

**House Research Department**

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**2007 Legislation Relating  
to Local and Metropolitan  
Government**

This report describes legislation enacted in the 2007 regular session relating to local and metropolitan government.

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# Contents

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<b>Introduction</b> .....	<b>1</b>
<b>Local Government Generally</b> .....	<b>2</b>
Land Use, Planning, Zoning .....	2
Powers, Duties, State Funding, and Regulation .....	4
<b>Cities</b> .....	<b>10</b>
<b>Counties</b> .....	<b>10</b>
<b>Development Authorities and Special Districts</b> .....	<b>12</b>
<b>Special Legislation</b> .....	<b>13</b>
<b>Metropolitan Government</b> .....	<b>19</b>
<b>Vetoed Legislation</b> .....	<b>20</b>



## Introduction

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This report describes legislation enacted in the 2007 regular session that deals with local and metropolitan government.

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

All the citations in this report are to Laws 2007, unless otherwise indicated. See the acts or act summaries of the omnibus bills enacted in 2007 for other provisions that may affect local government and are not covered in this report:

Agriculture, Veterans Affairs, and Military Affairs .....	Chapter 45
Data Practices .....	Chapter 129
Energy Policy .....	Chapter 136
Environment, Natural Resources, Energy, and Commerce .....	Chapter 57
Game, Fish, and Land .....	Chapter 131
Health and Human Services .....	Chapter 147
Jobs and Economic Development .....	Chapter 135
Judiciary and Public Safety .....	Chapter 54
Pensions and Retirement .....	Chapter 134
State Government Finance .....	Chapter 148
Transportation Finance .....	Chapter 143

Acts are available on the Revisor's web site ([www.revisor.leg.state.mn.us/data/revisor/slaws/2007/0/](http://www.revisor.leg.state.mn.us/data/revisor/slaws/2007/0/)). Act summaries are available on the House Research web site ([www3.house.leg.state.mn.us/hrd/actsum.asp](http://www3.house.leg.state.mn.us/hrd/actsum.asp)).

## Local Government Generally

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### Land Use, Planning, Zoning

#### Platting

The Minnesota Society of Professional Surveyors, in consultation with representatives of the local government associations and the real property section of the state bar association, developed the recodification of the platting statutes. It is modeled after similar platting statutes in other states. The new law clarifies the permissible use of platting; defines certain terms used relative to platting; updates the statute to reflect changes in standards, technologies, and processes; cross-references for preparation and recording requirements to reduce redundancies; and organizes plat preparation and recording requirements.

It clarifies that public road dedications are easements and that park dedications are donations in fee, subject to rights of reversion. It clarifies that platting may be used to simplify legal descriptions and supplement minor subdivision procedures, and are subject to the approval of the elected body of local government units, who may in some circumstances delegate the approval to a designated official.

*Ch. 73, amending Minn. Stat. §§ 505.01; 505.03, subd. 1; 505.04; 505.08, subd. 2; 505.1792, subd. 2; adding § 505.021; repealing Minn. Stat. §§ 505.02; 505.08, subds. 1, 2a, 3, effective August 1, 2007.*

#### 60-Day Rule – Deadline for Government Action

If an approval is conditional, then failure to satisfy the conditions may be a basis to revoke or rescind the approval and will not give rise to a claim that the 60-day limit was not met.

*Ch. 57, art. 1, § 11, amending Minn. Stat. § 15.99, subd. 3, effective May 9, 2007.*

The 60-day rule does not apply to the Metropolitan Council's review of local comprehensive plans.

*Ch. 113, § 1, amending Minn. Stat. § 15.99, subd. 2, effective May 24, 2007.*

#### Natural Heritage Data

The commissioner of natural resources is required to provide the natural heritage data from the county biological survey, if available, to each county, city, and town for use in their comprehensive planning.

*Ch. 57, art. 1, §§ 153; 154, amending Minn. Stat. §§ 394.23; 462.353, subd. 2, effective July 1, 2007.*

#### Municipal Boundary Adjustments

A number of changes to the boundary adjustment statute were enacted in 2006. Also, a task force was provided for but never formed. The 2007 Legislature made a few more changes to this law and extended the task

force for another year.

**Notice of intent to designate an area (orderly annexation).** The notice requirement applies to the original designation of an area and not to later actions to annex properties within the designated area. The notice requirement does not apply if all the property owners have petitioned for annexation.

*Ch. 90, § 1, amending Minn. Stat. § 414.0325, subd. 1b, effective August 1, 2007.*

**Annexation by ordinance.** The 2006 change is clarified to provide that all annexations by ordinance by the same property owner in a 12-month period cannot exceed 120 acres. These statutory changes are made permanent with repeal of the sunset.

*Ch. 90, § 2, amending Minn. Stat. § 414.033, subd. 2, effective August 1, 2007; and ch. 90, § 5, repealing the effective date in Laws 2006, ch. 270, art. 2, § 8, effective May 22, 2007.*

**Electric utility service notice; cost impact (annexation by ordinance).** The municipality must notify a petitioner that the cost of electric service may change with the annexation. The notice must be given at least 30 days before adopting an ordinance annexing property under the annexation by ordinance provision. This does not apply to orderly annexation, and a petitioner does not have to notify the municipality of intent to petition for annexation.

*Ch. 90, § 3, amending Minn. Stat. § 414.033, subd. 13, effective August 1, 2007.*

**Municipal boundary adjustment advisory task force.** The task force established in 2006 legislation, and which was never formed, is extended by a year, requiring a report by January 2008. The appointments must be made by June 21, 2007, and the first meeting must be convened no later than August 1, 2007. The League of Minnesota Cities, the Coalition of Greater Minnesota Cities, and the Minnesota Association of Townships must pay for the report preparation.

