

House Research Department

August 2009

**2009 Legislation Relating
to Local and Metropolitan
Government**

This report describes legislation enacted in the 2009 regular session relating to local and metropolitan government.

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Introduction

This report describes legislation enacted in the 2009 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 2009, unless otherwise indicated. See the acts or act summaries of the omnibus bills enacted in 2009 for other provisions that may affect local government and are not covered in this report:

Agriculture and Veterans Affairs Finance	Chapter 94
Capital Investment	Chapter 93
Cultural and Outdoor Resources, Dedicated Funds	Chapter 172
Energy Policy	Chapter 110
Environment, Natural Resources, Energy, and Commerce Finance.....	Chapter 37
Environment and Natural Resources Policy	Chapter 176
Gambling.....	Chapter 124
Health and Human Services.....	Chapters 79, 173, 174
Jobs and Economic Development, Housing, Minnesota Heritage.....	Chapter 78
Pensions and Retirement.....	Chapter 169
Public Safety	Chapter 83
State Government Finance	Chapter 101
Taxes	Chapter 88
Transportation Finance	Chapter 36

Acts are available on the Revisor of Statutes web site (<https://www.revisor.leg.state.mn.us/laws/?view=session&year=2009&type=0>). Act summaries are available on the House Research web site (www.house.mn/hrd/actsum.asp).

Local Government Generally

Land Use, Planning, Zoning

Minnesota River Board

The Minnesota River Basin Joint Powers Board was renamed the Minnesota River Board and its purpose and duties modified. The modifications include: requiring collaboration with the Water Resources Center at Minnesota State University, Mankato; modifying reporting requirements; updating advisory duties to incorporate the requirements established under the Clean Water Legacy Act; and requiring the board to promote and advance basin issues. Members must now pay annual dues and elect a chair and other officers. The new law modified provisions relating to the advisory committee and directs the advisory committee to meet by December 31, 2009, and select a chair from among the advisory committee members.

Ch. 49, amends Minn. Stat. § 103F.378, effective May 8, 2009.

Plat Review

The law governing plat review by local governments and the Department of Transportation (MnDOT) now treats plats that abut state rail bank property the same as plats that abut a trunk highway.

Ch. 168, § 11, amending Minn. Stat. § 505.03, subd. 2, effective August 1, 2009.

Nonconforming Lots

Since 2006, bills had been introduced to prohibit a local government from limiting the ability of an owner of two or more contiguous nonconforming lots to use, develop, or sell one of the lots. During the 2008 interim, representatives of the Department of Natural Resources (DNR), local governments, and others affected by or interested in making changes to the laws governing nonconforming uses in shoreland areas met and developed legislation. The local regulations are based on DNR shoreland regulations required by statute.

First, the new law clarifies that the damage to nonconforming property is measured by the estimated market value as indicated in the records of the county assessor at the time of the damage.

Second, it provides that if the nonconforming structure is in a shoreland district with less than 50 percent of the required setback from the water, in rebuilding after damage, the setback may be increased if practicable and reasonable conditions are placed on the zoning or building permit to mitigate impacts on the adjacent property or water body.

Finally, it lessens the restrictions on use or transfer of a nonconforming lot in a shoreland area. The new law applies to shoreland lots of record on the date of adoption of local shoreland controls for lots that do not meet lot size or width requirements. The city or county must regulate the

use of nonconforming lots. The new provisions:

- ▶ Permit building on a single nonconforming lot without a variance from lot size requirements if certain conditions are met. The conditions are intended to protect the water;
- ▶ Permit an individual nonconforming lot that is part of a group of two or more contiguous nonconforming lots under common ownership to be treated as a separate parcel for the purpose of sale or development if certain conditions are met. The conditions are intended to protect the water;
- ▶ Require a lot subject to the paragraph above that does not meet the conditions to be combined with one or more contiguous lots so they equal one or more conforming lots as much as possible;
- ▶ Allow contiguous nonconforming lots under a common ownership to be sold or purchase individually if each lot had a habitable residence at the time the lots came under common ownership and the lots have adequate sewage treatment or are connected to a public sewer;
- ▶ Require a property owner to address conservation and water protection measures as part of a request for a variance, zoning, or permit; and
- ▶ Clarify that a portion of a conforming lot may be separated from an existing parcel as long as the remainder is conforming and the newly created parcel is combined with an adjacent parcel.

Ch. 149, amending Minn. Stat. §§ 394.36, subd. 4, adding subd. 5; 462.357, subd. 1e, effective May 22, 2009.

Fee Reports

The annual threshold amount of construction and development-related fees collected by a municipality, above which a report must be made to the Department of Labor and Industry, is temporarily increased from \$5,000 to \$10,000. The threshold increase is effective for reports due June 30, 2009, to June 30, 2013.

Ch. 152, § 4, amending Minn. Stat. § 326B.145, effective May 23, 2009.

Mississippi River Corridor Critical Area

The Mississippi River Corridor Critical Areas program was modified and its existing requirements in Executive Order 79-19 codified. The DNR may adopt new rules establishing the program. The DNR must adopt rules establishing new districts within the area and must adopt rules for the development of new guidelines and standards within each district. The program is administered by the DNR and provides coordinated planning and management for a portion of the Mississippi River corridor (from Ramsey and Dayton, to the southern boundary of

Dakota County) in order to protect and preserve the corridor.

The program's standards must be used by local units of government, state and regional agencies, the Metropolitan Council, and the commissioner. Local units of government, regional, and state agencies must notify the DNR of all developments in the corridor that require discretionary action (defined as all actions that require a public hearing, including variances, conditional use permits, and zoning amendments) at least ten days before taking action on the application. The commissioner may exempt certain types of applications from the notification requirement.

DNR must start the rulemaking process no later than January 15, 2010.

Ch. 172, art. 2, § 27, amending Minn. Stat. § 116G.15, effective July 1, 2009.

**Wildlife
Management Areas
Exempt From Local
Ordinances**

Wildlife management areas (WMAs) that are 160 contiguous acres or larger are exempt from local ordinances that limit the taking of game and fish or vegetation management in the area. WMAs that are at least 40 contiguous acres but less than 160 acres are exempted from local ordinances that: restrict trapping, the discharge of archery equipment and certain firearms, or noise; require dogs to be leashed; or otherwise restrict the vegetation management of the area.

Ch. 176, art. 2, § 15, amending Minn. Stat. § 97A.137, adding subd. 4, effective August 1, 2009.

**Additions to State
Parks**

The governing body of an affected city, county, or town may hold a public hearing on a proposed addition to a state park and require the Commissioner of Natural Resources or the commissioner's designee to attend.

Ch. 176, art. 3, § 3, amending Minn. Stat. § 85.0115, effective August 1, 2009.

**Conditional Use in a
Wild and Scenic
River District**

A local government may issue a conditional use permit in a wild and scenic river district to a home-based business that will not need additional structures or paving and otherwise meets all the requirements of the conditional use ordinance.

Ch. 176, art. 3, § 5, amending Minn. Stat. § 103F.321, adding subd. 3, effective May 23, 2009.

**Lease to DNR for
Iron Range Off-
Highway Vehicle
Recreation Area**

If the DNR leases land from a local government for the Iron Range off-highway vehicle recreation area the lease must be for at least ten years and may be paid for upfront.

Ch. 176, art. 3, § 7, amending Laws 1996, ch. 407, § 32, subd. 3, effective August 1, 2009.

Powers, Duties, State Funding, and Regulation

Maintenance of Effort (MOE) and Matching Fund Requirements

Repeal of the 2008 suspension of county MOE and matching fund requirements. The 2008 omnibus tax bill (Laws 2008, chapter 366) contained a provision that relieved counties from all maintenance of effort (MOE) and matching fund requirements while levy limits are in force. The Department of Human Services raised concerns that this provision could result in lost federal aid and/or millions in costs to the state, therefore the House and Senate leadership sent a letter to the governor, prior to the signing of the 2008 tax bill, stating their intent to retroactively repeal this provision at the start of the 2009 legislative session. The provision was repealed early in the session.

Ch. 3, § 2, para. (b), repealing Minn. Stat. § 275.76, effective retroactively from July 1, 2008.

Temporary suspension of new or increased MOE and matching fund requirements. The imposition of new MOE or matching fund requirements or increases in existing requirements is delayed until July 1, 2011. To ensure that this provision has no impact on the state receiving federal stimulus funds, the suspension does not apply if a local government is currently providing the federal MOE or match and the federal government increases those requirements. The suspension also does not apply to local matching funds required for state-funded capital projects or to the local contribution required to receive a loan or grant that a local government requested or applied for.

Ch. 88, art. 2, § 21, adding Minn. Stat. § 275.77, effective May 17, 2009.

Library MOE requirements. The following three modifications were made to the library MOE:

- ▶ The existing formula for calculating the minimum MOE is now based on the average of adjusted net tax capacity (ANTC) for the second, third, and fourth preceding years. Previously it was based on the ANTC from the second preceding year.
- ▶ The minimum MOE for each county and city is now its lowest library spending in the second or third preceding year. Previously, a county or city had to spend at least the amount it spent two years ago, which meant that if a city or county increased its library spending it had to maintain that higher levy of spending every other year in perpetuity. Now a city or county can increase its support for a library for one year without it having an impact on the local government's ongoing commitment.
- ▶ A city or county now may reduce its library MOE if general purpose county or city state aids and credits are cut by an

amount equal to the lesser of (1) 10 percent of its current MOE, or (2) a percent equal to percent of its aid and credit cut to its levy plus general purpose aids. For calendar year 2009, the reductions are based on both 2008 unallotments and 2009 aid and credit cuts. The reduction cannot reduce a city's or county's MOE below its required minimum, which for 2009 is the lesser of \$8.50 per capita or 0.82 percent of its net tax capacity.

Ch. 96, art. 5, §§ 9, 10, amending Minn. Stat. § 134.34, subds. 1, 4. The first change is effective beginning with calendar year 2011, the second change is effective beginning with calendar year 2010, and the third change is effective beginning with calendar year 2009.

Study of Human Service MOE and matching fund requirements. The Commissioner of Human Services, in consultation with county groups, client groups, and the Commissioner of Revenue, must develop a proposal for establishing and transitioning from the current human services MOEs and matching fund requirements to a new county funding system based on equitable property tax contributions. The report to the legislature is due by February 1, 2010. The law lays out criteria to be used in developing the funding mechanism and some guidelines for the final mechanism. The omnibus tax bill had originally contained provisions to eliminate a number of existing human service MOE and matching fund requirements beginning in calendar year 2012, and replacing them with one new MOE based on each county's tax capacity. The Department of Human Services staff was worried that this new MOE was going to be difficult to calculate and administer, and would have an adverse effect on service utilization rates. This study was a compromise, allowing the department time to develop an alternative proposal.

Ch. 88, art. 2, § 48, effective May 17, 2009.

**Composting
Competitive Grant
Program**

The legislature established a program to provide grants to political subdivisions to compost waste. The PCA commissioner must develop an application form and procedures; grant awards are determined by the commissioner.

Grants must be awarded to projects that provide the highest public benefits if applications exceed available funds. Projects must be locally administered, have measured outcomes, and include at least one of three listed priority elements.

Grants awarded that are not used within four years must be cancelled.

Ch. 37, art. 1, § 43, adding Minn. Stat. § 115A.559, effective July 1, 2009.

**Temporary
Lowering of Lake
Water Level**

The Commissioner of Natural Resources may issue public waters work permits to public entities for a drawdown if the commissioner deems it is in the public's best interest, at least 75 percent of the riparian

landowners agree to the drawdown, and the permit applicant holds a public hearing. The permit applicant must mail notices of the hearing to affected property owners and publish the date, time, and place of the hearing in a local newspaper. The law excludes public waters that have been designated by the commissioner for the protection and management of wildlife.

