of Bemidji may impose a local sales and use tax of one-half of 1 percent, based on voter approval at the 2002 general election. The revenues are for capital costs related to parks and trails included in the city's 2001 parks, open space, and trails system plan. The city may issue \$9.28 million in bonds for these projects.

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

**Biwabik**

The town of White may pledge its general obligation to pay for local improvements located within an area of the town that was annexed by the city of Biwabik under legislation passed in 2003. These obligations must also be secured by special assessments on the properties. The obligations are exempt from the net debt limitations of the both the city and the town.

*Ch. 152, art. 1, § 36, effective upon local approval by the town of White and the city of Biwabik.*

**Bloomington**

From 1988 to 1999, Bloomington "borrowed" revenues from the fiscal disparities pool to make interest payments on bonds sold for highway improvements related to the Mall of America development. Under current law, Bloomington is required to repay the "loan" through a supplemental contribution to the fiscal disparities pool each year from property taxes payable in 2006 through 2015. The start of the repayment obligation is delayed by three years to taxes payable in 2009 through 2018.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 30, amending Minn. Stat. § 473F.08, subd. 3a, effective July 14, 2005.*

**Brooklyn Center**

The city of Brooklyn Center may extend the time to comply with the five-year rule to 13 years for its TIF district No. 3. The five-year rule requires the development authority to complete the district's development activities within five years after approval of the TIF plan. The 1997 Legislature extended the five-year rule for this district to ten years. Laws 1997, ch. 231, art. 10, § 14. This period expired in December 2004. The city now has until 2007 to comply.

*Ch 152, art. 2, § 22, effective upon local approval.*

**Brooklyn Park**

A TIF district in Brooklyn Park is extended by one year. The city and county may prepare a plan for submission to the 2006 Legislature for a longer extension. This plan must specify the planned uses of the



increment generated by a longer extension.

*Ch. 152, art. 2, §§ 29, 31, repealing Laws 1994, ch. 587, art. 9, § 20, subd. 4, effective upon local approval by the city, county, and school district (although not specified, the usual local approval processes for duration extensions under Minn. Stat. §§ 469.1782, subd. 2, and 645.021 apply).*

**Chatfield**

The city of Chatfield does not have to pay the sales and use tax for materials and supplies used in constructing its wastewater treatment facility.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 17, amending Minn. Stat. § 297A.71, by adding subd. 71, effective for purchases made after July 31, 2005, and before December 31, 2007.*

**Cologne**

Generally, under state law, wetlands cannot be wholly or partially drained or filled, unless replaced by restoring or creating wetland areas of at least equal public value under a replacement plan. There are certain exceptions and one is for necessary road design and safety improvements. This new law applies this exception to Cologne's trail project, connecting the city's old downtown with its northern expansion via a trail between Benton Lake and State Highway 284.

*Ch. 143, effective Aug. 1, 2005.*

**Crow Wing County**

Crow Wing County may grant special powers to a sewer district created under Minnesota Statutes, chapter 116A. These powers include the authority to enter premises and inspect individual sewage treatment systems, include noncontiguous areas in the sewer district, exercise the county's powers under Minnesota Statutes, chapter 115 (administrative and enforcement obligations with regard to individual sewer systems), and modify individual sewage treatment systems to provide reasonable access for inspection and maintenance. The sewer district can exercise these powers without approval of the county board or a district court order, as is required in some instances under chapter 116A. If the county exercises these powers, it must report by January 15, 2009, to the Senate and House committees with jurisdiction over environmental policy and taxes on the establishment and operation of the district.

*Ch. 152, art. 1, § 40, effective upon local approval.*

**Dakota Regional  
Railroad Authority**

The Dakota County Regional Railroad Authority may exercise the powers of a regional railroad authority to plan, establish, acquire, develop, construct, purchase, enlarge, extend, improve, maintain, equip, operate, regulate, and protect a bus rapid transit system located within the Cedar Avenue transit corridor within Dakota County. It also may levy for the bus rapid transit system to the extent its levy authority is not needed for railroad purposes.

*1<sup>st</sup> spec. sess., ch. 6, art. 3, § 90, effective July 15, 2005; 1<sup>st</sup> spec. sess., ch. 3, art. 1, §*

*39, effective July 14, 2005.*

**Duluth**

On agreement of the Fond du Lac Band of Lake Superior Chippewa and the city of Duluth, the city must name and dedicate the cemetery that is on land leased to the band by the city as “Roussain Cemetery.” After consulting with the Fond du Lac Band, the city must adopt a suitable marking design to memorialize the cemetery and erect the appropriate signs or memorials on assurance of the availability of noncity funds sufficient to pay all costs related to designing, erecting, and preserving the signs or memorials.

*1<sup>st</sup> spec. sess., ch. 6, art. 3, § 99, effective upon local approval.*

**Fairmont**

The city of Fairmont, Martin County, and Independent School District No. 2752 may abate the taxes on the original tax capacity of TIF district No. 20 in Fairmont. This will permit the city to reimburse the developer for TIF that he expected to receive because the county represented that exempt property (a U.S. post office) would be included in the TIF district with an original value of zero. The abatement may benefit a local elected official if the official discloses his interest and potential benefit and abstains from voting on the abatement.

*Ch. 152, art. 2, § 23, effective June 3, 2005.*

**Fergus Falls**

The city of Fergus Falls may hold property for resale for economic development purposes for up to 15 years, instead of only eight years. Under Minnesota Statutes, section 272.02, subdivision 39, only cities in greater Minnesota with a population of under 5,000, may keep economic development property for up to 15 years. Fergus Falls has a population of over 13,000.

*Ch. 152, art. 2, § 30, effective for taxes levied in 2005, payable in 2006 and after.*

**Fridley**

A city may increase its levy above any charter or local ordinance limits to compensate for lost LGA. (Although worded as general law, this applies to Fridley.)

