

**August 2010**

**2010 Legislation Relating to  
Local and Metropolitan  
Government**

The Research Department of the Minnesota House of Representatives is a nonpartisan professional office serving the entire membership of the House and its committees. The department assists all members and committees in developing, analyzing, drafting, and amending legislation.

The department also conducts in-depth research studies and collects, analyzes, and publishes information regarding public policy issues for use by all House members.

**Research Department**  
**Minnesota House of Representatives**  
600 State Office Building, St. Paul, MN 55155  
651-296-6753

**August 2010**

**2010 Legislation Relating  
to Local and Metropolitan  
Government**

This report describes legislation enacted in the 2010 regular and first special sessions relating to local and metropolitan government.

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

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

**Jessica Vogt** provided graphics and production assistance.

Copies of this publication may be obtained by calling 651-296-6753. This document can be made available in alternative formats for people with disabilities by calling 651-296-6753 or the Minnesota State Relay Service at 711 or 1-800-627-3529 (TTY). Many House Research Department publications are also available on the Internet at: [www.house.mn/hrd/hrd.htm](http://www.house.mn/hrd/hrd.htm).

# Contents

---

- Introduction..... 1**
- Local Government Generally ..... 2**
  - Land Use, Planning, Zoning ..... 2
  - Powers, Duties, State Funding, and Regulation..... 4
  - Public Finance, Economic Development..... 15
  - Tax Increment Financing (TIF) ..... 18
  - Property Taxes and Aids..... 21
- Cities..... 28**
- Counties ..... 31**
- Towns ..... 36**
- Development Authorities and Special Districts ..... 37**
- Special Legislation ..... 38**
- Metropolitan Council ..... 49**
- Vetoed Legislation ..... 51**



## Introduction

---

This report describes legislation enacted in the 2010 regular and first special sessions 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 2010, unless otherwise indicated. See the acts or act summaries of the omnibus bills, and other major bills, enacted in 2010 for other provisions that may affect local government and are not covered in this report:

Agriculture and Veterans Affairs Finance .....	Chapter 333
Capital Investment .....	Chapter 189
Data Practices .....	Chapter 365
Economic Development .....	Chapter 347
Election Administration .....	Chapter 201
Environment, Energy and Natural Resources Policy and Finance; Outdoor Heritage Appropriations .....	Chapter 361
Environment and Natural Resources Trust Fund Appropriations.....	Chapter 362
General Assistance Medical Care .....	Chapter 200
Health and Human Services .....	1st Special Session, Chapter 1, Articles 15 to 25
Jobs and Public Finance .....	Chapter 216
Liquor .....	Chapter 255
Multijurisdictional Gang and Drug Task Forces .....	Chapter 383
Pensions and Retirement .....	Chapter 359
Supplemental Budget (Deficit Reduction).....	Chapter 215;
.....	1st Special Session Chapter 1, Articles 1 to 24
State Government Operations .....	Chapter 392
Taxes .....	Chapter 389
Transportation Policy .....	Chapter 351

Acts are available on the Revisor of Statutes web site (<https://www.revisor.mn.gov/laws/?biennium=86>). Act summaries are available on the House Research web site (<http://www.house.mn/hrd/actsum.asp>).

## **Local Government Generally**

---

### **Land Use, Planning, Zoning**

#### **Lower St. Croix River, Conditional Land Use**

Certain land uses that would otherwise be prohibited nonconforming uses in the Lower St. Croix River Wild and Scenic River area may be allowed as conditional uses. The new law allows commercial, nature-oriented, and educational uses in rural districts as conditional uses if:

- the property was used for similar purposes on both May 1, 1974, and on January 1, 2010;
- the use complies with all dimensional standards in Department of Natural Resources (DNR) rules; and
- the current use is similar in scope to the use in May 1974.

*Ch. 338, amending Minn. Stat. § 103F.351, subd. 4, effective August 1, 2010.*

#### **Local Comprehensive Plan Amendments for Affordable Housing**

Amendments to permit an affordable housing development can now be approved by a simple majority of all of the members of the city council or town board instead of a two-thirds majority. “Affordable housing development” means a development in which at least 20 percent of the residential units are restricted to occupancy for at least ten years by residents whose household income at the time of initial occupancy does not exceed 60 percent of area median income, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD), and with respect to rental units, the rents for affordable units do not exceed 30 percent of 60 percent (i.e., 18 percent) of area median income, adjusted for household size, as determined annually by HUD. The vote required to adopt or amend other aspects of a local comprehensive plan remains two-thirds of the governing body.