*Ch. 90, § 4, amending Laws 2006, ch. 270, art. 2, § 1, effective May 22, 2007, and expires June 30, 2008.*

## **Shoreland Development, Existing Resorts**

A county or statutory or home rule charter city must allow a resort owner to maintain and replace resort structures within the resort's current footprint. If replacement is needed because of fire or natural disaster, the resort must apply for a building permit within 180 days of the damage or loss. A county or statutory or home rule charter city must allow a resort owner to increase the footprint to minimally meet federal, state, or local dwelling standards or codes. A resort may continue to operate as a resort even if the ownership changes. Proponents of the

new law sought its enactment in order to protect and preserve smaller, typically family-owned resorts.

“Resort” is defined as a shoreland commercial establishment meeting listed elements and description, existing on or before August 1, 2007. A resort must be fully licensed and permitted under appropriate state and local regulations and the entire parcel of land must be controlled and managed by the licensee.

“Shoreland” means land located within the certain distances from the ordinary high-water elevation of public waters.

*Ch. 92, amending Minn. Stat. § 103F.205, subd. 1; adding § 103F.227, effective August 1, 2007.*

**Subdivision  
Regulations,  
Payment in Lieu of  
Dedication for  
Unplatted Land**

The amount for payment in lieu of dedication of unplatted land is now based on the average fair market value of the unplatted land that is to be served by city sanitary sewer and water service, or community septic and private well. Under prior law the amount for payment in lieu of dedication of any kind of land was based on fair market value of the land at the time of final approval of the subdivision. This remains the basis for redevelopment.

*Ch. 116, amending Minn. Stat. § 462.358, subd. 2b, effective August 1, 2007.*

**Environmental  
Covenants**

The Uniform Environmental Covenants Act (UECA) is a uniform law that was approved by the National Conference of Commissioners on Uniform State Laws in 2003. UECA establishes requirements for a new valid real estate document—an “environmental covenant”—to control the future use of brownfields when real estate is transferred from one person to another. As of October 31, 2006, 14 states, along with the District of Columbia and the U.S. Virgin Islands, have enacted this law.

The UECA states that an environmental covenant does not authorize a use of property that is otherwise prohibited by zoning or other laws or instruments that have priority over the environmental covenant.

However, an environmental covenant may prohibit or restrict certain uses of property that are otherwise authorized by zoning or other laws.

*Ch. 131, art. 1, §§ 59 to 71, adding Minn. Stat. ch. 114E, effective August 1, 2007.*

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

**Joint Powers**

An independent nonprofit firefighting corporation was added to the list of entities that are a “governmental unit” for purposes of the law allowing for joint exercise of powers by governmental units. Nonprofit firefighting corporations sought the new law in order to take advantage



of cooperative purchasing arrangements available to governmental entities. There are about 80 nonprofit firefighting corporations in the state.

*Ch. 43, amending Minn. Stat. § 471.59, subd. 1, effective August 1, 2007.*

### **Electronic Device Recycling**

A new law establishes a statewide program to collect and recycle used electronic devices from households. One provision of the new law prohibits cities, counties, and other public agencies from requiring households to use public facilities to recycle covered electronic devices, so long as other lawful recycling programs are available, and collectors and recyclers are registered. This allows recycling programs administered by manufacturers to operate. Electronic devices are defined to mean computers, peripherals, facsimile machines, DVD players, video cassette recorders, and video display devices sold to households by retail, wholesale, or electronic commerce entities.

*Ch. 48, adding Minn. Stat. §§ 115A.1310 to 115A.1330, effective May 9, 2007.*

### **Cigarette Fire Safety, Preemption**

A law that takes effect December 1, 2008, limits the distribution of cigarettes in Minnesota to those that meet proposed “reduced ignition propensity standards”—that is, fire-safe cigarettes that will not keep burning when left unattended. Under this law a local government will not be able to enact or enforce any ordinance or other local law or regulation conflicting with, or preempted by, any provision of the new law governing the fire safety of cigarettes, or with any policy of expressed by that law.

*Ch. 54, art. 7, § 19, adding Minn. Stat. § 299F.859 (see generally §§ 10 to 19, adding Minn. Stat. §§ 299F.850 to 299F.859, the cigarette fire safety law), effective December 1, 2008 (“the first day of the 19th month following the date of its final enactment,” which was May 8, 2007).*

If a federal standard for reduced cigarette ignition propensity that preempts this law is adopted and becomes effective, this law is repealed.

*Ch. 54, art. 7, § 22, effective July 1, 2007.*

### **Collateral for Bank Deposits of Local Governments**

Under prior law, banks could post as collateral for a local government’s deposits, the A-rated general obligation bonds of any local government. If the bank posted as collateral the general obligation bonds of the same local government that made the deposit, the bank had to use *unrated* general obligation bonds. Now, the bank may also use *rated* general obligation bonds of that same local government. The net effect is to permit use of the bonds rated lower than A as collateral for deposits of that same local government.

*Ch. 57, art. 3, § 39, amending Minn. Stat. § 118A.03, subd. 2, effective July 1, 2007.*

**Records Retention** In general, public authorities, including local governments, must maintain records that provide a full and accurate knowledge of official activities. A requirement that reproduction of records deemed to be of permanent archival value must meet standards specified by the Minnesota Historical Society is now repealed. Also repealed was the statutory provision that explicitly allowed the use of nonerasable optical imaging systems for the preservation of archival records without the preservation of paper or microfilm copies.

*Ch. 76, amending Minn. Stat. § 15.17, subd. 1; repealing Minn. Stat. § 138.17, subds. 9, 10, effective August 1, 2007.*

**Freedom to Breathe Act of 2007** A statewide smoking ban takes effect on October 1, 2007. It eliminates the option of designated smoking areas and expands the ban on smoking in public places to include restaurants, bars, and other places of employment.

Local governments (statutory or home rule charter cities, towns, counties) may enact and enforce more stringent measures relating to secondhand smoke, and local ordinances may limit or prohibit smoking outside of restaurants, bars, and bingo halls.