*Ch. 152, art. 1, § 32, amending Minn. Stat. § 477A.013, by adding subd. 10, effective for taxes payable in 2006 and after.*

**Hennepin County**

**Election law.** The legislature made technical changes to the law that regulates campaign finance issues in Hennepin County elections. First, the law now specifies the elections that are covered by the Hennepin County campaign finance law—Minneapolis, Bloomington, Minneapolis school district, countywide ballot issues, and county offices.

*Ch. 11, amending Minn. Stat. §§ 383B.042, subds. 13, 14, 16, 383B.046, 383B.047, 383B.048, 383B.049, 383B.05, 383B.053, subd. 1, effective August 1, 2005.*

**Hennepin County Medical Center/Hennepin HealthCare System.** Hennepin Healthcare System (HHS) is created as a public corporation and subsidiary of Hennepin County to takeover the operation and management of Hennepin County Medical Center. Two county commissioners will serve on the corporation's board, and the county reserves powers over the corporation related to its mission, budget, ability to incur debt, governance, and care for the indigent. The act addresses labor and employment conditions, data practices, open meeting law, and other governance issues.

*Ch. 125, adding Minn. Stat. §§ 179A.40, 383B.901 to 383B.928; amending Minn. Stat. §§ 179A.03, subs. 7, 14, 15, 179A.06, subd. 2, 353.01, subs. 2b, 2d, 6, 353.64, subd. 10, 353E.02, subd. 2a, 383B.117, subd. 2, 383B.217, subd. 7, 383B.46; repealing Minn. Stat. § 383B.217, subs. 1 to 6, 8, effective after local approval, with exceptions; see also corrections made 1<sup>st</sup> spec. sess., ch. 7, §§ 31 to 34, amending ch. 125, art. 1, §§ 13, 16, 29, art. 2, § 7.*

**Hennepin County regional park name updated to Three Rivers Park District.** The name in statute is updated from "Hennepin County Park Reserve District" or "Suburban Hennepin Regional Park District" to "Three Rivers Park District," the current name of the park district. A park district superintendent's term may be for up to five years, increased from two years.

*Ch. 82, amending Minn. Stat. §§ 383B.68, subs. 1, 2, 4, 383B.70, 383B.702, 383B.703, 383B.71, 383B.72, 383B.73, subd. 1, 398.10, 473.351, subd. 1, 609.531, subd. 1, effective August 1, 2005.*

**Gift ban.** The Hennepin County gift ban law is modified to conform to the other gift ban law changes made this year, which allow gifts costing \$5 or less.

*Ch. 156, art. 6, § 64, amending Minn. Stat. § 383B.151, effective July 1, 2005.*

## **Hubbard County**

Hubbard County may impose a local lodging tax of up to 3 percent in all towns and unorganized territories in the county (towns are prohibited from imposing a separate tax). Imposition of the tax is subject to notice and reverse referendum requirements and other requirements of the general lodging tax authority in Minnesota Statutes, section 469.190, subdivisions 2, 3, 5, 6, and 7. This is similar to authority already granted to Itasca County.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 40, effective upon local approval.*

## **Lac qui Parle County**

Under general law in chapter 375A, a county may combine the offices of auditor and treasurer and make the offices of recorder and auditor-treasurer appointive if approved by a referendum. This act allows Lac qui Parle County to combine the offices of auditor and treasurer and make the offices of auditor-treasurer and recorder appointed positions,

subject to a four-fifths vote of the county board and reverse referendum. It also provides for current officeholders to complete the terms to which they were elected before the office is changed to appointed.

*Ch. 75, § 2, effective upon local approval.*

**Lakes Area  
Economic  
Development  
Authority**

The Lakes Area Economic Development Authority (EDA), originally established in 2003 by special legislation, now is established as a special taxing district, which may adopt its own levy and certify the levy to the county auditor. Under prior law each member, at the request of the Lakes Area EDA, levied a tax for the benefit of the EDA. Members of the Lakes Area EDA are cities and towns in Douglas County, including the cities of Alexandria and Garfield, and the towns of Alexandria and LaGrand. There is no change in the total amount that can be levied for the Lakes Area EDA. The tax levied under this law must be separately stated on the property tax statement.

*Ch. 152, art. 1, § 34, amending Laws 2003, ch. 127, art. 12, § 38, effective beginning with taxes levied in 2005, payable in 2006.*

**Lakeview Cemetery  
Association**

The cities of Coleraine and Bovey, and all towns that are part of the Lakeview cemetery association, which is operated by the town of Iron Range, may increase their levy and cemetery appropriation from \$15,000 to \$25,000 annually.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, § 36, amending Laws 1994, ch. 587, art. 9, § 8, subd. 1, effective for taxes levied in 2005, payable in 2006 and thereafter.*

**Mankato**

The Mankato sales tax is extended to at least December 31, 2015; without this extension, the tax would have expired in 2005 or 2006. Originally Mankato was allowed to raise \$25 million for capital and operating costs of its sports arena and an additional \$4 million for its airport and related facilities. The revenue collected from this tax was near this total amount but the city still owed a substantial amount on the construction bonds. In addition, the city desired to continue funding some arena operations from this source.

The provision allows the city to continue to spend up to \$1.5 million annually for arena operations through 2015, provided the voters at an election in 2006 approve it and that the revenues are sufficient after bond obligations are met. The tax expires December 31, 2015, unless there are bonds still outstanding, in which case the tax is extended until December 31, 2018. All revenues collected after 2015 must be used to pay off the bonds.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, §§ 24, 25, amending Laws 1991, ch. 291, art. 8, § 27, subd. 4, adding subd. 3a, effective upon local approval.*

## Minneapolis

**Grand Rounds.** In 2004, the legislature enacted temporary legislation providing that Columbia Parkway, Ridgeway Parkway, and Stinson Boulevard, all in Minneapolis and part of the Grand Rounds National Scenic Byway, are to be considered included in the metropolitan regional recreation open space system. This means the Minneapolis Park Board may use regional funding it receives for operations and maintenance on these parkways. That law expires August 1, 2007. The 2005 bonding bill included the same provision but without an expiration date.