Ch. 48, adding Minn. Stat. § 103G.408, effective August 1, 2009.

Communities for a Lifetime

The Minnesota Board on Aging must implement a new program called “communities for a lifetime” to encourage partnerships of cities, counties, or towns, whose citizens seek to extend to persons age 65 and older opportunities, supports, and services that will enable them to continue to be contributing, civically engaged residents. This new law, similar to “star cities” or “star lakes” specifies criteria for being designated a “community for a lifetime.”

The Minnesota Board on Aging must consult with, and when appropriate work through, the area agencies on aging; consult with the commissioners of human services, health, and employment and economic development, the League of Minnesota Cities, and other organizations representing local units of government; and review senior-friendly community initiatives of other states and organizations.

The board must report to the legislature by February 28, 2010, recommendations for a process for communities to request and receive designation as a community for a lifetime; and funding sources to implement these communities.

Ch. 60, amending Minn. Stat. § 256.975, adding subd. 10, effective August 1, 2009.

New Well Monitoring Fee for Government-Owned Wells

Government-owned wells were exempt from well monitoring fees but now are subject to an annual fee of \$50. The law applies to a statutory or home rule charter city, town, county, or soil and water conservation district, watershed district, an organization formed for the joint exercise of powers under section 471.59, a board of health or community health board, or other special purpose district or authority with local jurisdiction in water and related land resources management.

Ch. 79, art. 10, § 1, amending Minn. Stat. § 103I.208, subd. 2, effective July 1, 2009.

Noxious Weed Control

Amendments to the noxious weed law include some provisions of particular interest to local governments. According to the Association of Minnesota Counties, a task force had been meeting for the past few years to negotiate issues associated with the noxious weed law, and the noxious weed provisions in the omnibus agriculture and veterans finance and policy bill incorporate compromises agreed upon by the task force. Among other provisions, the law establishes a grant program for cities and counties for covering various costs of their noxious weed programs and forms an advisory committee under the Department of

Agriculture that includes city, town, and county representatives. The committee expires June 30, 2013.

Ch. 94, art. 1, §§ 14 to 43, § 107 amending Minn. Stat. § 18.75; 18.76; 18.77, subs. 1, 3, 5, adding subs. 2a, 2b, 3a, 5a, 8a, 13; 18.78, subd. 1, adding subd. 3; 18.79; 18.80, subd. 1; 18.81, subd. 3, adding subs. 1a, 1b; 18.82, subs. 1, 3; 18.83; 18.84, subs. 1, 2, 3; 18.86; 18.87; 18.88; adding 18.89; adding 18.90; adding 18.91; repealing § 18.81, subd. 1; effective July 1, 2009.

False Claims Act

Under the new Minnesota False Claims Act, a person who makes false or fraudulent claims to the state or political subdivision will be subject to civil penalties. (The act does not apply to taxation.) Under certain conditions a private plaintiff may bring actions to enforce the act and share in recoveries under this law. Employers must not discriminate against employees who cooperate with investigations and actions under this law.

Ch. 101, art. 2, §§ 24 to 39, adding Minn. Stat. ch. 15C, effective July 1, 2010.

Cooperative Purchasing

Municipalities may contract for the purchase of supplies, materials, or equipment by using contracts available through the state's cooperative purchasing venture. Now, for contracts over \$25,000, a municipality must consider the state cooperative purchasing venture before purchasing through another source. A "municipality" is a county, town, city, school district, or other municipal corporation or political subdivision of the state.

Ch. 101, art. 2, § 92, amending Minn. Stat. § 471.345, subd. 15, effective July 1, 2009.

Eminent Domain

The maximum appraisal fees that may be awarded to a property owner under an eminent domain proceeding begun by a public service corporation were increased from \$500 to \$3,000 for a high-voltage transmission line, and to \$1,500 for other types of projects.

"Public service corporation" means "a utility, as defined by section 216E.01, subdivision 10; gas, electric, telephone, or cable communications company; cooperative association; natural gas pipeline company; crude oil or petroleum products pipeline company; municipal utility; municipality when operating its municipally owned utilities; joint venture created pursuant to section 452.25 or 452.26; or municipal power or gas agency. Public service corporation also means a municipality or public corporation when operating an airport under chapter 360 or 473, a common carrier, a watershed district, or a drainage authority. Public service corporation also means an entity operating a regional distribution center within an international economic development zone designated under section 469.322." Minn. Stat. § 117.025, subd. 10.

Ch. 110, § 3, amending Minn. Stat. § 117.189, effective May 20, 2009.

Liquor

Public facilities are not subject to state liquor licensing requirements. A “public facility” is a park, community center, or other accommodation or facility owned or managed by or on behalf of a political subdivision, including any county, city, town, township, or independent district.

Ch. 120, §§ 1, 5, 10, amending Minn. Stat. § 340A.101, adding subd. 24a; 340A.401; 340A.414, subd. 1, effective August 1, 2009.

A city outside of the seven-county metropolitan area may issue an on-sale intoxicating liquor license, an on-sale wine license, or an on-sale malt liquor license to a convention center within the city, notwithstanding any law, local ordinance, or charter provision.

Ch. 120, § 6, amending Minn. Stat. § 340A.404, subd. 1, effective May 21, 2009.

Problem Properties

Several changes were made to the laws governing abandoned and problem properties, including specifying certain notice requirements, permitting a political subdivision to request reduction of the redemption period on a foreclosed abandoned property, and classifying the sale or gift of alcohol in an abandoned property as a public nuisance in certain circumstances.

Ch. 123, amending Minn. Stat. §§ 463.251, subds. 2, 3; 504B.151, subd. 1; 504B.178, subd. 8; 580.021, subd. 1; 580.04; 580.041, subd. 1a; 580.042, subd. 1; 582.031; 582.032, subds. 2, 4, 5, 7; 609.605, subd. 1; 617.80, subd. 7, adding subd. 7a; 617.81, subds. 2, 4, effective August 1, 2009, except where otherwise stated.

Gambling, Local Approval

The local approval provisions in the gambling law were revised. The Gambling Control Board may not issue an initial premises permit unless it receives approval from the city council of the city in which the organization’s premises is located, or the county board of the county where the premises is located. The organization must submit a resolution from the city council or county board approving the premises permit. The resolution must have been adopted within 90 days of the date of application for the new permit.

Ch. 124, § 59, amending Minn. Stat. § 349.213, subd. 2, effective July 1, 2009.

911 Services

911 services may now include referral to mental health crisis teams, where available.

Ch. 128, amending Minn. Stat. § 403.03, effective August 1, 2009.

Massage Therapist Licensing

A municipality cannot require a massage therapist to obtain a license or permit when the therapist is working for or an employee of a medical professional licensed under chapter 147 or 148.

Ch. 142, art. 2, § 42, adding Minn. Stat. § 471.709, effective August 1, 2009.

State Administrative Rules, July 1 and January 1, Effective Dates

If a state administrative rule requires a local government to make a plan or ordinance change, it takes effect the next January 1 or July 1. As part of the law providing local government mandate relief, the intent is to reduce the need for a local government to make changes to plans or ordinances multiple times during a year. The law provides exceptions.

A state agency must determine if a local government (city, county, town) will be required to adopt or amend a local regulation to comply with a proposed rule. The administrative law judge must approve or disapprove the agency determination. The rule becomes effective the next July 1 or January 1, or a later date provided by the law or rule, after final adoption if it requires a new or amended local regulation.

The set effective dates for rules do not apply when the good cause exemption, expedited rulemaking process, or process for repealing obsolete rules apply, or when any other law specifies that the rulemaking process in chapter 14 does not apply; if federal law requires an effective date before the dates in subdivision 2; or the governor waives application of the set dates provision.

Ch. 152, § 1, adding Minn. Stat. § 14.128, effective August 1, 2009.

Qualified Newspaper

The minimum circulation of copies regularly delivered to paying subscribers or regularly distributed without charge to local residents in order for a newspaper to be eligible to publish public notices as a qualified newspaper was lowered from 500 to 400.

Ch. 152, § 5, amending Minn. Stat. § 331A.02, subd. 1, effective August 1, 2009.

Uniform Municipal Contracting Law

In 2008, the thresholds amounts for the various methods of contracting under the Uniform Municipal Contracting Law were increased. The 2009 Legislature updated the threshold amounts for similar contracting laws under the special assessment and HRA statutes by providing a cross-reference to the Uniform Municipal Contracting Law.

Ch. 152, §§ 18 to 20, amending Minn. Stat. §§ 429.041, subds. 1, 2; 469.015, effective August 1, 2009. See also ch. 88, art. 6, §§ 14 and 15, making the same changes in the HRA statute.

Out-of-State Travel Policies

A local government no longer has to review its policy governing out-of-state travel each year, but it must still have a policy. This law was originally enacted in 2005.

Ch. 152, § 21, amending Minn. Stat. § 471.661, effective August 1, 2009.

Records Retention Task Force

The records retention task force of the Minnesota Clerks and Finance Officers Association, in conjunction with the Minnesota Historical Society, must study permanent record retention and make recommendations to appropriate legislative committees by February 15, 2010, for methods and time frames for various classes of government

records retention.

Ch. 152, § 24, effective August 1, 2009.

American Recovery and Reinvestment Act (ARRA)

Energy

Chapter 138 allocates spending of federal energy stimulus funds under the American Recovery and Reinvestment Act of 2009. It includes grants for local governments to increase efficiency and reduce energy use, competitive grants for building renovations for greater energy efficiency, and competitive grants for renewable energy systems or geothermal heating and cooling systems.

Ch. 138, effective May 22, 2009.

Public Finance, Economic Development

OPEB Referendum Exemption

The exemption from the election requirement for other postemployment benefit (OPEB) bonds for cities, counties, and towns is limited to bonds to fund OPEB liabilities that are:

- ▶ Mandated by state law (i.e., the requirement to allow retirees to purchase insurance from the employer's pool at the same price as the cost for active employees); and
- ▶ For other OPEB liabilities only if the benefit has been eliminated for newly hired employees.

No change is made to the referendum exemption for OPEB bonds issued by school districts.

Ch. 88, art. 2, § 36, amending Minn. Stat. § 475.58, subd. 1. The first change is effective for obligations sold after August 1, 2009, and the second change is effective May 17, 2009.

Emergency Certificates of Indebtedness

A city, county, or town may now issue emergency debt certificates if both of the following occur in a fiscal year:

- ▶ The governmental unit's current year revenues are expected to be reduced below their budgeted amounts (i.e., the amount set in the budget used to set the property tax levy)
- ▶ The reduction is so large that current year expenses will exceed current year receipts

A similar law already exists for Plan B statutory cities in Minnesota Statutes, section 412.751. Although the impetus of the law was the 2008 unallotments, this authority could also be triggered by an unexpectedly

high level of property tax delinquencies or a drop in receipts from fees for issuing building permits and similar.

The maximum amount of certificates that may be issued is limited to the expected reduction in receipts plus the costs of issuance. The certificates must mature (be paid off) within two years of the end of the fiscal year in which they were issued. The certificates are excluded from net debt limits.

A governmental unit issuing emergency debt certificates under this provision to cover unallotments may not use the unallotment special levy authority, but may levy to pay for the debt under the debt special levies in Minnesota Statutes, section 275.70, subdivision 5. Levy increases to pay these certificates of indebtedness are an allowed exception to the truth-in-taxation limits.

Ch. 88, art. 2, §§ 36, 37, amending Minn. Stat. § 475.58, subd. 1, adding clause (11), adding § 475.755, effective May 17, 2009; and ch. 88, art. 3, § 4, amending Minn. Stat. § 275.065, subd. 6, effective for taxes payable in 2010 and thereafter.

Mail Election, Limits on Ballot Questions

The restriction on the number of ballot questions (two) that may be submitted to the voters in a mail election has been eliminated.