*Ch. 82, amending Minn. Stat. §§ 116L.17, subd. 1; 144.412; 144.413, subds. 2, 4, and adding subds. 1a, 1b, 5; 144.414; 144.416; 144.417; adding 144.4167; repealing 144.415, effective October 1, 2007.*

**Liquor Fees** Cities may impose higher fees for off-sale intoxicating liquor licenses. This is the first increase in fee levels in over 20 years. The new law also establishes a new fee tier for regional centers outside the metropolitan area.

In order to encourage licensees to help reduce underage drinking, the law reduces the license fees cities may charge by \$100 if the licensee agrees to have a private vendor train employees, posts a policy requiring identification checks for all persons appearing to be 30 years old or younger, and establishes a cash award and incentive program to award employees who catch underage drinkers.

*Ch. 89, § 6, amending Minn. Stat. § 340A.408, subd. 3, effective August 1, 2007.*

**Open Meeting Law, Health Pandemic or Other Emergency** A meeting covered by the Open Meeting Law may be conducted by telephone or other electronic means if a health pandemic or other emergency makes meeting in person impractical or imprudent and all of the following conditions are met:

- The presiding officer, chief legal counsel, or chief administrative officer determines that meeting in person or by interactive television is not practical or prudent

- All members of the body can hear one another and can hear all discussion and testimony
- Members of the public at the regular meeting location can hear all discussion, testimony, and votes, unless unfeasible due to the pandemic or emergency
- At least one member of the body, chief legal counsel, or chief administrative officer is present at the regular meeting location, unless unfeasible due to the pandemic or emergency declaration
- All votes are conducted by roll call.

Each member of the body participating by telephone or other electronic means is considered present at the meeting for purposes of a quorum and participating in all proceedings.

The public body must allow a person to monitor the meeting electronically from another location. The body may require the person to pay for any documented additional costs the body incurs as a result of the additional connection.

The body must give notice of the regular meeting location, of the fact that some members may participate by telephone or other electronic means, and of the right of the public to monitor the meeting from another location.

A meeting must be closed if an individual's medical records governed by Minnesota Statutes, section 144.335, are discussed.

The League of Minnesota Cities and other local government associations sought this legislation after several local governments identified the need for it as they developed pandemic contingency plans.

*Ch. 110, adding Minn. Stat. § 13D.021; amending § 13D.05, subd. 2, effective May 22, 2007.*

### **Model Outdoor Lighting Ordinance**

The commissioner of administration must develop a model outdoor lighting ordinance in consultation with local governments and others. The ordinance should reduce light pollution.

*Ch. 131, art. 1, § 1, adding Minn. Stat. § 16B.328, effective August 1, 2007.*

### **Uniform Municipal Contracting Law**

The omnibus energy policy law includes a provision that requires a municipality entering into a guaranteed shared savings contract to provide a copy of the contract to the commissioner of commerce within 30 days of the contract's effective date.

*Ch. 136, art. 3, § 4, amending Minn. Stat. § 471.345, subd. 13, effective July 1, 2007.*

**Manufactured  
Home Park  
Closures**

A new state law preempts municipal ordinances relating to payment to residents for relocation expenses upon closure of a manufactured home park.

Prior law required a public hearing to be held by a municipality when an owner planned to close or relocate a manufactured home park. The municipality reviewed the closure statement and was authorized to require a payment by the park owner to the displaced persons for reasonable relocation costs, essentially completely at the discretion of the municipality.

Now, the park owner must inform soon-to-be-displaced residents that they may be eligible for payments from the Minnesota manufactured home relocation trust fund that is created in the act. A park owner or purchaser cannot be required to pay compensation beyond payments to the trust required by the new law. At the public hearing, the municipality must appoint a neutral third party to act as a paymaster and resolve any questions or disputes relating to contributions to or disbursements from the trust fund. The park owner and residents must agree to the appointment. The neutral third party's fee will be paid from the trust fund. If the parties cannot agree on the neutral third party, the municipality must make the determination.

*Ch. 141, §§ 2 and 6, amending Minn. Stat. § 327C.095, subd. 4, adding subd. 15, effective May 26, 2007, except that actions initiated under local ordinances prior to May 26, 2007, are not preempted if final action is taken in the proceedings prior to August 1, 2007.*

**Best Value  
Contracting**

Local governments may now use "best value" contracting for construction, building, alteration, improvement, or repair services. The new law defines "best value" as describing "the result determined by a procurement method that considers price and performance criteria, which may include, but are not limited to:

- (1) the quality of the vendor's or contractor's performance on previous projects;
- (2) the timeliness of the vendor's or contractor's performance on previous projects;
- (3) the level of customer satisfaction with the vendor's or contractor's performance on previous projects;
- (4) the vendor's or contractor's record of performing previous projects on budget and ability to minimize cost overruns (this does not include the exercise or assertion of a person's legal rights);

- (5) the vendor's or contractor's ability to minimize change orders;
- (6) the vendor's or contractor's ability to prepare appropriate project plans;
- (7) the vendor's or contractor's technical capacities;
- (8) the individual qualifications of the contractor's key personnel; or
- (9) the vendor's or contractor's ability to assess and minimize risks.”

This definition does not apply to design-build, construction manager at risk, or job order contracting project delivery methods.

Any consultant retained by a local unit of government to prepare or evaluate solicitation documents must be trained, either by the Department of Administration or through other training, in the request for proposals process for best value contracting for construction projects.

Whether using lowest responsible bid or best value, a vendor or contractor must secure bonding, commercial general insurance, and workers' compensation insurance. The governmental entity's solicitation documents must state the relative importance of price and other factors.

Cities and counties, along with the state and large school districts, are allowed to use best value contracting as of July 1, 2007. Medium-size school districts may begin using best value in 2009, and townships and other political subdivisions of the state may use best value contracting beginning July 1, 2010.