*Ch. 20, art. 1, § 19, subd. 6, effective April 12, 2005.*

**TIF, Sears site redevelopment.** Under the 1998 law that authorized this project, the duration of the redevelopment district in the city of Minneapolis for the Sears store redevelopment on Lake Street was limited to 18 years from the date of receipt by the authority of the first increment generated from the final phase of redevelopment in the district, subject to an additional limitation of 30 years from approval of the tax increment plan. The 2005 Legislature eliminated the limitation relating to 18 years from the date of receipt of the first increment from the final phase of redevelopment. The 30-year overall limit remains in effect.

*Ch. 152, art. 2, § 21, amending Laws 1998, ch. 389, art. 11, § 19, subd. 3, effective upon local approval by the city, the school district, and the county in which the tax increment is located.*

## Mounds View

**TIF, Medtronic campus development.** The city of Mounds View may establish one or more economic development districts that are subject to special rules in a defined area of the city. These districts must be created on property exempt from taxation (the property is a municipal golf course).

**Special rules.** The following special rules apply to the TIF district:

- The duration limit is extended to 25 years.
- The five-year rule is extended to a ten years.
- The limits on spending increments outside of the district do not apply, but increments must be spent on activities within the defined geographic area, whether or not the area was included in the TIF district or is located in the city.
- The limits on uses of increments (i.e., that they must be spent for specific types of businesses) do not apply.
- Increments may only be spent on activities related to the

development in the defined area for the following:

- ▶ Acquisition and removal of billboards
  - ▶ Acquisition of land and easement, if the parcel contains a building built before 1990
  - ▶ Sewer and water improvements (these may be outside of the defined area)
  - ▶ Roads (improvements to six designated roads or highways may be outside of the defined area)
  - ▶ Parking lots and ramps
  - ▶ Wetland mitigation
  - ▶ Soils correction
  - ▶ Environmental cleanup
- The city may elect either method of computing the fiscal disparities contribution. (Under general law, the district must pay the fiscal disparities contribution for an economic development district.)

The authority to create new districts under this section expires on December 31, 2015.

*Ch. 152, art. 2, § 26, effective upon local approval by the city, the school district, and the county.*

**Conveyance of Department of Transportation (MnDOT) land, Medtronic campus.** The commissioner of transportation must convey a parcel of property to the city of Mounds View. MnDOT acquired this parcel in connection with construction of Trunk Highway 10. It was not needed for the highway right-of-way and is surplus property. It was conveyed to the city of Mounds View with a restriction that it be used for public purposes and has been used as part of a municipal golf course. The city now plans to convey it to Medtronic Inc. for use as part of a large office and research facility campus. The provision requires the city to pay \$1 million for the conveyance and that the conveyance be in a form approved by the attorney general. The city must enter a development agreement to redevelop the land by January 1, 2007, or the land reverts to MnDOT, unless it continues to be used for a public purpose.

*Ch. 152, art. 2, § 27, effective August 1, 2005.*

- Nobles 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 Nobles County to make these offices appointed positions, subject to a four-fifths vote of the county board and reverse referendum. It also provides for current officeholders to complete the terms to which they were elected before the office is changed to appointed.
- Ch. 75, § 3, effective upon local approval.*
- Nobles County and the City of Worthington** Beginning with the truth-in-taxation hearings conducted in 2005, Nobles County, the city of Worthington, and Independent School District No. 518 may hold a joint hearing on the second Tuesday of December. Normally, each political subdivision must hold a separate hearing.
- 1<sup>st</sup> spec. sess., ch. 3, art. 1, § 24, amending Minn. Stat. § 275.065, by adding subd. 10, effective beginning with hearings conducted in 2005 and thereafter.*
- Orr** In order to eliminate or reduce local safety hazards, railway trains must not be operated at a speed over 30 miles per hour within Orr city limits.
- 1<sup>st</sup> spec. sess., ch. 6, art. 3, § 101, effective upon local approval.*
- Ortonville** The city of Ortonville may establish a port authority commission that may exercise the powers of a port authority. This authorization is the same as that already granted to several other cities, including Albert Lea, Austin, Wadena, and Warroad, and substantially similar to authority granted to other cities.
- Ch. 61, § 2 adding Minn. Stat. § 469.0856, effective upon local approval.*
- Pope 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 Pope County to make these offices appointed positions, subject to a four-fifths vote of the county board and reverse referendum. It also provides for current officeholders to complete the terms to which they were elected before the office is changed to appointed.
- Ch. 75, § 1, effective upon local approval.*
- Proctor** The city of Proctor may use up to 10 percent of the city lodging tax receipts for preservation of the Caboose, the Baldwin Locomotive, and the F-101F aircraft. Under general law, at least 95 percent of the lodging tax receipts must be used for tourism promotion. This is similar to existing provisions allowing the city of Winona to use a portion of its lodging tax to fund maintenance of a steamboat and the city of Two Harbors to use a portion of its tax to fund maintenance of a tugboat.
- 1<sup>st</sup> spec. sess., ch. 3, art. 5, § 41, effective July 14, 2005.*

**Project Riverbend** Project Riverbend relates to the Minnesota River from Franklin in Renville County to Le Sueur in Le Sueur County. The Project Riverbend Board (made up of county appointees) is eliminated and Project Riverbend is now implemented directly by the counties of Blue Earth, Brown, Le Sueur, Nicollet, Redwood, and Renville.

*Ch. 47, amending Minn. Stat., §§ 103F.387, 103F.389, subd. 2, 103F.391, repealing Minn. Stat. §§ 103F.383, subds. 1, 2, 103F.385, 103F.389, subds. 3, 4, 103F.393, effective August 1, 2005.*

**Ramsey** The city of Ramsey is allowed to create a housing TIF district for the development of housing. This district can include parcels under the green acres deferred assessment program. Under general law, these parcels may only be included in economic development districts for certain manufacturing and warehousing projects and qualified housing districts.