Ch. 88, art. 6, § 4, amending Minn. Stat. § 204B.46, effective May 17, 2009.

Airport Facility Bonds

A municipality may issue bonds for airports without a referendum if the bonds are approved by a 60-percent vote of the governing body. This parallels the similar exception for airport authorities created by joint powers agreements. Also, the exemption from the referendum requirement for projects funded 25 percent or more by federal grants was extended to include state grants. That is, the 25-percent requirement would be applied to the combination of state and federal grants.

Ch.88, art. 6, § 5, amending Minn. Stat. § 360.036, subd. 2, effective May 17, 2009.

Industrial Revenue Bonds

The definition of permitted projects for which industrial revenue bonds may be used now includes projects that create or produce intangible property, such as patents, copyrights, processes, designs, and so forth. This is consistent with changes in ARRA.

Ch. 88, art. 6, § 18, amending Minn. Stat. § 469.153, subd. 2, effective May 17, 2009.

Bond Allocations

The definition of the “annual volume cap” under the bond allocation statute now includes taxable private activity bonds that qualify for federal tax credits or subsidies. The law directs the staff of the Commissioner of Finance to handle these allocations.

The definition of “manufacturing project” under the bond allocation statute now includes projects that produce or create intangible property, such as patents, copyrights, processes, designs, and so forth.

Ch. 88, art. 6, §§ 21, 22, amending Minn. Stat. § 474A.02, subs. 2 and 14, effective

May 17, 2009.

Bond allocation authority of entitlement issuers for 2008 and 2009 may be carried forward through 2011. Amounts not issued by 2011 will be deducted from their 2012 entitlement amounts.

Ch. 88, art. 6, § 27, effective May 17, 2009.

**Municipal Bonding,
Ratings, Escrow
Account Securities**

“Rating category” is now a defined term to clarify that long-term categories do not include gradations with those categories.

Ch. 88, art. 6, § 23, amending Minn. Stat. § 475.67, subd. 8, effective May 17, 2009.

Tax Increment Financing (TIF)

Special TIF law exceptions for Arden Hills, Mankato, Minnetonka (duration extension), Oakdale, St. Louis Park, Sauk Rapids, Seaway Port Authority of Duluth, and South Saint Paul are described in the Special Legislation section starting on page 29.

**Community-Based
Energy
Development
(C-BED) Projects**

The definition of C-BED projects was modified to apply to all types of renewable energy projects. Prior law limited them to solar energy projects only. (This was a cross-reference error in the 2008 legislation.)

Counties may enter into joint agreements for purchase of energy or for acquisition of interests in C-BED projects. If the county enters into a multiyear agreement, including C-BED projects under section 216B.1612, subdivision 9, the county may finance the estimated cost by issuing revenue bonds, including clean renewable energy bonds, if the annual debt service on all of the bonds issued, together with the amounts paid by the county for purchase of energy in any year, do not exceed the project revenues. The agreement may use any of three alternatives for issuing and securing bonds for the project:

- ▶ Each county issues bonds to pay its respective share of the cost of the project
- ▶ One of the counties issues bonds for the entire project and the other participating counties pay project revenues to that county
- ▶ A joint powers board issues revenue bonds for the entire project and the participating counties use project revenues to pay the revenue bonds

Ch. 88, art. 5, §§ 1, 2, amending Minn. Stat. § 373.48, subd. 1, adding subd. 3, July 1, 2009.

Tourism Projects

The authority to use economic development TIF districts for tourism projects was expanded to include counties in Region 7E. This will add the counties of Chisago, Isanti, Mille Lacs, Kanabec, and Pine to those now allowed to use this authority. To qualify, projects must also be located in counties with incomes that are no more than 85 percent of the state median income and cannot be in a city with a population of over 20,000. The following counties located in development regions 2, 3, 4, and 5 that previously qualified to use the authority are: Aitkin, Becker, Beltrami, Carlton, Cass, Clay, Clearwater, Cook, Crow Wing, Douglas, Grant, Hubbard, Itasca, Koochiching, Lake of the Woods, Mahnomon, Morrison, Pope, St. Louis, Stevens, Todd, Traverse, Wadena, and Wilkin.

Ch. 88, art. 5, § 3, amending Minn. Stat. 469.174, subd. 22, effective for requests for certification made after June 30, 2009.

Contents of Plan

The TIF plan no longer must include references to the portion of the development or redevelopment that will be financed with non-TIF revenues. The total authorized cost is now limited to an estimate of the increments that will be generated by the expected development of the district.

Ch. 88, art. 5, § 4, amending Minn. Stat. § 469.175, subd. 1, effective for tax increment financing plans approved after June 30, 2009. Same provision in ch. 101, art. 2, § 90.

State Auditor Reporting

The annual TIF financial report no longer has to include non-TIF funds, such as special assessments, grants, and transfers from other funds. References to public park and social and recreational facilities are eliminated, since these are no longer purposes for which increments generally may be spent. References to revenue bonds and pay-as-you-go notes are combined, since they are legally indistinguishable.

Ch. 88, art. 5, § 5, amending Minn. Stat. § 469.175, subd. 6, effective for tax increment financing reports due after December 31, 2009. Same provision in ch. 101, art. 2, § 91.

Administrative Costs

A county's cost of administration is not counted against the 10-percent limit on TIF administrative expenses.

Ch. 88, art. 5, § 6, amending Minn. Stat. § 469.176, subd. 3, effective for all districts, regardless of when the request for certification was made.

Four-Year Knockdown Rule

For TIF districts that were certified between January 1, 2005, and April 20, 2009, the four-year knockdown rule is extended to six years. The knockdown rule requires development activity to take place on a parcel within four years after certification. (Qualifying activities include private development or the installation of public infrastructure improvements on or adjacent to the parcel.) Failing this, the parcel is dropped from the TIF district and is only recertified (with its then tax value) as part of the district when the requisite activity takes place.

Ch. 88, art. 5, § 7, amending Minn. Stat. § 469.176, subd. 6, effective for districts certified on or after January 1, 2005.

Five-Year Rule For districts certified after June 30, 2003, and before April 20, 2009, the five-year rule is extended to ten years. The five-year rule requires the development authority to complete the district's in-district activities within five years after certification of the district.

Ch. 88, art. 5, § 8, amending Minn. Stat. § 469.1763, subd. 3, effective May 17, 2009.

Interfund Loans Interest rates on interfund loans are set when the loans are authorized, not when they are made.

Ch. 88, art. 5, § 9, amending Minn. Stat. § 469.178, subd. 7, effective for interfund loans made after June 30, 2009.

JOBZ Extension Authority A JOBZ designation and tax incentives for any site may be extended for five years if it meets the following requirements:

- ▶ It is located in a county with an unemployment rate of 10 percent or more or an unemployment rate that is 10 percent above the state average
- ▶ The project is for a business that has its headquarters on the site, includes an R&D facility, and involves the manufacturing of energy conservation products using high technology and innovative processes
- ▶ The business subsidy agreement is executed after July 1, 2009, and before July 1, 2011

This is intended to allow an extension for a project in the city of Faribault for a project involving a manufacturing facility for electrochromatics glass products. The extension will allow the benefits to be provided through 2021, rather than 2016.

Ch. 88, art. 5, § 10, amending Minn. Stat. § 469.312, subd. 5, effective May 17, 2009.

Property Taxes and Aids

Wind Energy Production Tax Revenue Distribution Currently 80 percent of the wind energy production tax goes to the county, 14 percent to the city or township, and 6 percent to the school district in which the wind turbine is located. Beginning in 2010, the distribution to school districts will be eliminated and 20 percent of the revenue will go to the city or township.

Ch. 88, art. 2, § 12, amending Minn. Stat. § 272.029, subd. 6, effective May 17, 2009.

Property Tax Levy Recertification When the governor unallotted city and county aids in December 2008, the schedule for setting levies for property taxes payable in 2009 made it impossible for the local governments to adjust their Pay 2009 levy to reflect the calendar year 2008 aid losses. Cities and counties will now be allowed to recertify property tax levies to compensate for any future

December aid and credit unallotments. The recertification must occur by January 15 of the year in which the levy is payable; the recertified amount must be reported to the county auditor within two business days after January 15; and the county must inform the Commissioner of Revenue of all recertifications by January 30. Levy increases due to the recertification are an allowed exception to the truth-in-taxation limits.

Ch. 88, art. 2, § 19, amending Minn. Stat. § 275.07, adding subd. 6, effective May 17, 2009, and ch. 88, art. 3, § 4, amending Minn. Stat. § 275.065, subd. 6, effective for taxes payable in 2010 and thereafter.

Special Levies

Levy limits are currently imposed for two more years (Pay 2010 and 2011) for all counties and for cities with a population of 2,500 or more. Special levies are property taxes for specified purposes that are not subject to levy limits. The following changes were made in allowed special levies:

- ▶ *Animal humane societies.* A limit was added to this existing special levy. There had been a limit on the amount a city or county could *spend* on animal humane societies but this was repealed in Laws 2009, chapter 94, section 93. The old limit is now added to the special levy. Therefore, if a city or county wants to spend more on these societies, it must use part of its general limited levy or another local revenue source.
- ▶ *Unallotments.* The timing of the existing special levy for aid and credit reductions due to the governor unallotting local government payments is amended to account for the new levy recertification authority.
- ▶ *Sex offenders.* A new special levy was added to pay for the state's share of costs for confining sex offenders undergoing the civil commitment process. Although the state is supposed to pay 50 percent of these costs, it often doesn't make the necessary appropriation and the entire cost falls to the county.
- ▶ *Washington County public safety center.* Washington County may levy for the first year of operating its new public safety center. The center was authorized before the imposition of levy limits in 2008. After the first year the county's levy limit is adjusted by adding this cost to its levy limit base.
- ▶ *Market value credit reductions.* Because of the mechanics of the levy limit calculation, a city or county can increase its levy for losses in LGA or county program aid but not for market value credit reductions. A new special levy is added to allow a local government to increase its levy for market value credit losses as well.

Ch. 88, art. 2, § 20, amending Minn. Stat. § 275.70, subd. 5, effective for levies certified in 2009 and thereafter, payable in 2010 and thereafter.

**Property Tax
Payment Schedule**

The minimum property tax amount for which counties must allow payments in two installments is increased from \$50 to \$250.

Ch. 88, art. 2, § 23, amending Minn. Stat. § 279.01, subd. 1, effective for levies certified in 2009 and thereafter, payable in 2010 and thereafter.

Plats

In 2008, the law governing the phase-in for the increase in property valuation when vacant land is platted was amended to terminate the phase-in if the property is sold or transferred. In 2009, the effective dates of the 2008 law were modified to clarify that the changes only affect land platted after the 2008 omnibus tax law was passed, that is platted after May 18, 2008.

Ch. 88, art. 2, §§ 41 and 42, amending the effective dates for Laws 2008, ch. 366, art. 6, §§ 9 and 10, effective July 1, 2009.

**Truth-in-Taxation
(TnT) Notice and
Hearings**

The truth-in-taxation (TnT) process was modified significantly by eliminating the separate TnT hearings that each county, school district, city over 500 in population, and metropolitan special taxing district was required to hold and the related required newspaper notice. The elimination of these requirements was part of the proposals resulting from the House mandate relief working group.

Elimination of the separate hearing. The separate TnT hearing was eliminated. Local governments now must select a regularly scheduled meeting in which to discuss the proposed levy and budget and take public testimony. The meeting where testimony will be allowed must be held after 6 p.m.

Elimination of the newspaper notice. Local governments were required to publish a special newspaper notice containing total budget and levy information and tax rate comparisons, as well as the date and time of the TnT public hearing. That notice is now eliminated although information of the regularly scheduled meeting where the public may testify on the proposed levy must be published as part of regular city meeting summaries. The TnT notice of proposed property tax that is sent to each property owner will continue to include the time and place of the governing body's meeting at which the proposed levy will be discussed and public testimony allowed.