*Ch. 148, art. 3, amending Minn. Stat. §§ 16C.02, adding subs. 4a, 20; 16C.03, subd. 3, adding subs. 3a, 19; 16C.26; 16C.27, subd. 1; 16C.28; 103D.811, subd. 3; 103E.505, subd. 5; 116A.13, subd. 5; 123B.52, subd. 1, adding subd. 1b; 160.17, adding subd. 2a; 160.262, adding subd. 5; 161.32, adding subd. 1f; 161.3412, subd. 1; 161.38, subd. 4; 365.37, adding subd. 2a; 374.13; 375.21, adding subd. 1b; 383C.094, adding subd. 1a; 412.311; 429.041, adding subd. 2a; 458D.21, adding subd. 2a; 469.015, subd. 1a; 469.068, subd. 1; 469.068, adding subd. 1a; 469.101, adding subd. 5a; 471.345, subd. 5, adding subs. 3a, 4a; 473.523, adding subd. 1a; 473.756, subd. 12; adding Minn. Stat. § 161.3206; effective July 1, 2007.*

## Cities

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### **Preventive Health Services**

Cities may establish and operate a program of preventive health services and employee recognition services. Prior law authorized the state and counties to establish and operate programs of employee preventive health services, and counties to establish and operate employee recognition services.

*Ch. 59, amending Minn. Stat. § 15.46, effective August 1, 2007.*

## Counties

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### **Minnesota Inter-county Association (MICA)**

References in statute were changed from *Metropolitan* Intercounty Association to *Minnesota* Inter-county Association to conform to the current name for the organization, which also reflects the membership of the organization.

*Ch. 6, amending Minn. Stat. §§ 353.01, subd. 6; 383B.48; 471.61, subd. 1, effective March 22, 2007.*

### **County Agricultural Society Campgrounds**

Campgrounds maintained by a county agricultural society during a county fair or other fair are exempt from standard campground health regulations. These campgrounds must meet the same requirements as the camping area on the State Fairgrounds.

*Ch. 45, art. 1, § 59, amending Minn. Stat. § 327.201, effective July 1, 2007.*

### **County or District Humane Societies**

A county or district humane society cannot conduct investigations or assist in prosecutions outside of its geographic jurisdiction.

*Ch. 45, art. 1, § 60, amending Minn. Stat. § 343.10, effective July 1, 2007.*

### **Vacancy on County Board**

A vacancy on the county board may be filled by special election or by appointment. If the county board determines to fill it by special election, it has between 30 and 90 days to do so, increased from 30 to 60 days. As an alternative option, a county board may appoint someone to fill a vacancy on the board until an election is held. Under this option, a special election held in conjunction with county general election must be held if the vacancy occurs before the first day to file affidavits of candidacy and there are more than two years left in the term. Otherwise the person appointed serves until the next general election.

*Ch. 52, amending Minn. Stat. § 375.101, subd. 1, adding subd. 4, effective May 10, 2007.*

**Regional Jails,  
Withdrawal of a  
County**

Counties cooperating in a regional jail through a joint-powers agreement may establish the terms of a participating county's withdrawal in the joint-powers agreement. Under prior law, a county could withdraw if the county boards of all of the other cooperating counties decided, by majority vote, to allow the withdrawal.

*Ch. 54, art. 6, § 18, amending Minn. Stat. § 641.265, subd. 2, effective July 1, 2007.*

**Individual Sewage  
Treatment Systems  
(ISTS)**

Each county must adopt ISTS ordinances that comply with revisions to the ISTS rules within two years of the agency adopting the final rules. The revised rules must include provisions for nonstandard systems and performance-based systems. Performance-based systems are designed specifically for a site and the environmental conditions on that site.

A county may adopt an ISTS management plan. The Pollution Control Agency must form an advisory committee to determine what an ISTS management plan should address. The advisory committee must include a representative of the Association of Minnesota Counties as well as other state and local public agencies.

*Ch. 57, art. 1, §§ 136 to 139, amending Minn. Stat. § 115.55, subs. 1, 2, 3, adding subd. 12, effective July 1, 2007.*

**Sale of County  
Nonconforming  
Parcels**

In order to encourage the sale of county-owned nonconforming real property and promote its return to the tax rolls, a county may sell nonconforming parcels without advertising for bids. A county may limit potential purchasers to adjoining landowners. The property must be sold to the highest bidder, but in no case for less than 90 percent of the property's fair market value, as determined by the county assessor. All adjoining landowners must be given written notice at least 30 days before the sale.

*Ch. 131, art. 1, § 78, amending Minn. Stat. § 373.01, subd. 1, adding para. (h), effective August 1, 2007.*

**Wind Energy, Land  
Use Permitting**

The omnibus energy policy law allows a county board, by resolution and upon written notice to the Public Utilities Commission (PUC), to assume responsibility for processing applications for permits required for large wind energy conversion systems (LWECS) with a combined nameplate capacity of less than 25,000 kilowatts. The applications would be processed as provided in the statute governing county planning and zoning, Minnesota Statutes, chapter 394. The county's standards may be more stringent than the PUC's standards.

*Ch. 136, art. 4, §§ 12, 13, adding Minn. Stat. §§ 216F.011; 216F.08, effective January 15, 2008, art. 4, § 14, adding Minn. Stat. § 216F.081, effective August 1, 2007.*

## **Development Authorities and Special Districts**

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### **Watershed Districts, Water Management Organizations, Soil and Water Conservation Districts**

**Public official.** A manager of a watershed district, member of a watershed management organization, or supervisor of a soil and water conservation district is now a “public official” under the campaign finance and public disclosure law.