*1<sup>st</sup> spec. sess., ch. 3, art. 7, § 17, effective upon local approval.*

**Ramsey County** If Ramsey County levies for public library service, the levy amount for that purpose may be listed separately from the remaining county levy amount on truth-in-taxation notices and on property tax statements.

*1<sup>st</sup> spec. sess., ch. 3, art. 1, §§ 22, 26, amending Minn. Stat. §§ 275.065, subd. 3, 276.04, subd. 2, effective for property taxes payable in 2006 and thereafter.*

**Redwood County** Redwood County and Sherman Township have until January 2, 2007, to approve the special law that would allow the Minnesota Historical Society to convey surplus land to the Lower Sioux Indian community for operation of a history program.

*1<sup>st</sup> spec. sess., ch. 1, art. 4, § 122, reviving the local approval requirement in Laws 2004, ch. 264, art. 3, § 26, effective July 1, 2005.*

**Richfield** The city of Richfield or its housing and redevelopment authority may establish a redevelopment TIF district in a defined geographic area that is affected by low-frequency noise from the new north-south runway at the Minneapolis-St. Paul International Airport. This authority deviates from general law rules in three ways:

- The district is deemed to be a redevelopment district without meeting the “blight test” (requiring 50 percent or more of the buildings to be substandard)
- Spending of the district’s increment is not limited to “blight correction” purposes, if they are spent within a defined geographic area under the act
- The five-year rule does not apply. The five-year rule requires



the development authority to complete the district's development activities within five years after approval of the TIF plan.

*Ch. 152, art. 2, § 25, effective upon local approval.*

### **Rochester**

Rochester's authority to impose a local sales tax is extended and the allowed uses are expanded provided that the voters at a special election in 2005 or a general election in 2006 approve the extension. Without voter approval, the tax will expire at the later of December 31, 2009, or when \$71.5 million of revenue has been raised. If approved by the voters, the city may raise an additional \$40 million in local sales tax revenue. Up to \$8 million of the additional revenue may be used for higher educational facilities, the remainder must be used for currently authorized road, water, sewer, and storm projects or for a joint road project with Olmstead County. The county may issue bonds for the joint road project based on a sales tax revenue sharing agreement with the city without voter approval.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, §§ 28 to 30, amending Laws 1998, ch. 389, art. 8, § 43, subds. 3, 4, 5, effective July 14, 2005 and upon local approval.*

### **Sauk River Watershed District Levy**

The levy authority for the district's general fund purposes is increased to 0.01 percent of taxable market value.

*Ch. 152, art. 1, § 37, effective without local approval for taxes payable in 2006 and after.*

### **St. Cloud Area Cities (St. Cloud, St. Joseph, St. Augusta, Sartell, Sauk Rapids, and Waite Park)**

The city of Waite Park may impose a local sales tax under the old local sales tax authority for this area, based on a referendum held November 4, 2003. In addition, the expiration date for taxes imposed under the old law is changed from December 31, 2005, to March 31, 2007, unless a city chooses to impose a tax under the new authority provided this year.

The new law allows St. Cloud area cities to impose a local sales and use tax of one-half of 1 percent, based on the following successful referenda:

- St. Cloud and St. Joseph, based on elections in 2004
- St. Augusta, Sartell, Sauk Rapids, and Waite Park at a referendum at the next general election

The main projects are a regional library and a regional airport, but revenues from the taxes imposed in Waite Park, Sartell, and St. Augusta may also be used to fund the projects approved in the authorizing referenda, and the portion used to fund a regional airport and regional library is determined under their joint powers agreement.

St. Cloud may issue up to \$30 million in bonds for its regional public

library without further approval. The other cities may issue bonds for their authorized projects provided that the ballot question contained information on the issuance of bonds. Spending and issuance of bonds under this authority may not occur until January 1, 2006. The tax in the cities terminates at the earlier of (1) the amount collected from the tax is sufficient to pay the library bonds, or (2) December 31, 2018.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, §§ 35 to 36, amending Laws 2002, ch. 377, art. 11, § 2, subs. 1, 4; 1<sup>st</sup> spec. sess., ch. 3, art. 5, § 37, effective in each city upon local approval by that city.*

## St. Paul

**RiverCentre operation by a nonprofit.** St. Paul may participate in establishing a nonprofit organization to manage and operate the RiverCentre complex. The complex includes the Roy Wilkins Auditorium, St. Paul RiverCentre, Xcel Energy Center, and RiverCentre Parking Ramp. The mayor, subject to city council approval, will appoint a majority of the governing board, which must also include three members of the city council. The nonprofit will have the same tax exemptions granted to the city in operating the complex. The nonprofit must comply with the open meeting law and the Government Data Practices Act as the city does, and the nonprofit is deemed a “municipality” for purposes of the Municipal Tort Liability Act. Data used to prepare responses to RFPs or bids for events are nonpublic data or private data under the data practices act until the time provided for release of similar convention center data under the act.

*Ch. 152, art. 1, § 1, amending Minn. Stat. § 13.55, by adding subd. 4, and art. 1, § 38, effective upon local approval.*

**HRA TIF districts.** The St. Paul Housing and Redevelopment Authority may divide three of its TIF districts into subdistricts: (1) district No. 224/233 into six subdistricts, (2) district No. 225 into six subdistricts, and (3) district No. 234 into two subdistricts. Each subdistrict is treated as a separate TIF district for purposes of determining tax increments. This may affect the total amount of increment collected from the district (e.g., if one subdistrict’s original net tax capacity drops below its certified amount, it will not affect the increment of other subdistricts). The provision is unclear as to whether the duration limit of each subdistrict (which is triggered by initial receipt of increment) will be calculated separately, allowing individual subdistricts to end at different times than other subdistricts in the same district.