Note on correction needed. When the requirement of a separate TnT hearing was eliminated, the language limiting TnT requirements to cities with a population of 500 or more was unintentionally eliminated. With the agreement of the House and Senate tax chairs that the legislature will retroactively fix this during the 2010 legislative session, the Department of Revenue intends to administer the law as if it does not apply to cities with a population under 500.

Ch. 88, art. 3, § 10, repealing § 275.065, subds. 5a, 6b, 6c, 8, 9, 10. The remaining sections of article 3 provide technical conforming changes to other parts of the statute. Effective for taxes payable in 2010 and thereafter.

Taconite Aids

The amount of taconite aids paid to a school district that offsets state school aid is eliminated and is now reallocated as aid to the cities and towns in that school district. Fifty percent of that amount will go to the cities or towns where the mining occurs and the remaining 50 percent will go to the cities or towns where the processing occurs. Previously, 40 percent went to where mining occurred and 60 percent to where processing occurred.

Ch. 88, art. 12, §§ 8, 9, 23, para. (c), amending Minn. Stat. § 298.28, subd. 2, 4; repealing § 126C.21, subd. 4, effective for distributions in 2010 and thereafter.

Transportation

Mitigation of Transportation Construction Impacts on Business

A transportation authority must appoint a liaison between the road authority doing road work on a street or highway and businesses next to the construction or affected by access or parking issues related to the construction. The liaison must provide information to businesses on the status of the construction project.

“Transportation authority” means the commissioner of transportation for trunk highways; the county board for county state-aid highways and county highways; the town board for town roads; and statutory or home rule charter cities for city streets.

Ch. 36, art. 3, § 2, adding Minn. Stat. § 160.165, effective July 1, 2009.

Administrative Costs

The deduction from the municipal state-aid street fund was increased from 1.5 percent to 2 percent of the net amount available in the fund. This deduction is used by MnDOT in administering the state-aid program.

Ch. 36, art. 3, § 4, amending Minn. Stat. § 162.12, subd. 2, effective July 1, 2009.

Stillwater Lift Bridge Endowment

An endowment account for maintenance and, if necessary, demolition of the Stillwater Lift Bridge was created. The account consists of appropriations made by the state of Minnesota or Wisconsin and may include federal funds. The account may also receive private contributions, gifts, or grants under section 16A.013. The new law provides for investment of the funds, specifies uses of the principal and interest, and establishes various account management requirements.

Ch. 36, art. 3, § 5, adding Minn. Stat. § 165.15, effective July 1, 2009.

Free Transit Service for Disabled Veterans Public transit providers receiving aid from MnDOT must provide free public transit for disabled veterans. Transit providers in the metropolitan area also must provide free service (see Metropolitan Council section, beginning on page 41).

Ch. 36, art. 3, §§ 12, 14, amending Minn. Stat. § 174.24, subd. 1a, adding subd. 7, effective July 1, 2009.

Motor Vehicle Sales Tax Revenues for Transit The allocation of motor vehicle sales tax (MVST) revenue in fiscal years 2010 and 2011 accelerates the phase-in of the transit portion of MVST funds from the general fund to transportation purposes. The reallocation provides additional funds for transit (and reduces by a corresponding amount funding for state and local highways from the highway user tax distribution fund).

Ch. 36, art. 3, § 19, amending Minn. Stat. § 297B.09, subd. 1, effective July 1, 2009.

St. Cloud Bridge Site MnDOT must make sure that the economic impact on communities is considered in selecting the site for a new Mississippi River crossing near St. Cloud.

Ch. 36, art. 3, § 25, effective July 1, 2009.

Design-Build Pilot Program The legislature established a design-build pilot program for county and municipal transportation projects and a Design-Build Project Selection Council to select, evaluate, and support county and municipal transportation projects on the state-aid system that are conducive to use of the design-build method of contracting. The council must report to the legislature. The pilot program is for up to nine projects. Design-build contracting based on the lowest bidder may be used if the scope of the project is clearly defined and establishes the contractor selection process.

Ch. 36, art. 3, §§ 28, 29, effective May 8, 2009, and expires on the earlier of October 1, 2012, or on completion of nine design-build projects under the pilot program.

Speed Limits in Certain Areas The definition of “residential roadway” is narrowed to (1) eliminate segments of a road that are half-mile or shorter in length, so that only roads with a total length of under a half-mile are included, and (2) clarify that the road must be a city street or town road. Residential roadways will have a speed limit of 25 miles per hour (reduced from other statutory defaults) if a road authority adopts that limit and posts signs accordingly.

The speed limit in rural residential districts is raised from 30 m.p.h. to 35 m.p.h. if posted, or 55 m.p.h. otherwise. Prior to this change, the statutory speed limit within a rural residential district was 30 m.p.h. on a town road and 55 m.p.h. on a city street.

The posted speed limit of 30 m.p.h. can remain until the signs are

replaced.

A rural residential district is a road that has houses built up along it for a distance of at least a quarter mile, where the houses are on average spaced less than 300 feet apart. These basic requirements are not changed in the revised definition, except as noted below.

The definition of “rural residential district” is modified to broaden the classification to include eligible city streets, clarify that the distance between dwelling houses is measured along the centerline of the roadway and measured between each primary access point (e.g., driveway) to the house, and provide that the distance between dwelling houses over the minimum quarter-mile stretch of road is based on the average spacing of the houses rather than on the spacing between each house on that segment of road.

The definition of “urban district” is clarified that it can be on a city street or town road.

Ch. 56, amending Minn. Stat. §§ 169.011, subs. 64, 90, adding subd. 69a; 169.14, subd. 2, adding subd. 5f, effective August 1, 2009.

Central Corridor Utility Zone Cost Adjustment

A “Central Corridor utility zone” is established and extends one-quarter mile on either side of the University Avenue light rail project and including the entire University of Minnesota, Minneapolis campus. The law describes the facilities that may be constructed in the zone, beyond those replacing existing infrastructure, and under what conditions the utility may apply to the Public Utilities Commission to receive automatic cost recovery for them.

Ch. 110, § 9, amending Minn. Stat. § 216B.16, adding subd. 7d, effective May 20, 2009.

Fees Paid By Credit or Debit Card

Vehicle registration filing fees may be paid by credit or debit card and deputy registrars may collect a surcharge on the fee to cover the cost of processing a credit or debit card transaction, in accordance with emergency rules established by the Commissioner of Public Safety. A correction to this section in the “corrections bill” would have clarified that this applied to the underlying registration fee and taxes as well as the filing fee, but the corrections bill did not pass (S.F. 2135).

Ch. 152, § 2, amending Minn. Stat. § 168.33, subd. 7, effective for fees collected after July 31, 2009.

Low-Level Traffic Citations; Administrative Fines Authorized

A new law allows counties and cities to issue administrative fines for traffic violations. A county board or city council must first adopt a resolution that (1) provides for a neutral third party to hear and rule on challenges to administrative citations and (2) prohibits peace officers from issuing administrative citations for any traffic offense not listed in the new law.

Administrative penalties may be issued for vehicle operators who (1)

violate the speed limit by no more than nine miles per hour in excess of the limit; (2) fail to obey a stop line; (3) or operate a vehicle in violation of certain safety and equipment regulations.

A peace officer may not be required to issue an administrative citation instead of a criminal citation under state law.

A uniform administrative citation will be issued throughout the state for violations subject to administrative fines and the Commissioner of Public Safety must prescribe the detailed form of the citation by October 1, 2009. The officer issuing the citation must let the driver know it can be challenged, and the local government has to have a process in place for challenges. Local units of government that enact an ordinance under this section must alter the uniform citation to include instructions on how to challenge an administrative citation.

An administrative fine is a \$60 fine. Two-thirds of fines collected must go to the local unit of government and one-third goes to the state general fund. One-half of the funds received by a local unit of government must be used to supplement law enforcement activities.

Commercial drivers are not subject to administrative fines. Administrative citations will not be recorded on a person's driving record and used in license revocation and suspension decisions.

A local government that collects administrative fines must include that information and the amount collected as separate categories in any financial report, summary, or audit. The state auditor must collect administrative fines data in addition to other data that the state auditor collects annually from all local units of government.

Ch. 158, §§ 1, 4 to 9, amending Minn. Stat. § 6.74; 169.985; 169.99, subd. 1; 357.021, subd. 6; adding Minn. Stat. § 169.999, effective August 1, 2009, but not enforceable until the Commissioner of Public Safety prepares the uniform administrative citation, which is required by October 1, 2009.

Mini Trucks

A county, city, or town may issue special permits for mini trucks to be driven on that political subdivision's roads. The special permit is generally the same as provided for motorized golf carts and certain all-terrain vehicles. Unlike operators of golf carts and eligible all-terrain vehicles, mini truck operators must have a driver's license and can drive the vehicle at night. Other requirements, which apply to all of the vehicles allowed to be driven with the permit, include: creation of an ordinance by the local unit of government; authority to cross streets on which the vehicle cannot otherwise be driven; application of all relevant traffic regulations to the vehicle; and allowing for purchasing insurance under the Minnesota Automobile Insurance Plan.

A "mini truck" is a four-wheeled motor vehicle that (1) has an electric motor of up to 7.5 kilowatts or an engine with a displacement of up to 660 cc, (2) has a total dry weight (weighed before any loads or

occupants) of 900 to 2,200 pounds, (3) contains an enclosed cabin and seat for the operator, (4) resembles a pickup truck or van, and (5) was not originally manufactured to meet federal safety standards for passenger vehicles (except it can meet the federal low-speed vehicle standard). Neighborhood electric vehicles and medium-speed electric vehicles are not mini trucks.

Ch. 158, §§ 2, 3, amending Minn. Stat. §§ 169.011, adding subd. 40a; 169.045; effective August 1, 2009, and expires on July 31, 2012.

Cities

Municipal Gas Agency

Two or more existing municipal power agencies now may form a new municipal power agency. Other previously enacted law authorizes two or more cities to establish a municipal power agency.

Ch. 19, amending Minn. Stat. § 453.52, subs. 2, 7, 8; 453.53, subs. 1, 2, 3, 4, 8, 9; 453.55, subd. 13, effective April 17, 2009.

Cartways

Cities were given authority to create cartways in 2006, an authority towns have always had. This law fills in the gaps in *how* to do so by providing that a city must follow the same procedures required for cartway requests presented to a town board.

Ch. 30, art. 3, § 3, amending Minn. Stat. § 435.37, adding subd. 4, effective May 1, 2009, and applies to cartway petitions filed on or after that date.

Housing Improvement Areas

A number of changes were made to laws related to a city establishing a housing improvement area including:

- ▶ providing that a city must provide full disclosure of public expenditures, including terms of financing for improvement area projects before establishing the area;
- ▶ requiring that contracts for housing improvements in the area are subject to the uniform municipal contracting law;
- ▶ allowing the city to impose fees on a basis other than tax capacity or square footage of each housing unit provided that the council finds that the alternative basis for the fee is more fair and reasonable; and
- ▶ extending the deadline by which the city may establish a housing improvement district under the general law from June 30, 2009, to June 30, 2013.

Ch. 88, art. 2, §§ 28-30, amending Minn. Stat. §§ 428A.13, adding subd. 1a; 428A.14 subd. 1, effective July 1, 2009; § 428A.21, effective May 17, 2009.

**City Abatement
Authority for
Disrupted Access**

For the next four years, a city may abate in whole or in part, the city's portion of the property taxes on the business property with a market value of \$250,000 or less, if a public transportation project has impeded access to the business for more than three consecutive months resulting in a loss of revenue to the business. Unlike most abatements, the property taxes must first be paid and then the city may refund an amount up to the full amount of the city's share to either the property owner or to the business owner, if the property is leased.