*Ch. 57, art. 1, § 10, amending Minn. Stat. § 10A.01, subd. 35, effective July 1, 2007.*

**Local water management accountability and oversight.** The Board of Water and Soil Resources (BWSR) must evaluate each local water management entity’s performance, financial, and activity information. A “local water management entity” is a watershed district, metropolitan water management organization, soil and water conservation district, or a county operating as a water management authority. Beginning February 1, 2008, BWSR must provide its analysis of local water management entities performance to the chairs of the legislative committees with jurisdiction over environment and natural resources policy. BWSR may reduce, withhold, or redirect funding for a local water management entity that does not correct deficiencies identified by BWSR.

*Ch. 57, art. 1, § 104, adding Minn. Stat. § 103B.102, effective July 1, 2007.*

**Credit card use.** A manager of a watershed district or supervisor of a soil and water conservation district may authorize officers or employees to use a credit card to make purchases for the organization.

*Ch. 57, art. 1, §§ 105, 106, amending Minn. Stat. §§ 103C.321 by adding subd. 6; 103D.325 by adding subd. 4, effective July 1, 2007.*

### **Regional Development Commissions**

Regional development commissions may develop programs to support planning on behalf of local units of government. The local planning must be related to issues of regional or statewide significance, which may include local zoning and land use plans, community or economic development plans, environment and natural resource plans, rural community health services, and geographical information systems.

*Ch 135, art. 2, § 32, amending Minn. Stat. § 462.39, by adding subd. 5, effective July 1, 2007.*

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

HRAs must now give preference for units in public housing projects to disabled veterans and persons with disabilities. These preferences are in addition to the current preferences granted to families of service persons who died in service and families of veterans.

*Ch. 135, art. 8, § 8, amending Minn. Stat. § 469.021, effective July 1, 2007.*



## Special Legislation

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### **Anoka**

The city of Anoka may provide in its home rule charter the procedures for the appointment of the city housing and redevelopment authority (HRA) commissioners. Under general law, the mayor appoints the HRA commissioners, subject to approval by the city council. Minn. Stat. § 469.003, subd. 6.

*Ch. 125, effective upon local approval.*

### **Beltrami County**

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

*Ch. 26, effective upon local approval.*

### **Duluth**

**Community investment trust fund investments.** The State Board of Investment (SBI), when requested by the city of Duluth, may invest assets of the city's community investment trust fund in the combined investment funds established by the SBI. Use of the funds is restricted to debt service payments for the city's street improvement program, or any other use approved in accordance with section 54(E) of the city's home rule charter. Section 54(E) of the charter provides that the accumulated investment earnings of the city's community investment trust fund shall be transferred annually to the city's general fund, and that except for the annual transfer of investment earnings to the general fund, monies in this fund shall only be spent or transferred to another fund of the city by authority of a resolution approved by at least seven members of the council.

*Ch. 14, § 1, adding Minn. Stat. § 11A.235, effective upon local approval.*

**Postemployment benefits trust fund.** The Public Employees Retirement Association (PERA) may administer an irrevocable trust fund established by the city of Duluth for the city to use to pay for postemployment benefits owed to retired employees. The city's investment committee serves as trustee. PERA may charge reasonable fees and establish other terms for participation in the funds. The account may be terminated only to the extent the city's postemployment benefit liability is satisfied. Money in the irrevocable fund is held in trust for the exclusive benefit of retired employees and is not subject to claims by others. The irrevocable trust fund is equivalent to a trust.

*Ch. 14, § 2, adding Minn. Stat. § 353.95, effective upon local approval.*

## **Elk River**

Elk River is designated as a state energy city.

*Ch. 57, art. 2, § 10, adding Minn. Stat. § 173.0851, effective July 1, 2007.*

## **Hennepin County**

**Hennepin Healthcare System, Inc.** The law governing conflicts of interest for the directors, officers, and employees of Hennepin Healthcare System, Inc. (HHS, formerly Hennepin County Medical Center) was clarified to specify that the law governing conflicts of interest for nonprofit corporations, Minnesota Statutes, chapter 317A, applies. The Hennepin County commissioners serving on the board are still governed by the law governing local public officials.

HHS was established pursuant to 2005 legislation for Hennepin County, which authorized HHS to take over operation and management of the Hennepin County Medical Center. Under Minnesota Statutes, section 383B.907, HHS has the “authority and legal capacity” of a nonprofit corporation under chapter 317A.

*Ch. 34, amending Minn. Stat. § 383B.905, by adding subd. 3a, effective August 1, 2007.*

**Design-build.** In 2002, Hennepin County was given authority to use a design-build method of project delivery for the Northwest Busway (now called Bottineau Boulevard) and Lowry Avenue bridge projects. Under prior law, that authority expired at the end of 2007. This law modifies provisions of Hennepin County’s authority and repeals the limitation of its use to the named projects and makes the law permanent. The number of design-build contracts in a year is limited to no more than 10 percent of the county’s total projects for that year. The law also clarifies that the safeguards to preserve confidential information and proprietary information supplied by those submitting proposals only applies during the procurement process and is governed by the government data practices act.

*Ch. 70, amending Minn. Stat. §§ 383B.158, subds. 1, 3, 4; 383B.1581, subds. 2, 3; 383B.1584; repealing Minn. Stat. § 383B.1586, effective August 1, 2007.*

**Hennepin and Wright counties, boundary change.** The Hennepin and Wright county boards may begin the process for changing the boundary between the two counties by each county adopting a resolution to do so. No other change to the process is provided for, apart from how it is begun. Under general law, the process to initiate a change in a county boundary begins with a petition of the residents. As required by the state constitution, the proposal would still be subject to a vote at the next general election. A boundary change is approved if voted for by a majority of those voting in each affected county.

The boundary change would be to provide that all of the city of

Rockford be included in Wright County.

*Ch. 102, effective May 22, 2007.*

**Library merger.** In order to provide better library service, Minneapolis and Hennepin County have agreed to merge their library systems. The city and county sought legislation needed to facilitate the merger. The new law supersedes other laws and any contrary provisions of the city charter or ordinances.