*Ch. 152, art. 2, § 28, effective upon local approval.*

**Consumptive use of groundwater.** The legislature approved the consumptive use of groundwater under a permit of more than 2 million gallons per day average in a 30-day period for the St. Paul water supply

system.

*Ch. 39, effective May 6, 2005.*

**Local sales tax.** St. Paul may use up to \$3.5 million of its local sales tax revenue annually to pay for bonds on city capital projects. This authority is limited to the years 2006 to 2009. Currently only bonds related to the RiverCentre complex may be paid from sales tax revenues. This will allow the city to issue bonds for capital projects to further residential, cultural, and commercial and economic development projects and use up to 20 percent of the sales tax revenues to pay the bonds.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, §§ 26, 27, amending Laws 1993, ch. 375, art. 9, § 46, subds. 2, 3, as amended, effective July 14, 2005.*

## Taylor Falls

The city of Taylor Falls is allowed an extra \$25,000 in LGA for aids payable in 2006 only. Interstate Park makes up about 14 percent of the total geographic area of the city, and the city provides substantial emergency and rescue services to this state park. Although the Department of Natural Resources usually makes an annual payment to the city for these costs, there were concerns that the payment would be cut as part of balancing the state budget so this one-time payment is being made.

*Ch. 151, art. 4, § 8, amending Minn. Stat. § 477A.011, subd. 36, as amended by Laws 2005, ch. 38, § 1, effective for aids payable in 2006.*

## Wabasha

**Port authority commission.** The city of Wabasha may establish a port authority commission that may exercise the powers of a port authority and a housing and redevelopment authority. This authorization is the same as that already granted to several other cities, including Fergus Falls, North Mankato, Detroit Lakes, and Breckenridge, and it is similar to authority granted to Albert Lea, Austin, and others.

*Ch. 61, § 1, adding Minn. Stat. § 469.0855, effective upon local approval.*

**TIF.** Redevelopment district No. 3 in the city of Wabasha was given three exceptions to general law TIF rules:

- **Duration extension.** The city may ignore the increment received for taxes payable in 2001 in computing the duration limit for the district. This district received a small increment (\$4) in 2001 and has not received any increment since. Since the duration limit is calculated from receipt of the first increment, this will allow the city to receive the full 26 years of increment for a redevelopment district starting with receipt of the next increment (likely 2006 or 2007).

- Five-year rule. The act extends the five-year rule to ten years. The five-year rule requires the development authority to complete the district's activities within five years after approval of the TIF plan. (This can be extended by a reasonable period for expending bond proceeds.)
- Use of increment. The act permits the city to expend the proceeds of bonds issued before January 1, 2000, for the National Eagle Center and to use increments from the district to pay the bonds. General law prohibits the use of increments to build municipal buildings, community centers, a commons area of a public park, or facilities used for social and recreational areas (except privately owned conference and meeting facilities). These restrictions were enacted in 1999, but expenditures made under binding contracts or letters of intent entered into before January 1, 2000, were "grandfathered" or exempted from the restrictions.

*Ch. 152, art. 2, § 24, effective upon local approval by the city of Wabasha; the duration extension requires approval by the county and school, as well as the city.*

## **Washington County**

**Library board.** The Washington County Board of Commissioners may appoint the Washington County Library Board as an advisory board to the county board. The county board is then responsible for directing, operating, and managing the county library system.

This proposed special law for Washington County is the same as is in current law for Hennepin County. See Minn. Stat. § 383B.239 (enacted in 1981).

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.

*Ch. 13, effective upon local approval.*

**Disabled Veterans Rest Camp on Big Marine Lake.** Washington County may not use eminent domain to acquire the Disabled Veterans Rest Camp on Big Marine Lake. Further, the camp is declared a legal conforming use for purposes of zoning controls. In addition, Washington County may not restrict ingress or egress to the camp below levels permitted on January 1, 2005, and the camp must promote certain camp features and amenities and modify its policies to provide for regular rotation of cabins, campsites, and parking spaces. Finally, the camp must offer Washington County a right of first refusal if sale of the property is contemplated and must provide an easement across the main camp road.

*Ch. 43, § 2, effective upon local approval.*

The camp is exempt from property taxes, retroactive to taxes payable in 2005. Under the new law, property located in a county in the metropolitan area with a population of less than 500,000 according to the 2000 federal census is exempt from property taxation if the property is owned or leased and operated by a nonprofit organization and primarily used to provide recreational opportunities to disabled veterans and their families.

*Ch. 43, § 1, amending Minn. Stats. § 272.02, by adding subd. 68; as amended by ch. 151, art. 3, § 20, effective for taxes levied in 2004, payable in 2005 and thereafter.*

**Aid corrections related to the state takeover of certain court costs.**

Beginning with aids payable in 2006, an additional \$132,923 is added to the county program aid appropriation. Beginning in fiscal year 2006, the district court general fund budget is reduced by \$132,923 as part of an agreement between the state court system and Anoka and Washington counties. The counties and the court disputed who would pay certain post-retirement health insurance costs for court employees. Under the agreement, these costs will continue to be paid by the counties after the state takeover and the aid reduction related to the takeover is reduced. Anoka County will annually receive \$73,259 of the increased county program aid appropriation and Washington County will receive \$59,664. The court aid that each of these counties will receive in 2005 for the six months of costs prior to the state takeover that occurs July 1, 2005, will also be increased by an amount equal to one-half of the permanent annual increase starting in 2006.

*Ch. 151, art. 4, §§ 11, 12, amending Minn. Stat. §§ 477A.0124, subd. 4, 477A.03, subd. 2b, effective beginning with aids payable in 2006; ch. 151, art. 4, § 15, effective for aids payable in 2005 only; ch. 151, art. 4, § 16, effective June 3, 2005.*

**Western Lake  
Superior Sanitary  
District**

The reservation under the public facilities pool for the Western Lake Superior Sanitary District is increased from \$3 million to \$5 million. This is part of the state's method of allocating the federal government's cap on Minnesota's authority to issue private activity bonds that are exempt from federal income taxation.