Ch. 88, art. 2, § 35, adding Minn. Stat. § 469.1816, effective for taxes payable in 2010 through 2014.

**City Abatement
Authority; Newly
Constructed
Residential
Structures in Flood-
Damaged Cities**

The legislature provided a special tax abatement for new home construction in the flood-damaged cities of Breckenridge, East Grand Forks, Moorhead, and Dilworth. The abatement is available for property:

1. in a city eligible to create a border city enterprise zone;
2. located in a county designated as an emergency area under presidential declaration FEMA-3304-EM;
3. classified as residential or agricultural homestead, residential nonhomestead, apartment, or low-income apartment;
4. on which no part of the structure was in existence prior to January 1, 2009, except for spec homes built in 2008 but not yet purchased or inhabited as of the date of the flood; and
5. on which construction is commenced prior to December 31, 2010.

For nonapartment residential property, the abatement is the tax attributable to \$200,000 of market value or the total value of the structure, whichever is less. For apartments (i.e. four units or more), the abatement amount is the tax on \$20,000 of market value times the number of residential units or the total value of the structure, whichever is less. The abatement is in effect for two taxes-payable years corresponding to the two assessment years after construction begins.

The Commissioner of Revenue will reimburse the affected taxing jurisdictions for the abatements prior to September 1 of each taxes-payable year.

Ch. 88, art. 2, § 49, effective for taxes payable in 2011 to 2013.

**City Special Service
Districts**

When a special service district is initially proposed, in addition to mailing the notice of charges by the special service district to individuals and businesses subject to the charges, the notice must now also be mailed to the property owners. Similarly, the notice of the special service district resolution and ordinances must be mailed to property owners as well as individuals and businesses subject to the

charges, for purposes of the veto authority. Finally, the petition to impose special service district charges is now parallel for both net tax capacity charges and other types of service charges. The petition requirement prevents imposing charges unless 25 percent of those who would be subject to the charges petition for a public hearing on the proposal.

Ch. 88, art. 6, §§ 8 to 11, amending Minn. Stat. § 428A.03, subd. 1; 428A.08; 428A.09; 428A.10, effective May 17, 2009.

**City Recreational
Facilities**

The definition of “facilities” under city programs for public recreation for athletic and cultural activities now includes convention and conference facilities.

Ch. 88, art. 6, § 19, amending Minn. Stat. § 471.191, subd. 1, effective May 17, 2009.

**Solid Waste
Management Tax
Exemption**

A home-rule or statutory city that owns and operates a solid waste-to-energy resource recovery facility will no longer charge the solid waste management tax on its service charges. This is a retroactive exemption.

Ch. 88, art. 12, § 6, amending Minn. Stat. § 297H.06, subd. 1, effective for taxes imposed after March 31, 2007.

**City Council
Member
Compensation
Changes**

A city council of a second, third, or fourth class city may immediately reduce council member salaries, effective for 12 months, unless another period of time is specified in the ordinance.

Ch. 152, § 17, amending Minn. Stat. § 415.11, adding subd. 3, effective May 23, 2009.

**Board of Water and
Soil Resources**

The Board of Water and Soil Resources now includes two elected city officials, one of whom must be from the metropolitan area, and a township officer.

Ch. 176, art. 1, § 24, amending Minn. Stat. § 103B.101, subd. 2, effective August 1, 2009.

Counties

**Greater Minnesota
Business
Development Public
Infrastructure
Grant Program**

Counties outside of the seven-county metropolitan area are now eligible to participate in the greater Minnesota business development public infrastructure grant program.

Ch. 78, art. 2, §§ 7 to 11, amending Minn. Stat. § 116J.431, subs. 1, 2, 4, 6, and adding subd. 1a, effective May 15, 2009.

**Delinquent Tax List
Publication
Requirements**

If an error is discovered in the newspaper publication of the delinquent tax list, the county auditor will now be allowed to republish only the information that needs to be corrected. Previously the county was required to republish the entire tax list.

Ch. 88, art. 2, § 24, amending Minn. Stat. § 279.10, effective May 17, 2009.

**Abatement
Authorization**

Counties may now use the special assessment process to abate nuisances. This allows a county to clean up nuisances and charge the owner for those costs.

Ch. 88, art. 2, § 31, amending Minn. Stat. § 429.011, subd. 2a, effective May 17, 2009.

**Public Safety Radio
Bonds**

County bonds issued for the public safety radio system do not count against the dollar limits on the amount of county capital improvement program (CIP) bonds.

Ch. 88, art. 6, § 7, amending Minn. Stat. § 373.47, subd. 1, effective retroactively to bonds issued after May 22, 2002.

**County Bond Credit
Enhancement**

If, under the state credit enhancement program for county bonds, the state pays interest on interest-subsidy bonds issued by counties, the state is subrogated to the federal payments of interest subsidies to the county until the state is reimbursed for its payments.

Ch. 88, art. 6, § 12, amending Minn. Stat. § 446A.086, adding subd. 12, effective May 17, 2009.

**County Board of
Equalizations**

Failure to meet training and quorum requirements. If a county board of appeal and equalization or special board of equalization fails to satisfy the training and quorum requirements in law, any owners and taxpayers who could have appealed to that board can now appeal to the commissioner. A fee of \$500 per tax parcel will be assessed to the county for each appeal to the commissioner

Ch. 88, art. 10, § 12, amending Minn. Stat. § 274.135, subd. 3, effective for taxes payable in 2010 and thereafter.

Meeting days. County boards of appeal and equalization will now be required to meet for at least one day but may meet for up to ten consecutive days after the second Friday in June. Previously they were required to meet for the full ten days.

Ch. 88, art. 10, § 13, amending Minn. Stat. § 274.14, effective May 17, 2009.

**Date for Sending
Utility Values to
Counties**

The date when the Department of Revenue must send the ordered values of pipelines and power lines to the counties was changed from June 30 to August 1. The change is needed because the old date allowed only a very short time for review by the companies and counties prior to issuance of the orders. This resulted in the department having to send out revised orders.

Ch. 88, art. 10, §§ 9, 10, 14, amending Minn. Stat. §§ 273.33, subd. 2; 273.37, subd. 2; 274.175, effective for assessment year 2009 and thereafter.

Costs of Hearings on Fair Campaign Practices Act The legislature appropriated \$130,000 to the Office of Administrative Hearings to pay the cost of considering complaints filed under Minnesota Statutes, section 211B.32, the fair campaign practices act. Until June 30, 2011, the chief administrative law judge may not make any assessment against a county or counties under Minnesota Statutes, section 211B.37. Until this appropriation was made, counties had to pay the costs regardless of whether the candidate involved was seeking city, county, township, or school district office.

Ch. 101, art. 1, § 11, effective July 1, 2009.

Deputy Sheriffs, Coroners; May Practice Law A deputy sheriff now is permitted to practice law if the deputy has the appointing sheriff's approval and the deputy's law enforcement duties have no material nexus with potential legal proceedings for which the deputy sheriff counsels clients. A coroner also may now practice law. Previously, deputies and coroners were prohibited from practicing law.

Ch. 118, amending Minn. Stat. § 387.13, effective May 22, 2009.

Abandoned Cemeteries A county that has accepted responsibility for an abandoned cemetery may cease acceptance of responsibilities for new burials in the cemetery.

Ch. 152, § 3, amending Minn. Stat. § 306.243, adding subd. 6, effective August 1, 2009.

County Commissioner Compensation A county may by resolution reduce county commissioner salaries to take effect at any time. Previously, it took effect January 1 after the election following adoption of a resolution changing the compensation. (The same change was made in the special law governing Hennepin County. See page 33.)

Ch. 152, § 8, amending Minn. Stat. § 375.055, subd. 1, effective May 23, 2009.

Publication of Small Claims The threshold amount for an individual claim to be published by the county was increased from \$300 to \$2,000. A claim is a demand by any person or entity for payment by the county for property or services provided to the county. This section of law was added in 1979 and the threshold amount was \$100. The amount was increased in 2004 to \$300.

Ch. 152, § 9, amending Minn. Stat. § 375.12, subd. 2, effective August 1, 2009.

County Officers Obsolete provisions relating to various county officials were repealed. Under one repealed provision, a county officer could appeal to the district court for additional clerk hires if the county board refused to hire more clerks. Other repealed provisions set minimum salaries for the county auditor, treasurer, recorder, and sheriff. (Under another subdivision in the same section of statute, the county officer can appeal to the district court if dissatisfied with the action of the county board in setting the amount of the officer's salary or budget for the office, on the

grounds that the determination of the county board in setting the salary or budget was arbitrary, capricious, oppressive, or without sufficiently taking into account the extent of the responsibilities and duties of said office, and the officer's experience, qualifications, and performance.)

Ch. 152, §§ 10, 12 to 16, amending Minn. Stat. §§ 382.265; 384.151, subd. 1a; 385.373, subd. 1a; 386.015, subd. 2; 387.20, subs. 1, 2; repealing Minn. Stat. §§ 384.151, subs. 1, 3; 385.373, subs. 1, 3; 386.015, subs. 1, 4; 387.20, subd. 4, effective August 1, 2009.

Jail Booking Fee

Counties may now recover actual costs of booking. The \$10 cap on booking fees charged to the person being booked into jail was removed.

Ch. 152, § 23, amending Minn. Stat. § 641.12, subd. 1, effective August 1, 2009.

**County Facilities
Inventory
Requirement
Repealed**

The statute that required nonmetropolitan area counties to form a county facilities group by July 1, 1992, and inventory all public buildings and facilities and their condition is repealed.

Ch. 152, § 25, repealing Minn. Stat. § 373.42, effective August 1, 2009.

Towns

**Certificates of
Indebtedness**

The maximum maturity for town certificates of indebtedness was increased from five to ten years.

Ch. 88, art. 6, § 6, amending Minn. Stat. § 366.095, subd. 1, effective May 17, 2009.

Fence Viewing

The \$60 cap on compensation for fence viewers was eliminated and a town board can now recover all costs of performing the duties of fence viewers. The language is based on the damages provision in the law governing establishment of a cartway.

Ch. 152, § 6, amending Minn. Stat. § 344.18, effective August 1, 2009.

**Abandoned
Cemeteries**

A town that has accepted responsibility for an abandoned cemetery may cease acceptance of responsibilities for new burials in the cemetery.

Ch. 152, § 7, amending Minn. Stat. § 365.28, effective August 1, 2009.

**Board of Water and
Soil Resources**

The Board of Water and Soil Resources now includes a township officer and two elected city officials.

Ch. 176, art. 1, § 24, amending Minn. Stat. § 103B.101, subd. 2, effective August 1, 2009.

Development Authorities and Special Districts

Emergency Medical Services (EMS) Taxing Districts

District board. Under the old law, the taxing district board was required to include a representative from each participating political subdivision. Now if a part of a township or parts of several townships join the taxing district, there would only be one representative for all the partial townships. The representative will be chosen by the governing bodies of all the partial townships.

Ch. 88 art. 2, § 3, amending Minn. Stat. § 144F.01, subd. 3, effective May 17, 2009.

No sunset date. EMS districts may continue to be established. The date after which new EMS special taxing districts could not be established was eliminated.

Ch. 88, art. 2, § 40, amending the effective date for Laws 2001, 1st spec. sess., ch. 5, art. 3, § 8, as amended by Laws 2005, ch. 151, art. 3, § 19, and Laws 2006, ch. 259, art. 4, § 20, effective July 1, 2009.

Special Service Districts

The deadline for establishing a special service district without special legislation was changed from June 30, 2009, to June 30, 2013.

Ch. 88, art. 2, § 27, amending Minn. Stat. § 428A.101, effective May 17, 2009.