The city and the Minneapolis Library Board must transfer to Hennepin County on the merger date all interests and titles in the city library system.

The city must transfer to the county on the merger date the parking ramp. Provides that the city remains responsible for outstanding debt issued for the ramp construction but that the county will reimburse the city for debt payments.

City library employees are transferred to the county. The new law addresses issues related to employee classification, protection of accrued benefits, seniority, etc.

Transferred city employees who are members of the Minneapolis Employee Retirement Fund may continue participating in that fund once the city and the county have agreement on the city indemnifying the county for unfunded liabilities relating to the transferring participants.

The city remains responsible for payment of city-issued bonds. The city must issue bonds for the remaining amount authorized by voter referendum in 2000, and bonds identified in the capital improvement plans, to finance library improvements. Unspent proceeds are to be transferred to the county for capital improvements for libraries in the city. County bonds issued before the merger must be repaid with levies imposed outside the city.

The city must contribute a declining amount of operating funds to the county for ten years after the merger. The first year contribution is \$7.8 million and declines by \$780,000 each year. The city must contribute an additional declining amount over eight years to extend the hours of operation of city libraries, although the first three years will be full funding for the extension of hours.

The remainder of the state bond proceeds grant to Minneapolis for the planetarium is redirected to the county for the same purpose.

The city library board is dissolved once the merger is complete and the city assumes all outstanding liabilities of the board.

The surplus ballpark levy funds for the city and county libraries apply to the merged systems and supplement the city contribution under the act.

The county library board is increased from seven to 11 members and provides that for the first three years after the merger, three of the members must be Minneapolis residents.

An appropriation in the omnibus K-12 education finance bill of \$4.5 million to cover costs associated with the merger was vetoed.

*Ch. 121, amending Minn. Stat. §§ 275.065, subd. 3; 383B.237; 383B.239; 383B.245; 383B.247, effective the day after the transactional documents have been fully executed and local approval completed (prohibits filing certificates of local approval until the Minneapolis Library Board, the city, and the county have an agreement that addresses the impact of the merger on employees); ch. 146, art. 6, § 3, subd. 6 (veto message).*

### **Hibbing**

The Hibbing Area Redevelopment Agency (ARA) is dissolved and its assets and liabilities are transferred to the Hibbing Economic Development Authority. Minnesota Statutes, sections 469.109 to 469.123, authorizes the governing body of a municipality (statutory or home rule charter city, town, county, school district) to establish an ARA by resolution. ARAs may be formed only in what are essentially rural areas and on the Iron Range. ARAs have no authority in law to dissolve. In 1950, a housing and redevelopment authority was in a similar situation and the attorney general issued an opinion stating it could not dissolve without express authority. The HRA statute was amended in 1953 to provide for dissolution of an HRA.

*Ch. 91, effective upon local approval.*

### **Little Falls**

A 2006 law that affected only Little Falls is repealed. The law prohibited a city from selling, leasing, or contracting away city-owned property that is on the National Register of Historic Places unless the city followed certain procedures that would take at least two years. Based on the criteria defining the cities the law applies to, it applied only to Little Falls. According to committee testimony, the local controversy that prompted the 2006 law has been resolved. The testifier also stated that a lawsuit challenging the constitutionality of the 2006 law was dismissed without prejudice pending the repeal.

*Ch. 75, repealing Minn. Stat. § 15.995, effective May 16, 2007.*

### **Meeker County**

The Meeker County Economic Development Authority (EDA) may provide for a nine-member board. The Meeker County EDA was authorized by special law in 1998. The special law refers to powers, etc., in Minnesota Statutes, sections 469.090 to 469.1081. County EDAs were not authorized by general law, Minnesota Statutes, section 469.1082, until 2000. The authority to provide for nine-member county EDA boards was added in 2005. Because the Meeker County EDA

operates under a special law that does not refer to the statute that allows for nine-member boards, they needed special legislation.

*Ch. 15, amending Laws 1998, ch. 389, art. 11, § 25, subd. 1, effective upon local approval.*

## **Minneapolis**

Minneapolis and its library board are authorized to merge the Minneapolis library system with Hennepin County's. For more information, see Hennepin County above.

## **Scott County**

**Personnel system changes authorized.** The county personnel director is required to prepare personnel rules, which will be effective only after approval by the county board. Among other things, the rules would provide for creation and maintenance of applicant pools and finalist pools, and for administration of an active system of employee recruitment and selection to meet needs. General law is based on competitive exams and requires the rules to provide for creation and maintenance of lists of eligibles and prohibits a name from remaining on an eligible list for more than two years.

Also under the new law, veterans preference will be administered according to Minnesota Statutes, section 43A.11, instead of section 197.455. Section 197.455 applies to political subdivisions and gives veterans bonus points in rankings by scores. Section 43A.11 applies to state employment applicant pools, placing veterans who meet minimum qualifications for a vacant position ahead of all other applicants (with disabled veterans ahead of nondisabled veterans).

Although the act does not state local approval is required, because it is mandatory in nature, it does not take effect until the county complies with the local approval requirements in Minnesota Statutes, section 645.021.

*Ch. 25, effective upon local approval.*

**HRA name change.** The Scott County Housing and Redevelopment Authority, established under special law in 1974, is renamed the Scott County Community Development Agency.

*Ch. 78, effective upon local approval.*

**Library board.** The Scott County Board may direct, operate, and manage the county library system, transforming the county library board into an advisory body. The library board will still determine the contents of the collections and use of library meeting rooms. This special law is substantially the same as was enacted for Washington County in 2005 and as for Hennepin County in 1981. Minn. Stat. § 383B.239. Under general law, 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. 97, effective upon local approval.*

### **St. Louis County**

**Civil service.** The St. Louis County board must appoint a civil service director to serve in the unclassified service. Under prior law, the county civil service commission appointed the director, and the law spelled out a process for selecting a person to appoint.