*Ch. 152, art. 1, § 21, amending Minn. Stat. § 474A.061, subd. 2c, effective June 3, 2005.*

**Town of White**

The town of White may pledge its general obligation to pay for local improvements located within an area of the town that was annexed by the city of Biwabik under legislation passed in 2003. These obligations must also be secured by special assessments on the properties. The obligations are exempt from the net debt limitations of the both the city and the town.

*Ch. 152, art. 1, § 36, effective upon local approval by the town of White and the city of Biwabik.*

**White Bear Lake**

The Department of Revenue must pay the city of White Bear Lake \$52,482 on July 20, 2005, and again on December 26, 2005.

*Ch. 152, art. 1, § 41, effective June 3, 2005.*

**Willmar**

The city of Willmar may impose a sales and use tax of one-half of 1 percent. The voters approved this tax at the November 2004 general election. Revenues from the tax may be used to pay for the completion and expansion of the airport/industrial park, hiking and bike trails, connection of the Blue Line and civic center buildings, and purchase of a portion of the Willmar Regional Treatment Center campus located west of Trunk Highway 71. The city is authorized to issue general obligation bonds in an amount not to exceed \$8 million to pay for these projects. This debt would not be subject to the net debt limits. The tax will expire at the later of seven years after it is imposed or when the city council determines that sufficient revenues have been raised to pay the cost of the project.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 42, effective upon local approval.*

**Winona**

The city of Winona may impose a sales and use tax of one-half of 1 percent and a motor vehicle excise tax of \$20 per vehicle sold within the city boundaries. The revenues will be used to pay for costs of transportation projects or improvements. The city voters must approve the tax at a general election. The tax expires the later of 15 years or when sufficient funds have been raised to retire the bonds.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 43, effective upon local approval.*

**Worthington**

The city of Worthington may impose a sales and use tax of up to one-half of 1 percent. The sales tax is subject to approval by the voters at the next general election. The city is also authorized to impose an excise tax of up to \$20 per motor vehicle purchased from a person engaged in the business of selling motor vehicles at retail within the city. The revenues from the taxes are required to be used to pay for the cost of a multipurpose city facility that includes a community center complex, and to renovate the Memorial Auditorium. If the voters approve imposition of the tax, then the city is authorized to issue up to \$6 million in bonds to pay for the cost of the improvements that may be financed by the tax proceeds. An additional referendum on the issuance of the bonds is not required. The debt is not included in the municipal debt limitation and any levy of taxes to pay the debt service is not subject to any levy limitation. The tax will expire at the earlier of ten years or the time when the city council determines that the revenue from the taxes is sufficient to pay for the project financed by this tax.

*1<sup>st</sup> spec. sess., ch. 3, art. 5, § 44, effective upon local approval.*

**Yellow Medicine  
County Hospital  
District**

The elected members of the Yellow Medicine County Hospital District board may appoint no more than three additional voting members who are not residents of the district. The terms of the appointed members will be designated at the time of their appointment. The terms must not exceed three years. Appointed members may: (1) be reappointed for successive terms; (2) have all the privileges of board membership; and (3) be removed from office for good cause by a two-thirds majority vote of the elected members.

*Ch. 54, amending Laws 1963, ch. 276, § 2, by adding subd. 2d, effective August 1, 2005.*

**Special Liquor Laws**

**Anoka.** Since 2000, Anoka has been able to issue an on-sale wine license for the Main Street Stage Theater. Now the license may authorize sale of wine and beer.

*Ch. 131, § 10, amending Laws 2000, ch. 440, § 10, effective upon local approval.*

**Breckenridge.** Breckenridge may issue a seasonal on-sale intoxicating liquor license to the Bois de Sioux Golf Club for the portion of the golf course located in Breckenridge.

*Ch. 131, § 13, effective June 3, 2005.*

**Caledonia.** Caledonia may issue an on-sale intoxicating liquor license to Caledonia Area Community Charities for the Four Seasons Center for sales to persons attending events at the center.

*Ch. 131, § 14, effective June 3, 2005.*

**Detroit Lakes.** Detroit Lakes may issue an on-sale intoxicating liquor license or on-sale wine and beer license to the Castaway Inn and Resort for sales only to registered guests, their invitees, or persons attending events at the location.

*Ch. 131, § 15, effective August 1, 2005.*

**Duluth.** Duluth may issue an on-sale wine and beer license for Wade Municipal Stadium.

*Ch. 25, § 7, effective April 23, 2005.*

Duluth may also issue an on-sale license for the Enger Park Golf Course or any part thereof. The license may be issued to the city or a contractor operating the golf course.

*Ch. 131, § 16, effective June 3, 2005.*

**Eden Prairie.** Eden Prairie may issue an on-sale intoxicating liquor license to the entity that holds the catering contract at the cafeteria at the City Center. The license authorizes sales on all days of the week to persons attending special events at the cafeteria. Intoxicating liquor cannot be sold or dispensed to persons attending amateur athletic events at the facility unless authorized by city council resolution. The license may be issued for a space that is not compact and contiguous (as is otherwise required by law), if all licensed space is within the city center building and is included in the description of the licensed premises in the approved license application.

*Ch. 131, § 17, effective June 3, 2005.*

**Elko.** Elko may license on-sale intoxicating liquor sales at the Elko Speedway for all days of the week. In 2003, Elko was authorized to issue a license, but under general law, sales can only be made Monday to Saturday. This will allow Sunday sales. The 2003 law is also amended to specify that sales may be made at any event at the speedway, at a restaurant/bar/banquet facility.

*Ch. 131, § 12, amending Laws 2003, ch. 126, § 28, effective upon local approval. See also, ch. 25, §§ 5, 10, amending Laws 2003, ch. 126, § 28, effective upon local approval.*

**Mankato.** Mankato may issue an on-sale intoxicating liquor license to the Midwest Wireless Civic Center for sales on all days of the week to persons attending events at the center.