Housing and Redevelopment Authorities

A city HRA cannot veto a county or multicounty HRA project. The city itself still can veto these projects by refusing to pass a resolution declaring the need for the project.

Ch. 88, art. 6, § 13, amending Minn. Stat. § 469.005, subd. 1, effective May 17, 2009.

In 2008, the thresholds amounts for the various methods of contracting under the Uniform Municipal Contracting Law (UMCL) were increased. The 2009 Legislature updated the threshold amounts for similar contracting laws under the special assessment and HRA statutes by providing a cross-reference to the UMCL. This will automatically link the HRA law limits to changes made in the limits under the UMCL in the future.

Ch. 88, art. 6, §§ 14 and 15, amending Minn. Stat. §§ 469.015, subds. 1, 2, effective May 17, 2009.

There is no longer a special exemption for performance bonds for HRA projects of less than \$50,000.

Ch. 88, art. 6, § 16, amending Minn. Stat. § 469.015, subd. 3, effective May 17, 2009.

An HRA may refund its general obligation bonds without making a finding of the adequacy of the pledged revenues or holding a public hearing. This provision is retroactive to July 1, 1992.

Ch. 88, art. 6, § 17, amending Minn. Stat. § 469.034, subd. 2, effective for refunding bonds issued on and after July 1, 1992.

Special Legislation

Anoka County

Anoka and Dakota counties are added to the metropolitan area counties that do not have to prepare a land use plan for townships within the county that do not have a land use plan. Previously, Hennepin and Ramsey counties were exempt from this requirement.

Ch. 152, § 22, amending Minn. Stat. § 473.862, effective August 1, 2009.

Arden Hills TIF

Arden Hills may establish a TIF district on the TCAAP (Twin Cities Army Ammunition Plant) site. This district will be exempt from several general law TIF rules:

- ▶ It is deemed to be a redevelopment district without meeting the blight test.
- ▶ The five-year rule is extended to ten years.
- ▶ The duration limit of the district is increased from 25 years to 30 years.
- ▶ The city may elect to delay receipt of the first increment (which starts the duration limit running) by up to six years. Under general law, the authority to do this is limited to four years.

The authority to create a district under the special law expires on December 31, 2019.

Ch. 88, art. 5, § 16, effective upon local approval.

Beltrami County

An additional county aid payment of \$500,000 is made to Beltrami County in 2009 to be distributed to the Red Lake Band of Chippewa for implementing the Fostering Connections to Success and Increasing Adoptions Act of 2008. This aid payment is not subject to unallotment.

Ch. 88, art. 2, § 44, effective for aids payable in 2009.

Central Iron Range Sanitary Sewer District

Effective retroactively from December 27, 2003, this law authorizes establishment of the Central Iron Range Sanitary Sewer District by resolution of any two or more of the following municipalities in St. Louis County: the cities of Buhl, Chisholm, and Kinney, and the towns of Balkan and Great Scott. It permits a municipality to hold a referendum on whether to join. As of June 12, 2009, Chisholm and Buhl have each passed resolutions to establish the district. The remaining communities have 60 days to decide whether to join.

A law establishing the district was initially enacted in 2002 and required local approval, which was not completed because the 2002 law incorrectly referred to Kinney as a town instead of a city and other provisions that apparently did not meet the desires of the members of

the proposed district.

In 2003, a bill was introduced with the entire text of the enabling legislation, including the corrections and changes the members of the proposed district wanted. Again, it required local approval to take effect. At some point before it was enacted, the bill was amended so that it only contained the sections of the 2002 law that were being amended. In amending the bill this way, it was not understood that the 2002 law had not taken effect. So even though local approval was completed, it was for amendments to a law that did not take effect.

In 2008, a corrective measure was enacted providing that the 2002 law with the 2003 changes would be effective upon, once again, local approval of all the effected local governmental units. All of them approved the changes except for one township, whose local approval certificate was filed with the secretary of state one day late, thereby invalidating the corrective measure.

This law is substantially the same as the 2002 and 2003 legislation establishing the district except that it now does not include Hibbing and it is permissive authority, which does not require local approval.

Finally, this law amends the 2006 bond appropriation for the district so the money is appropriated to the city of Hibbing for its wastewater treatment plant improvements, effective May 21, 2009.

Ch. 122, § 1, amending Laws 2006, ch. 258, § 21, subd. 4, effective May 21, 2009; §§ 2 to 20, effective without local approval retroactively from December 27, 2003. The same amendment to Laws 2006, ch. 258, § 21, subd. 4, was made in ch. 93, art. 1, § 34, effective May 17, 2009.

Central Lakes Region Sanitary District

The Central Lakes Region Sanitary District was authorized in 2003. The enabling legislation did not address how to dissolve the district and at this time, the district intends to dissolve. This law adds provisions requested by the district to facilitate dissolution. It requires approval of all the member townships to take effect.

Ch. 44, amending Laws 2003, ch. 127, art. 9, § 9, adding subs. 7 to 9, effective upon local approval by the townships of Brandon, Carlos, LaGrand, Leaf Valley, Milona, and Moe, all in Douglas County. (As of July 2009 all of the townships had completed local approval.)

Chisago City and Lindstrom

The cities of Chisago City and Lindstrom, as well as their economic development authorities (EDAs) and housing and redevelopment authorities (HRAs), may enter a joint powers agreement to develop a business park in Chisago City or Lindstrom. Each of these entities may exercise powers, spend money, issue and pay bonds, and so forth (including under the TIF law), as if the project were located within its own corporate boundaries.

Ch 88, art. 5, § 12, effective May 17, 2009.

Cloquet Fire and Ambulance Special Taxing District

The city of Cloquet and Perch Lake township may create a special taxing district to provide fire and ambulance services throughout the district. Other adjoining municipalities may join the district with the approval of the member municipalities. The special taxing district may levy each year an amount up to 0.2835 percent of the payable 2010 taxable market value. This is the amount the city and town are currently levying for this purpose.

Ch. 88, art. 2, § 46, effective upon local approval by the city and township.

Cook County

Local sales tax. Cook County's authority to impose a local sales tax to fund a number of capital projects is amended by eliminating the use for construction and improvement of a single county community center and recreation area and replaces it with authority to use it for construction or additions to multiple community centers and public recreation areas. Also adds construction and improvement of a high-speed communications infrastructure (Internet access) and construction and improvement of a district energy plant for public facilities in Grand Marais to the allowed uses.

Ch. 88, art. 4, § 22, amending Laws 2008, ch. 366, art. 7, § 18, subd. 2, effective upon local approval.

Bond authority. The amount of bonds that Cook County can issue for authorized local sales tax funded projects was increased from \$14 million to \$20 million. The extra authority may delay the expiration date for the county sales tax since the tax does not expire until the later of 20 years or when revenues are sufficient to repay the bonds.

Ch. 88, art. 6, § 25, amending Laws 2008, ch. 366, art. 7, § 18, subd. 3, effective upon local approval.

Coon Rapids

The city aid base in the LGA formula for the city of Coon Rapids is increased by \$225,000 for aids payable in 2010 only. Coon Rapids was to receive the last half of an annual ten-year \$450,000/year aid payment given for a specific road project but it was eliminated as part of the governor's December 2008 unallotment. The payment under the new provision is excluded from the governor's unallotment authority. The extra \$225,000 cannot be reduced through aid reduction or any future unallotment.

Ch. 88, art. 2, § 38, amending Minn. Stat. § 477A.011, subd. 36, adding para. (y), effective for aids payable in CY 2010.

Dakota County

Anoka and Dakota counties are added to the metropolitan area counties that do not have to prepare a land use plan for townships within the county that does not have a land use plan. Previously, only Hennepin and Ramsey counties were exempt from this requirement.

Ch. 152, § 22, amending Minn. Stat. § 473.862, effective August 1, 2009.

Duluth

Duluth and the University of Minnesota Board of Regents must form an organization to foster an environment around the University of Minnesota, Duluth campus that is conducive to the purposes of higher education and a vital community. The Board of Regents and the city must report by January 15, 2010, to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education and economic development and housing finance.

Ch. 78, art. 6, § 8, adding Minn. Stat. § 137.701, effective July 1, 2009.

Duluth Seaway Port Authority

Special taxing district. The Seaway Port Authority of Duluth is now established as a special taxing district that may levy directly a property tax of up to 0.01813 percent of taxable market value. Previously, the city of Duluth levied for the port authority. The amount of levy authorized has not changed.

Ch. 88, art. 2, § 34, amending Minn. Stat. § 469.053, adding subd. 4a, effective for taxes levied in 2009, payable in 2010 and thereafter.

TIF district. The Seaway Port Authority may create a TIF district in a defined area that would qualify for special treatment under the five-year rule. The five-year rule requires the development authority to complete the district's in-district activities within five years after certification of the district. Under this special law, the five-year rule would begin to run for the listed parcels from the later of (1) the rule under general law (i.e., from certification of the district) or (2) when all of the qualifying parcels in the district are delisted (i.e., cleaned up). In addition, the four-year knockdown rule would not start until the parcels are delisted.

Ch. 88, art. 5, § 17, effective upon local approval.

Eagan

Eagan may use a portion of land previously conveyed to it under a 1995 law for a collocation facility that provides secured space for public and private Internet and telecommunications network equipment and servers. Under the original conveyance the land had to be used only for a public park or open space or it reverted to the state.

Ch. 176, art. 4, § 12, effective May 23, 2009.

Grand Marais

Grand Marais may issue on-sale intoxicating liquor licenses, or on-sale wine licenses and on-sale malt liquor licenses, to two motels in Grand Marais: the Best Western Superior Inn and Suites and the East Bay Suites. The license may authorize sales only to persons who are registered guests at the lodging establishment, their invitees, or persons attending a conference, meeting, or other event at the lodging establishment. The license may authorize sales on all days of the week.

Ch. 120, § 15, effective May 21, 2009.

Ham Lake

The DNR may sell by private sale surplus land to the city of Ham Lake for use as a public park. The city has been leasing the land.

Ch. 176, art. 4, § 4, effective May 23, 2009.

Hennepin County

Waste management. Hennepin County may use money in the county solid and hazardous waste fund received from the sale of energy and recovered materials for program expenses of the Department of Environmental Services or its successor.

Ch. 37, art. 1, § 58, adding Minn. Stat. § 383B.236, effective July 1, 2009.

Personnel. The law specifies that the probationary period for an employee in the classified service for the county is determined by the department director and the human resources director. It provides that the probationary period cannot exceed 12 months, which is increased from six months, unless approved by the board. (The law struck the requirement that the board find by a super-majority vote, extreme or unique conditions before extending the period.)

The law also provides for a panel of three department directors, randomly selected from outside the employee's department to hear and decide nondisciplinary appeals if there has been a preliminary showing to the county attorney that a rule violation has occurred. This does not apply to appeals relating to layoffs, which must be heard by the board.

The compensation plan is effective upon approval by the county board. The law struck language stating that a plan approved by the human resources board is a recommendation to the county board.

The implementation and steering task force established in 2006 to develop strategies around the master plan for restoration of Victory Memorial Drive Historic District in north Minneapolis is extended for two years, to the end of 2011.

Ch. 50, amending Minn. Stat. § 383B.29, subd. 2; 383B.31; Laws 2006, ch. 218, § 6, effective upon local approval.

Commissioner compensation. The Hennepin County special law was amended to permit the county board by resolution to decrease commissioner compensation to take effect at anytime. This was the same change that was made in the general law governing county commissioner compensation. Previously, it took effect January 1 after the election following adoption of a resolution changing the compensation.

Ch. 152, § 11, amending Minn. Stat. § 383B.021, effective May 23, 2009.

**Lindstrom and
Chisago City**

See Chisago City above.