Although the act states it is effective the day after enactment, because it is mandatory in nature, it does not take effect until the county complies with the local approval requirements in Minnesota Statutes, section 645.021.

*Ch. 17, amending Minn. Stat. § 383C.032, effective upon local approval.*

**Appeals board of adjustment.** A county, with a city of the first class, encompassing over 5,000 square miles must establish an appeals board of zoning adjustment to provide an intermediate appeal process before going to the district court. The appeals board members serve three-year terms. Based on the criteria, this section applies to St. Louis County.

*Ch. 131, art. 1, § 94, effective August 1, 2007, and expiring July 31, 2009.*

### **St. Paul Liquor License**

The city of St. Paul may issue an on-sale liquor license to a restaurant at 374-378 Maria Avenue North, notwithstanding provisions in state law that prohibit a liquor license near a higher education institution (in this case, Metro State University).

*Ch. 89, § 9, effective August 1, 2007.*

### **St. Paul Port Authority**

The St. Paul Port Authority may create a nonprofit corporation to own and operate a steam and electricity producing facility located in the city of St. Paul that uses primarily renewable energy, excluding mixed municipal waste. This is a proposal for the Rock-Tenn plant near I-94 and Vandalia in St. Paul.

*Ch. 57, art. 2, § 37, effective July 1, 2007.*

### **Winona County**

Within the boundaries of the county, Winona County may own, construct, acquire, purchase, issue bonds and certificates of indebtedness for, maintain, and operate a wind energy conversion system, or a portion on a system, and sell the output at wholesale.

*Ch. 57, art. 2, § 39, effective upon local approval.*

**Wright County  
Boundary Change**

The Wright and Hennepin county boards may begin the process for changing the boundary between the two counties by each county adopting a resolution to do so. No other change to the process is provided for, apart from how it is begun. Under general law, the process to initiate a change in a county boundary begins with a petition of the residents. As required by the state constitution, the proposal would still be subject to a vote at the next general election. A boundary change is approved if voted for by a majority of those voting in each affected county. The boundary change would be to provide that all of the city of Rockford be included in Wright County.

*Ch. 102, effective May 22, 2007.*

## **Metropolitan Government**

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**Metropolitan  
Council**

**New RFP for buses.** The supplemental appropriation for Metropolitan Council bus system operations was conditioned upon the cancellation of Request For Proposal (RFP) #7216 and the issuance of a new RFP for purchase of buses by the Metropolitan Council.

*Ch. 32, § 9, effective May 3, 2007.*

**Legislative review of large procurements.** Metropolitan Council procurements over \$125 million must be reviewed by both the Legislative Advisory Commission and the ranking members of the House and Senate committees responsible for oversight of the items subject to the proposed procurement. The chair of the Metropolitan Council must notify the secretary of the Legislative Advisory Commission when a procurement in excess of \$125 million is being considered.

*Ch. 32, § 12, adding Minn. Stat. § 473.915, effective May 3, 2007.*

**Metropolitan Land Planning Act.** Legislation sought by the Council clarifies some aspects of the Metropolitan Land Planning Act and eliminates outdated or erroneous references. Among other things, the new law clarifies that the 60-day rule (the deadline for an agency to approve or deny a written request) does not apply to the Council's review of comprehensive plans of local government units. It also eliminated the option for a local governmental unit submitting a comprehensive plan, or for other local governmental units affected by the plan, to request a hearing prior to the Council's response to the plan. It permits extension of the 60-day period for holding a contested case hearing by mutual consent. It also made optional the establishment of a planning assistance fund by the Council.

*Ch. 113, §§ 1 to 14, 19 to 21, amending Minn. Stat. §§ 15.99, subd. 2; 473.175; 473.851; 473.852, subd. 1; 473.854; 473.856; 473.857, subd. 2; 473.858; 473.859, subd. 1; 473.866; 473.867, subds. 1, 2; 473.869; 473.871; repealing Minn. Stat. §§ 473.1455; 473.247; 473.868; effective May 24, 2007.*

**Nonprofit foundation.** The Council may establish a private nonprofit tax-exempt foundation to acquire land for public recreation and open space. The Council may appropriate up to \$500,000 of its general fund money to help establish the nonprofit. The Council must report on the foundation to legislature by January 15, 2009.

*Ch. 113, §§ 15 to 17, 19, 21, effective May 24, 2007.*

**One-time fund transfer.** The Council may transfer up to \$1 million from the livable communities demonstration account levy to the planning assistance fund in 2007.

*Ch. 113, §§ 18, 19, 21, effective May 24, 2007.*

**Water supply planning.** The Metropolitan Council must prepare and update the metropolitan area master water supply plan in cooperation with, and subject to the approval of, the commissioner of natural resources. The prior description of the water supply plan component of a local comprehensive plan is replaced with a requirement that the water supply plan be as described in section 103G.291, subdivision 3. Section 103G.291, subdivision 3, now provides that water supply plans are required of all communities in the metropolitan area with municipal water supply systems and are required elements of the local comprehensive plan. Plans or updates submitted after December 31, 2008, must be consistent with the metropolitan area master water supply plan.

*Ch. 131, art. 1, §§ 57, 79, 80, amending Minn. Stat. §§ 103G.291, subd 3; 473.1565, subd. 1; 473.859, subd. 3, effective August 1, 2007.*

## Vetoed Legislation

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### **Charter Commission Expenses**

The governor vetoed legislation that would have increased the maximum amount a city of the second, third, or fourth class must pay in a year for charter commission expenses. The bill would have increased the amount from \$1,500 to \$5,000. The amount has not changed since it was put into law in 1961.

*Ch. 27 (H.F. 1105/S.F. 1017).*

### **Legislative Commission on**

The governor vetoed legislation that abolished the Legislative Commission on Metropolitan Government. The legislation also made



**Metropolitan  
Government  
Abolished**

various changes to the Metropolitan Land Planning Act that were proposed by the Metropolitan Council. Chapter 113, described above reenacted the Land Planning Act changes.