*Ch. 131, § 18, effective June 3, 2005.*

**Mille Lacs County.** Mille Lacs County may issue an off-sale license to an exclusive liquor store in Eastside township, notwithstanding the law that prohibits county-issued off-sale licenses within a mile of a city with a municipal liquor store.

*Ch. 131, § 19, effective June 3, 2005.*

**Minneapolis.** Minneapolis may issue an intoxicating liquor license to a business at 2200 Como Avenue SE (Manning's) that currently holds an on-sale wine license.

*Ch 25, § 8, effective April 23, 2005.*

Minneapolis may issue an on-sale intoxicating liquor license to the Walker Art Center's concessionaire or operator for a restaurant and catering operation in the art center. The license authorizes sales on all days of the week.



*Ch. 24, amending Minn. Stat. § 340A.404, subd. 2, effective May 11, 2005.*

Minneapolis may issue an on-sale intoxicating liquor license for the concessionaire or operator for a restaurant and catering operation at the Guthrie Theater.

*Ch. 131, § 3, amending Minn. Stat. § 340A.404, subd. 2, effective June 3, 2005.*

**Ramsey County.** Ramsey County, instead of St. Paul, may issue the on-sale wine licenses at the State Fair.

*Ch. 25, § 6, amending Laws 2003, ch. 126, § 29, effective April 23, 2005.*

**St. Paul.** St. Paul may issue an on-sale wine and beer license to the Capitol 2005 Commission or Friends of the Minnesota State Capitol for events relating to the capitol centennial. The license would be valid until January 2, 2006.

*Ch. 25, § 9, effective April 23, 2005.*

St. Paul may issue one off-sale intoxicating liquor license on or within a half-mile of the St. Paul campus of the University of Minnesota. The license must not be issued for any location on the state fairgrounds or any place in St. Paul within a half-mile of the fairgrounds. This is to accommodate a business that was set to open when it discovered this statute that prohibited it from getting the license.

*Ch. 3, amending Minn. Stat. § 340A.412, subd. 4, effective Feb. 25, 2005.*

## Metropolitan Government

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### Metropolitan Council

**Transit capital bonding.** The Metropolitan Council may issue an additional \$64 million of debt obligations for capital expenditures under its regional transit master plan and transit capital improvement plan, plus the cost of issuance. In addition, the prohibition against issuing bonds to finance light rail transit (LRT) and related improvements in the Hiawatha corridor is repealed.

*Ch. 152, art. 1, § 19, amending Minn. Stat. § 473.39, by adding subd. 1k; § 43, repealing § 473.39, subd. 1f, effective June 3, 2005; ch. 152, § 20, amending Minn. Stat. § 473.39, by adding subd. 2a, effective for investment earnings received after June 30, 2005.*

**LRT appropriations.** Appropriations for LRT are intended to pay 50 percent of the Hiawatha LRT operations after operating revenue (fares) and federal funds. The remainder is to be provided from the Hennepin County Regional Railroad Authority, using county tax revenues, the

authority's reserves, or taxes levied by the authority.

*1<sup>st</sup> spec. sess., ch. 6, art. 1, § 3, effective July 1, 2005.*

**Airports plan.** The Metropolitan Council no longer has to adopt a separate airport or aviation policy plan. Instead, the airport and aviation plans are to be incorporated into the council's transportation plan. In addition, the Metropolitan Council no longer has to prepare an annual assessment of air transportation.

*Ch. 123, §§ 2 to 8, amending Minn. Stat. §§ 473.146, subds. 1, 3, 473.192, subds. 2, 3, 473.655, 473.852, subd. 8, and repealing §§ 473.155, 473.619, effective August 1, 2005.*

**Use of highway or freeway shoulders by Metro Mobility buses.** The Department of Transportation may permit Metro Mobility buses to use shoulders of freeways and expressways. A "Metro Mobility bus" is a vehicle up to 20 feet long providing special transportation service operated by the Metropolitan Council or by an entity receiving financial assistance from the council.

*Ch. 51, amending Minn. Stat. § 169.306, effective May 11, 2005.*

**Park and Open Space System.** In 2004, the legislature enacted temporary legislation providing that Columbia Parkway, Ridgeway Parkway, and Stinson Boulevard, all in Minneapolis, are to be considered included in the metropolitan regional recreation open space system. This means the Minneapolis Park Board may use regional funding it receives for operations and maintenance on these parkways. That law expires August 1, 2007. The 2005 bonding bill included the same provision but without an expiration date.

*Ch. 20, art. 1, §19, subd. 6, effective April 12, 2005.*

**Exclusion of veterans camp from the regional recreational open space system.** The Big Marine Lake Disabled Veterans Camp in Washington County is excluded from the Metropolitan Council's regional recreational open space system, established under Minnesota Statutes, chapter 473. (See also, Washington County under Special Legislation, page 64)

*Ch. 43, § 2, subd. 4, effective upon local approval.*

**Housing credit enhancement program.** The housing credit enhancement program is repealed for new bond issues. The council may still levy to back up bonds already issued under the program.

*Ch. 152, art. 1, §§ 18, 43, amending Minn. Stat. § 473.197, subd. 4, and repealing § 473.197, subds. 1, 2, 3, 5, effective June 3, 2005 (see also 1<sup>st</sup> spec. sess., ch. 1, art. 2, §§ 148, 157, 162, subd. 1, amending Minn. Stat. § 473.197, subd. 4, and repealing §*

*473.197, subs. 1, 2, 3, 5, effective July 1, 2005).*

**Metropolitan area water supply planning.** The Metropolitan Council, in consultation with an advisory committee, must carry out planning activities addressing the water supply needs of the metropolitan area. It must, at a minimum:

- develop and maintain a base of technical information needed for sound water supply decisions;
- develop and periodically update a metropolitan area master water supply plan;
- make recommendations for the appropriate roles and responsibilities of local, regional, and state government in metropolitan area water supply;
- make recommendations for streamlining and consolidating metropolitan area water supply decision-making and approval processes; and
- make recommendations for the ongoing and long-term funding of metropolitan area water supply planning activities and capital investments.