Little Falls

The city of Little Falls may extend its local food and beverage tax for an additional 15 years and expand the tax base to include alcoholic as well as nonalcoholic beverages. Its authority originally expired after 15 years and would have expired in 2011 without the change.

Ch. 88, art. 4, §17, amending Laws 1996, ch. 471, art. 2, § 30, effective upon local approval.

Mankato

TIF. Mankato was exempted from the general law rules under the TIF act for a district in the city of Mankato. These exceptions include:

- ▶ Pooling limitations. The city is permitted to use revenues from the district to construct street and roadway improvements located within 500 feet or less of the TIF district boundaries, notwithstanding the percentage limits on pooling under general law.
- ▶ Five-year rule. The five-year rule is extended to 11 years. The five-year rule requires the development authority to complete the district's in-district activities within five years after certification of the district.

Ch. 88, art. 5, § 18, effective upon local approval.

Local sales tax and food and beverage tax. The use of the city of Mankato local sales tax revenue and food and beverage tax revenue was amended in 2008 to allow the city to pay for construction and operation of a performing arts center and a women's hockey arena attached to the Mankato Civic Center. This has now been changed to allow the art center and area to be separate from the actual civic center site.

Ch. 88, art. 4, §§ 14 and 21, amending Laws 1986, ch. 291, art. 8, § 27, subd. 3, as amended by Laws 1998, ch.389, art. 8, § 28, and Laws 2008, ch. 366, art. 7, § 9, and Laws 2008, ch. 366, art. 7, § 16, subd. 3; effective upon local approval.

Minneapolis

University community organization. Minneapolis, the University of Minnesota Board of Regents, and specified neighborhood and business associations must form an organization to foster an environment around the University of Minnesota, Minneapolis campus that is conducive to the purposes of higher education and a vital community. The Board of Regents and the city must report by January 15, 2010, to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education and economic development and housing finance.

Ch. 78, art. 6, § 8, adding Minn. Stat. § 137.701, effective July 1, 2009.

Convention center. The law confirms a long-standing property tax exemption at the Minneapolis Convention Center for a private entity providing food and beverage services. This property is currently leased to a private caterer and there was some concern over whether the law that exempts similar properties exempted this property as a convention

center.

Ch. 88, art. 2, § 45, effective for taxes payable in 2010 and thereafter.

Local sales tax. Minneapolis may now use any sales tax revenues collected in excess of the amount need to fund the convention center for other purposes. For calendar years 2009 and 2010, excess revenues may be used to make up losses from aid reductions due to unallotments or statutory aid reductions. Beginning in calendar year 2011, any excess revenues may be used to fund capital projects for development purposes in the downtown or city neighborhoods.

An obsolete provision allowing the city to extend its local sales tax to items exempt from sales tax under state law is also repealed. This provision was never used and is not allowed under the Streamlined Sales and Use Tax Agreement, of which the state is currently a member.

Ch. 88, art. 4, §§ 11 and 12, amending Laws 1986, ch. 396, § 4, subd. 3, adding subd. 4. Section 11 is effective May 17, 2009, and section 12 is effective upon local approval.

Downtown taxing area. The area in which the special Minneapolis entertainment and food and beverage tax apply is modified to exclude properties that are zoned for residential uses and contain a restaurant with a wine license, beginning July 31, 2012. Alma's is the only restaurant affected. For the last three years the restaurant should have been charging the downtown taxes but didn't. However, the state, which collects the tax and remits it to the city, made payments to the city as if the tax was being collected. The restaurant will now collect the tax for the next three years but that money will be deposited into the state general fund to reimburse the state for the taxes paid to the city that the state never collected.

Ch. 88, art. 4, § 13, amending Laws 1986, ch. 400, § 44, as amended by Laws 1995, ch. 264, art. 2, § 39, effective for sales made after July 31, 2012, provided that the taxes collected between July 1, 2009, and July 31, 2012, from that area shall be deposited in the state general fund.

Solar cities. Minneapolis and St. Paul must submit to the legislature, by October 1, 2009, and 2010, strategies to accelerate the rate of solar thermal and solar electric installations in Minnesota. Minneapolis and St. Paul are designated "solar cities" under the federal Department of Energy's Solar America Initiative.

Ch. 110, § 35, effective upon local approval (as mandatory, it requires local approval even if the law does not specify so).

Liquor licenses. Minneapolis may issue an on-sale intoxicating liquor license to Augsburg College, or to an entity holding a caterer's permit and a contract with Augsburg College, for catering on the Augsburg College campus. In addition, Minneapolis may issue an intoxicating liquor license to an establishment located at 2124 Como Avenue Southeast.

Ch. 120, §§ 14, 16, effective upon local approval.

Minnetonka TIF

Minnetonka may extend the Glenhaven TIF district by up to seven years. To exercise this authority, the city must find that the area, at the time of the original approval of the plan, would have qualified to be certified as a redevelopment district. This is a renewal and renovation district, which under general law is allowed a duration of 15 years after the receipt of the first increment. Thus, this would extend the duration to a maximum of 22 years after the receipt of the first increment.

Ch. 88, art. 5, § 15, effective upon local approval.

**Mountain Iron
Economic
Development
Authority**

The Mountain Iron Economic Development Authority may form or become a member of a limited liability company (LLC) in order to develop a community-based energy development (C-BED) wind project. The EDA may acquire a leasehold interest in property outside its boundaries for purposes of the project. The project is prohibited from selling power at retail or for end use of an off-site facility of the EDA or LLC.

Ch. 88, art. 5, § 20, effective upon local approval; same provision in ch. 110, § 34, effective upon local approval.

The DNR must enter into a 30-year lease of state land with the Mountain Iron EDA in order to install up to four wind turbines and access roads.

Ch. 176, art. 3, § 12, effective May 23, 2009.

**Murray Township,
Murray County**

The DNR may sell by private sale surplus land to Murray Township.

Ch. 176, art. 4, § 19, effective May 23, 2009.

Oakdale TIF

An error in the 2008 special TIF law for the city of Oakdale was corrected by adding references to property tax parcel identification numbers for two of the parcels, which the city intended to include in one of the TIF districts, but which were not included in the 2008 law.

Ch. 88, art. 5, § 11, amending Laws 2008, ch. 366, art. 5, § 34, effective upon local approval.

Owatonna

Currently the city of Owatonna may use revenues from its local sales tax to fund up to \$4.5 million for transportation projects listed in the 2004 U.S. Highway 14-Owatonna Beltline study. This law allows up to \$1.5 million of that amount to pay for reconstruction of the 18th Street Southwest project (not listed in that study) instead of for the Alexander Street to 39th Avenue Southwest project (which is listed in the study). The change in use would not require a local referendum. The amount allowed to be raised by the local sales tax remains unchanged.

Ch. 88, art. 4, § 20, amending Laws 2006, ch. 259, art. 3, § 12, subd. 3, effective upon local approval.

Pine County

Pine County may transfer a portion of funds set aside for forest management to its general fund to replace all or a portion of its county program aid or market value credit cuts or unallotments. Currently all counties must put 30 percent from the sale of tax-forfeited land into a fund used solely for forest management purposes. Many counties have substantial amounts in these funds. The amount of the transfer to the general fund cannot exceed the aid or credit loss. This was originally proposed as a general bill for all counties by a representative from Pine County. The tax conference committee chose to make it a provision for that county only.

Ch. 88, art. 2, § 25, amending Minn. Stat. § 282.08, effective May 17, 2009, and expires December 31, 2010.

Red Lake Falls

Red Lake County may convey to the city of Red Lake Falls for no consideration tax-forfeited land bordering public water for use as a public park. The land reverts to the state if it is not used for a public park.

Ch. 176, art. 4, § 20, effective May 23, 2009.

**Red River
Watershed
Management Board**

The Red River Watershed Management Board will now be allowed to conduct meetings at a public facility within the Red River basin or within a jurisdiction with which the board is authorized to cooperate. The meetings used to be held only in Minnesota and now the meeting may be held in the member areas of North and South Dakota and Manitoba.

Ch. 88, art. 2, § 39, amending Laws 1976, ch. 162, § 3, as amended by Laws 1991, ch. 167, § 3, effective July 1, 2009.

Rochester

Lodging tax. The existing Rochester lodging tax of 1 percent is increased by another 1 percent. The additional revenues must be used to pay for renovation and expansion of the Mayo Civic Center Complex and related bonds. The bonds must be issued by December 31, 2014. The tax may only be increased if the city approves a total financing package for the renovation and expansion. The authority for the increased tax expires when revenues raised are sufficient to fund the project and pay associated bonds, or earlier if the city desires.

Ch. 88, art. 4, § 19, amending Laws 2002, ch. 377, art. 3, § 25, effective upon local approval.

Food and beverage tax. The city of Rochester may impose a food and beverage tax of 1 percent to pay for renovation and expansion of the Mayo Civic Center Complex and related bonds. This is in addition to its increased lodging tax for the same purpose. The bonds must be issued by December 31, 2014. The tax may only be imposed if the city approves a total financing package for the project. The tax expires when revenues raised are sufficient to fund the project and pay associated bonds, or earlier if the city desires.

Ch. 88, art. 4, § 23, effective upon local approval.

Rock County

Until the end of 2014, Rock County may impose an aggregate tax at the rate of 10 cents per cubic yard or seven cents per ton, instead of the current rates of 21.5 cents per cubic yard and 15 cents per ton.

Ch. 88, art. 12, § 10, amending § 298.75, subd. 2, effective July 1, 2009, through December 31, 2014.

St. Louis Park

TIF. The duration of a TIF district in St. Louis Park was extended by seven years.

Ch. 88, art. 5, § 19, effective upon local approval.

Land sale to city. DNR may sell by private sale land adjacent to Minnehaha Creek to the city of St. Louis Park for public use.

Ch. 176, art. 4, § 14, effective May 23, 2009.

St. Paul

Bonds. The maximum term of the city of the St. Paul bonds for public buildings and parking structures was increased from ten years to 30 years.

Ch. 88, art. 6, § 24, amending Laws 1971, ch. 773, § 4, as amended, effective upon local approval.

LGA adjustment. The city aid base for the city of St. Paul is increased by \$25,000 for aids payable in 2010 only to allow the city to make a grant to a local growers' association that incurred crop damage. The extra \$25,000 cannot be reduced through aid reduction or any Pay 2010 unallotment.

Ch. 88, art. 2, § 38, amending Minn. Stat. § 477A.011, subd. 36, adding para. (z), effective for aids payable in CY 2010.

Local sales tax. The city of St. Paul currently may use up to \$3.5 million annually of its sales tax revenue to pay for bonds for capital projects related to cultural and economic development projects. This authority was to end after this year, but it is now extended to 2014. Also, the use of interest on loan repayments and returned funds from revenues allocated to the residential, cultural, commercial, and economic development capital projects must be used for other similar capital projects. Finally, the law requiring the citizen review process for the expenditure of St. Paul sales tax revenues dedicated to neighborhood investments is modified to explicitly state that the review process must be open, fair, and competitive and that all proposals must be reviewed before the panel makes a proposal to the city council.

Ch. 88, art. 4, §§ 15, 16, 18, amending Laws 1993, ch. 375, art. 9, § 46, subd. 2, as amended by Laws 1997, ch. 231, art. 7, § 40, and Laws 1998, ch. 389, art. 8, § 30, and Laws 2003, 1st spec. sess, ch. 21, art. 8, § 13, and Laws 2005, 1st spec. sess, ch. 3, art. 5, § 26; and Laws 1993, ch. 375, art. 9, § 46; Laws 1998, ch. 389, art. 8, § 37, subd. 1; effective upon approval of the city of St. Paul.

Solar cities. St. Paul and Minneapolis must submit to the legislature, by October 1, 2009 and 2010, strategies to accelerate the rate of solar

thermal and solar electric installations in Minnesota. St. Paul and Minneapolis are designated “solar cities” under the federal Department of Energy’s Solar America Initiative.