*Ch. 31 (H.F. 881/S.F. 981).*

**Omnibus Tax and  
Public Finance Bill**

The governor vetoed the omnibus tax and public finance bill on May 30, 2007, primarily identifying as unacceptable the inclusion of a provision to require the budget forecast parameters for expenditure estimates to include the effect of inflation. The governor also identified other provisions that he found problematic.

*Ch. 149 (H.F. 2268).*

Some of the more significant local government provisions in the vetoed tax bill include:

**Article 1:**

**Increased aid payments to cities, counties, and towns.** The city local government aid (LGA) appropriation would have increased by \$70 million annually, from \$485 million to \$555 million, starting with aid payable in 2008. County aids would have increased from the current level of \$205.6 million to \$218.6 million for calendar year (CY) 2008, with an additional increase of \$2 million for CY 2009 and thereafter. Towns would have started receiving LGA beginning in CY 2008. The amount of town aid was limited to \$5 million in the first year but would have increased annually based on inflation.

A portion of the LGA appropriation would have been specifically directed at the following cities beginning in CY 2008:

- \$75,000 to Newport for CY 2008 to 2013
- \$30,000 annually to Taylors Falls
- \$30,000 for CY 2008 only to Rockville
- \$80,000 annually to Mahnomon
- \$100,000 annually to Browns Valley
- \$200,000 to Crookston for CY 2008 to 2012

Separate appropriations from the general fund were also made to the following local governments:

- A one-time transition payment of \$250,000 in CY 2008 to Pine County

- \$600,000 annually to Mahnomen County, the city of Mahnomen, and the Mahnomen school district related to loss of tax revenue from the Shooting Star casino
- \$500,000 in each of FY 2008 and 2009 for fire relief aid to be shared between Cook County and the city of Grand Marais, based on their share of costs related to the Ham Lake fire

**Article 2:**

**Truth-in-taxation (TnT) hearings.** All taxing jurisdictions in a county located in Greater Minnesota could have opted to issue joint public notices and hold joint TnT hearings.

**Airport authorities.** Cities would have been allowed to establish joint airport authorities with other local governments. These authorities would have been special taxing districts with the authority to impose property taxes.

**Levy limits for certain hospital districts.** The specific levy limits contained in special law for the Cook-Orr and Cook County Hospital districts would have been eliminated and replaced with the general hospital district levy limit.

**Article 5:**

**Local sales tax authority.** The bill would have tightened the general prohibition against local sales taxes by prohibiting local governments from spending money to promote a local sales tax or hold a referendum to support imposition of a local sales tax.

The prohibition would **not** apply to existing local sales taxes or to the following local sales taxes authorized in the bill:

- Duluth food and beverage tax increase
- Imposition and expansion of various local sales taxes in Cook County
- Expansion of the existing Bemidji sales tax
- Imposition of a local sales tax in the city of Clearwater
- Imposition of a local sales tax in the city of North Mankato
- Imposition of a local sales tax in the city of Winona

**Article 6:**

**JOBZ program.** The duration of JOBZ benefits for new projects in existing zones would have been extended to 11 years after the start of the project. Currently the benefits for all projects in a zone expire 12 years after the zone is established.

**Mall of America (MOA).** A metropolitan areawide levy would have been imposed on the fiscal disparities pool to help fund construction of the parking ramps for Phase II. The city of Bloomington would also have been authorized to impose a citywide lodging tax and a variety of special taxes on the MOA development.

**Fergus Fall vacant regional treatment center campus.** \$200,000 in Department of Employment and Economic Development grants would have been allocated to the city to market and promote development and reuse of its vacant regional treatment facility.

**Tax Increment Financing (TIF).** TIF authorities would have been allowed to delay receipt the first year of increment by up to four years. The bill also included special law TIF provisions for:

- The Thomson-West development in Eagan;
- Expansion of Minneapolis's housing replacement project by 200 parcels;
- Modification of Brooklyn Center's 1994 special law;
- The city of Burnsville to finance development of the Minnesota River Quadrant;
- The city of Fridley to the finance a transit station for the Northstar commuter rail line;
- The city of New Brighton to assist in financing its Northwest Quadrant area; and
- The city of Eyota, designating it a small city for purposes of using economic development TIF.

#### **Article 7:**

**A number of changes would have been made in the laws governing the powers of local and metropolitan governments to incur debt for projects and to invest public funds.** These include the following:

- Allowing towns and counties to issue general obligation debt for subordinate service districts
- Authorizing the Metropolitan Council to issue \$33.6 million of

debt for transit improvements

- Authorizing cities, counties, and school districts to establish trusts for the payment of post-employment health benefits required to be recognized by the accounting standards (GASB 45)
- Increasing the net debt limit for cities, counties, and towns from 2 percent to 3 percent of taxable market value and increasing the county capital improvement program (CIP) bonds from 0.5367 to 0.12
- Providing that voter-approved city and county bonds will be levied against net tax capacity, rather than referendum market value
- Authorizing the issuance of debt in anticipation of the receipt of federal grants for transportation projects (often referred to as GARVEE bonds; acronym derived from “Grant Anticipation Revenue Vehicles”)
- Expanding the area of operation of the Hennepin County HRA to include the entire county
- Making the authority to issue capital notes for computer software permanent
- Providing special law authority to the town of Crane Lake and the city of Winsted to issue debt for projects

**Article 9:**

**Mortgage and deed taxes.** Anoka, Dakota, and St. Louis counties were authorized to impose mortgage and deed taxes for five years with the revenues to be used to create an environmental response fund in each county. The existing mortgage and deed taxes in Hennepin and Ramsey counties, which also must be used for environmental response funds, were also extended for five years. Under current law these taxes sunset January 1, 2008.