The metropolitan area water supply advisory committee includes the commissioners (or their designees) of agriculture, health, natural resources, and the pollution control agency, and two metropolitan county officials appointed by the governor, five noncounty metropolitan area local government officials appointed by the governor, and the chair of the Metropolitan Council or the chair's designee, who is chair of the advisory committee. Members of the advisory committee appointed by the governor serve at the pleasure of the governor. Members of the advisory committee serve without compensation but may be reimbursed for their reasonable expenses as determined by the Metropolitan Council. The advisory committee expires December 31, 2008.

The council must submit a report to the legislature with its findings, recommendations, and continuing planning activities by January 3, 2007, and subsequent reports every five years after that.

The Metropolitan Council must transfer any funds originating from the proceeds of solid waste bonds and available for the credit enhancement program under Minnesota Statutes 2004, section 473.197, subdivision 4, to the council's general fund to the extent such funds are no longer pledged or otherwise needed by the council to maintain a debt reserve fund. The council must first use the transferred funds for carrying out the metropolitan area water supply planning activities, for staff support

of the advisory committee established under that section, and for related purposes. If the council determines that the transferred funds are no longer needed for such purposes, the council may use any such funds for any general purposes of the council.

*1<sup>st</sup> spec. sess., ch. 1, art. 2, §§ 147, 158, adding Minn. Stat. § 473.1565, effective July 1, 2005.*

### **Metropolitan Radio Board**

The 2004 Legislature began the process of phasing out the Metropolitan Radio Board and implementing a statewide system consisting of the Statewide Radio Board and regional radio boards around the state. In 2005, the Metropolitan Council's authority to sell 911 revenue bonds for phases two and three of the 800MHz public safety radio communications system is replaced with similar authority to the commissioner of finance. The amount of the bond authorization for the second phase (the metropolitan area) is reduced and the bond authorization for the third phase (the areas around Rochester and St. Cloud) is increased. The Metropolitan Radio Board is scheduled to sunset on July 1, 2006.

*Ch. 136, art. 10, §§ 17 to 21, adding Minn. Stat. § 403.275; amending Minn. Stats. §§ 403.27, subds. 1, 3, 403.30, subd. 1; repealing § 403.30, subd. 3, effective June 3, 2005; see also ch. 136, art. 1, § 9, subds. 7, 8, for appropriations.*

### **Metropolitan Airports Commission**

**Airport taxicab provisions.** The Metropolitan Airports Commission must follow a process for determining whether to reduce the number of taxicab permits at the Minneapolis-St. Paul International Airport and an order in which any such reduction must occur.

*Ch. 123, § 1, amending Minn. Stat. § 221.091, subd. 3, effective August 1, 2005.*

## **Vetoed Legislation**

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### **State Primary Elections**

Current law requires a state primary to select nominees for offices to be filled at the state general election. This bill provided that if in any municipality or county there are no offices for which nominees must be selected, no state primary has to be held in that municipality or county. It required notice to municipal clerk, county auditor, and secretary of state.

The governor vetoed the act based on his concern that the bill's language did not achieve its objective. He stated that the need for a primary is not based on the number of people seeking an office, but whether the elective office requires the conducting of a primary to select nominees. The elections article of the state government finance act

includes a revised version of this bill. See ch. 156, art. 6, § 51.

*Ch. 48 (H.F. 1110/S.F. 879)*

**County Agricultural  
Society Exemption  
From Local Zoning  
Ordinances; Law  
Enforcement  
Services**

The governor vetoed this act “because it allows agricultural societies to appoint individuals to serve as ‘special constables’ and grants special constables full powers of arrest both on the fairgrounds and within one-half mile of the fairgrounds. Special constables are not defined in the bill, or the current law, and the bill does not contain any requirement that the special constables be licensed peace officers.” The veto message did not state an objection to the local zoning exemption. Provisions in this act were modified and then included in the omnibus agricultural finance act (1<sup>st</sup> spec. sess., ch. 1, art. 1 §§ 67, 68).

*Ch. 58 (H.F. 1389/S.F. 1146)*

**Omnibus  
Transportation  
Finance**

The governor vetoed the omnibus transportation finance act passed during regular session because it contained a gas tax increase. It also contained the following provisions, related to metropolitan government.

**Metropolitan Council transportation riders.** Appropriations to the Metropolitan Council for bus and light rail transit contained the following riders that were not included in the omnibus transportation finance bill enacted during the special session:

- The council would have been required to spend money allocated from fiscal disparities pool to eliminate the council’s targeted service reductions in the 2006-07 biennium, using the appropriation, fiscal disparities money, fare increase revenues, administrative reductions, cost containment, and operating efficiencies.
- The council would have been required to transfer half of fiscal year 2005 unanticipated revenues and cost savings from LRT to the Hennepin County regional rail authority and half to the general fund.
- The council would have been prohibited from reducing the Metro Mobility service area.
- The council would have been required to charge fully allocated costs for contracts made to provide bus service.

*Ch. 88 (H.F. 2461, art. 1, § 3)*

**Agreements to join Metropolitan Council transit district.** The Metropolitan Council would have been permitted to enter into agreements with cities and towns to join the transit taxing district.

*Ch. 88 (H.F. 2461, art. 5, § 79)*

**Metropolitan Airports Commission meetings.** The Metropolitan Airports Commission would have been required to hold at least one meeting each year outside the MSP airport and within the 60DNL contour, at which meeting the commission would be required to report on noise mitigation efforts.

*Ch. 88 (H.F. 2461, art. 5, § 80)*

**Metropolitan Council rapid transit study.** The Department of Transportation and the Metropolitan Council would have been required to conduct a joint study of bus rapid transit between Stillwater and St. Paul via Woodbury.

*Ch. 88 (H.F. 2461, art. 5, § 97)*

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