Ch. 110, § 35, effective upon local approval (as mandatory, it requires local approval even if the law does not specify so).

St. Paul Port Authority

The Commissioner of Management and Budget must apply the \$31,800 deposit paid in 2008 for a proposed issue of \$1,590,000 in tax-exempt bonds by the St. Paul Port Authority for District Cooling St. Paul, Inc., to an application for an allocation of tax-exempt bonds by the St. Paul Port Authority for the same project.

Under general law, if an applicant returns its allocation of tax-exempt bonds more than 120 days after receiving the allocation, or after the last Monday in November, the application fee is not refundable. When District Cooling applied, project financing was scheduled to close in October 2008. Due to market conditions in the fall of 2008, the bond sale did not proceed as originally planned but District Cooling plans on proceeding in 2009.

Ch. 88, art. 6, § 26, effective May 17, 2009, and expires January 1, 2011.

Sauk Rapids TIF

The city of Sauk Rapids may use special rules in meeting the blight test for redevelopment districts by extending the time allowed to certify parcels with previously demolished substandard buildings on them.

In general, to qualify as a redevelopment district, 70 percent of the parcels of an area must be occupied by buildings or other improvements and 50 percent of the buildings must be “substandard.” The development authority can treat a vacant parcel as being occupied by a substandard parcel if four conditions are met:

1. The parcel was occupied by a substandard building three years before the district was certified.
2. The substandard building was removed by the authority or by the developer under a development agreement with the authority.
3. The authority made findings, by resolution, that the building was substandard and that it intended to include the parcel in a redevelopment district.
4. The authority notifies the county auditor that the original tax capacity of the district must include the value of the parcel with the building, if this is greater than the bare land value.

The act extends the time period, as described under item number 1 above, so that it runs until at least December 31, 2012, even if the demolition occurred more than three years before that date.

Ch. 88, art. 5, § 13, effective upon local approval.

South St. Paul TIF

South St. Paul may establish a new redevelopment TIF district with the same area and original tax capacity as its Concord Street TIF district, a pre-1979 TIF district. As a condition for establishing the district, the city must enter an agreement with Dakota County providing for transfer of the increment attributable to the county's tax rate to the county. The increments from the district would be used to pay the convention center bonds. The district terminates in 2024.

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

Ch. 88, art. 5, § 14, effective upon local approval.

Three Rivers Park District

Previously, the Three Rivers Park District had to obtain consent of the town board of a town in Hennepin County before acquiring land within town boundaries except for property located within an area designated in the district's most recent plan for park development. That exception was eliminated and the district must obtain town board consent in all cases.

Ch. 101, art. 2, § 89, amending Minn. Stat. § 383B.72, effective July 1, 2009.

White Community Hospital

The White Community Hospital may change its name and the laws authorizing its establishment and operation are amended to apply to the successor entity.

Ch. 88, art. 12, §§ 19, 20, 23, para. (a), amending Laws 2008, ch. 366, art. 6, § 46, subd. 1, 2; repealing laws 1998, ch. 407, art. 8, § 12, subd. 4, effective for taxes levied in 2009, payable in 2010 and thereafter.

Winona County

Winona County may form or become a member of a limited liability company in order to develop a community-based energy development (C-BED) wind project. The EDA may acquire a leasehold interest in property outside its boundaries for purposes of the project. The project is prohibited from selling power at retail or for end use of an off-site facility of the EDA or LLC.

Ch. 88, art. 5, § 21, effective upon local approval.

Wayzata

The DNR must sell surplus land to the city of Wayzata for up to \$75,000 plus transaction costs. The city must first acquire an adjacent parcel occupied by a gas station and the property acquired must be used for a public road.

Ch. 176, art. 4, § 2, amending Laws 2008, ch. 368, art. 1, § 34, effective May 23, 2009.

Metropolitan Council

Transit Funding

The general fund base appropriation for metropolitan transit was reduced by \$12.8 million for the biennium. The budget must accommodate \$129,000 in fiscal year 2010 and \$140,000 in fiscal year 2011 for a new requirement of free transit service for disabled veterans established in the act, and \$80,700 in each year for the Minnesota Council on Transportation Access, if it is created in another act (it was not created because it was included in the vetoed transportation policy).

Ch. 36, art. 1, § 4, effective July 1, 2009.

The Metropolitan Council may transfer to its transit operating budget in 2009, 2010, and 2011 (1) up to 50 percent of the uncommitted money in the tax base revitalization account; (2) up to 50 percent in the livable communities demonstration account; (3) the unexpended and future balances in the livable communities fund for 2009, 2010, and 2011; and (4) up to 75 percent of the amounts levied and collected under the right-of-way acquisition loan fund (RALF) program. The money is to cover operating deficits for transit, paratransit, and light rail and commuter rail services. The transfers are expected to provide \$27 million for transit operating costs.

Ch. 36, art. 1, §§ 10, 11, effective July 1, 2009.

Transit Service for Disabled Veterans

The Metropolitan Council must provide free public regular route transit for disabled veterans. The provision also applies to “opt-outs” and contracted route service. (MnDOT is required to set up a similar program for greater Minnesota.)

Ch. 36, art. 3, § 20, amending Minn. Stat. § 473.408, adding subd. 10, effective July 1, 2009.

Land Use and Planning Resources Report

The Metropolitan Council must develop a report on land use and planning to reduce air pollution, reduce congestion, and lower infrastructure maintenance costs. The council must make progress reports and a legislative report by January 15, 2011. The council may contract with the Center for Transportation Studies at the University of Minnesota for up to \$375,000 for assistance on the report.

Ch. 36, art. 3, § 22, effective July 1, 2009.

Bus Purchases

The Metropolitan Council, in preparing bid specifications for bus purchases, must ensure that the specifications conform, to the greatest extent practicable, with products that are manufactured in this state.

Ch. 36, art. 3, § 24, effective July 1, 2009.

**Apple Valley
Transit Station
Transfer**

The Metropolitan Council must convey the Apple Valley Transit Station to the Minnesota Valley Transit Authority for nominal consideration.

Ch. 36, art. 3, § 26, effective May 6, 2009.

**Discount Transit
Pass Pilot Program**

The Metropolitan Council must set up a pilot program to sell transit passes at a 50-percent discount to nonprofit charitable organizations for use by homeless individuals. The council must report to the legislature on the program by January 15, 2011. The program goes into effect September 1, 2009, and terminates on March 15, 2011.

Ch. 36, art. 3, § 27, effective September 1, 2009.

**Regional Parks
Operations and
Maintenance**

The legislature appropriated \$17.76 million for metropolitan area regional parks operation and maintenance, to be spent according to Minnesota Statutes, section 473.351.

Ch. 37, art. 1, § 6, effective July 1, 2009.

**Transit Bonding
Authorization**

After July 1, 2009, the Metropolitan Council may issue up to \$34.2 million of debt to fund the regional transit master plan and transit capital improvements. This is in addition to other authority to issue debt in the same section of statute.

Ch. 88, art. 6, § 20, amending Minn. Stat. § 473.39, adding subd. 1o, effective May 17, 2009.

**Veteran-Owned
Small Business
Set-Aside**

The council may award preferences or set aside contracts for award only to a veteran-owned small business, as designated under Minnesota Statutes, section 16C.16, under specified conditions.

Ch. 101, art. 2, § 93, amending Minn. Stat. § 473.142, effective July 1, 2009, and applies to procurement contract bid solicitations issued on and after that date.

Water Supply Plan

The council was appropriated \$400,000 in fiscal year 2010 from the new clean water fund (3/8ths sales tax) to implement the master water supply plan.

Ch. 172, art. 2, § 10, effective July 1, 2009.

**Parks and Trails
Funding**

The law distributed \$27.78 million from the new parks and trails fund as required under new Minnesota Statutes, section 85.535, subdivision 3. Of this amount, in the first year \$40,000 is for a grant to Hennepin County to plant trees along the Victory Memorial Parkway.

The Metropolitan Council must report on the use of money appropriated by March 1 of each year. The report must detail the outcomes in terms of additional use of parks and trails resources, user satisfaction surveys, and other appropriate outcomes.

Grant agreements entered into by the Metropolitan Council and recipients of money appropriated under this section must ensure that the funds are used to supplement and not substitute for traditional sources of

funding.

The implementing agencies must consider contracting with the Minnesota Conservation Corps for restoration, maintenance, and other activities.

Ch. 172, art. 3, § 3, effective July 1, 2009.

The new law establishes a formula for disbursing funds appropriated from the parks and trails fund (3/8ths sales tax) to the Metropolitan Council as grants to the system's implementing agencies (local governments) as follows:

- (1) 45 percent according to an existing formula (40 percent based on use; 40 percent based on operation and maintenance expenditures; 20 percent based on acreage);
- (2) 31.5 percent based upon the relative share of the most recent metropolitan area population estimates;
- (3) 13.5 percent based upon the relative share of nonlocal visits according to the most recent user survey; and
- (4) 10 percent as grants for land acquisitions within the approved master plan boundaries (the Metropolitan Council is required to provide \$2 of park bonds for every \$3 of state funds granted).

Ch. 172, art. 5, § 6, adding Minn. Stat. § 85.53, subd. 3, effective July 1, 2009.

Metropolitan Airports Commission

Liquor Sales at the Airport

The Metropolitan Airports Commission may allow extended hours of sale at on-sale locations within the security areas of the Lindbergh and Humphrey Terminals. Extended hours are allowed for sales during the hours between 6:00 a.m. and 2:00 a.m. Monday through Sunday.

Ch. 120, § 13, adding Minn. Stat. § 340A.5041, effective May 21, 2009.

Vetoed Legislation

Control of Property Receiving Public Assistance

In general, local governments cannot impose rent control on private residential property unless another law provision authorizes the local government to do so, and then it is subject to voter approval. There are exceptions to the general rule, such as when the local government has a contract with the owner or a financial interest in the property through a housing authority or similar agency.

The governor vetoed a bill that would have added to the exceptions by allowing a city, county, or town to manage or control property to which it is providing public assistance for a period of time consistent with the term of the public assistance. Public assistance is defined as direct subsidies, low-interest loans, tax credits, bonds, and infrastructure development.

Ch. 81 (H.F. 1670/S.F. 1033)

**Precinct Caucuses in
Cities of the First
Class**

The governor vetoed an act that would have provided certain privileges for local precinct caucuses held in first-class cities during an odd-numbered year, including pre-emption of certain public meetings and activities, and granting time off from work for employees to attend the caucus. Minneapolis, St. Paul, and Duluth are recognized as cities of the first class. Additional cities may also be recognized after completion of the 2010 federal census. Under current law, during even-numbered years, public meetings statewide are prohibited in the evening when major political party caucuses are held.

Ch. 99 (H.F. 300/S.F. 284)

Omnibus Elections

The governor vetoed the omnibus elections bill, which would have made various modifications to the laws governing campaigns, campaign finance, voting, and election administration. The governor specifically opposed changing the state primary date and generally objected to the bill as not being a bipartisan effort.

It would have shifted the state primary date from September to August, required absentee ballots be processed centrally rather than in individual precincts, established a new procedure requiring a new election be scheduled if a vacancy in nomination occurs under specified circumstances, required the secretary of state to provide a voter registration confirmation feature online, granted townships the right to move the date of their election from November to March, and made numerous changes to election administration procedures.

It would also have made a number of miscellaneous changes to campaign finance law, including removal of several provisions that have been held unconstitutional, a delay in the public release of campaign finance reports filed by certain political party units, including legislative caucuses, and an exemption from the electronic filing requirement unless both caucuses in each body of the legislature agree on the filing format.

Ch. 162 (H.F.1351 /S.F. 1331)