*Ch. 347, art. 1, § 24, amending Minn. Stat. § 462.355, subd. 3, effective July 1, 2010.*

#### **Zoning by an Airport Authority**

“Municipality” now specifically includes an airport authority, in addition to a city, county that owns or controls an airport, town, the Metropolitan Airports Commission, and the state of Minnesota. This allows an airport authority to exercise zoning powers to regulate land uses and height of trees and structures to eliminate or reduce hazards for aircraft in the area around the airport.

*Ch. 351, § 59, amending Minn. Stat. § 360.061, subd. 3, effective August 1, 2010.*



## **Tax-forfeited Property and Use Deeds**

After a few years of discussion between the Department of Revenue and various stakeholders, including local government representatives, the law governing tax-forfeited land and use deeds was updated and restructured. In general, it:

- modifies the current process and allows county boards the option to elect to use a second process to classify and reclassify tax-forfeited lands;
- defines “authorized public use” for the state and local government for purposes of obtaining a conditional use deed;
- allows for a reduced price for certain property (e.g., sliver parcels, or to correct for blight, develop affordable housing, manage drainage and storm water, create and preserve wetlands, etc.);
- provides for a reverter clause that expires after 30 years, but not before 2015, to allow for any possible compliance reviews of older deeds. After 15 years of compliance, the use deed can be exchanged, with county approval, for a quit claim deed;
- includes an application fee of \$250, with \$150 refunded if the application is denied; and
- removes obsolete language and archaic provisions.

Background: A use deed is a free conveyance of tax-forfeited land to a local government for an “authorized public use,” such as for a park. Use deeds date back to 1941. The Department of Revenue, counties, cities, and taxpayers had raised numerous compliance issues in recent years. Counties identified abandoned uses or a failure to establish uses by cities. At times the department or a county questioned the power of cities or towns to make transfers under [Minnesota Statutes, chapter 469](#), or a taxpayer challenged a city holding and then transferring a property. The department found that determining compliance was subjective and difficult. For example, questions arose about defining a park, open space, and drainage. Furthermore, investigating compliance was burdensome and inefficient. Noncompliance resulted in title problems. The 2010 law is intended to address many of these problems.

*Ch. 389, art. 9, amending Minn. Stat. § 282.01, subs. 1, 1a, 1b, 1c, 1d, 2, 3, 4, 7, 7a, adding subs. 1g, 1h, 12, and repealing Minn. Stat. §§ 282.01, subs. 9, 10, 11; 383A.76; effective July 1, 2010.*

## Powers, Duties, State Funding, and Regulation

### Elections

*Election judges.* Individuals who are related to each other may serve as election judges in the same precinct, provided that they serve on separate shifts.

The parties must send their lists of potential election judges to the secretary of state instead of the county auditor, and the secretary of state will then prepare the lists sent to the county auditors, noting the political party affiliation of each individual on the list. The county auditor then must forward the names to the appropriate municipal clerks.

Election judges must be appointed at least 25 days before the election at which they will serve, but now if the appointing authority finds that additional election judges will be needed, it may pass a resolution authorizing the appointment of additional election judges within the 25 days before the election.

*Ch. 180, §§ 1 to 3, amending Minn. Stat. §§ 204B.19, subd. 2; 204B.21, subds. 1, 2, effective August 1, 2010. See also ch. 184, § 15.*

*Mail elections.* No later than 14 days before the election, the auditor or clerk must make a subsequent mailing of ballots to those voters who register to vote after the initial mailing but prior to the 20th day before the election.

*Ch. 180, § 4, amending Minn. Stat. § 204B.46, effective August 1, 2010. See also ch. 194, § 17.*

*August primary.* The time period for absentee voting was expanded to 46 days prior to most elections to conform to new federal requirements. As a result of this expansion, the date of the state primary election is moved from September to August. A number of conforming and related deadlines related to state and local elections are also modified to provide for various election administration requirements to occur, in most cases, on roughly the same time schedule as required under current law with a September primary.

*Ch. 184, amending Minn. Stat. §§ 10A.31, subd. 6; 10A.321; 10A.322, subd. 1; 10A.323; 203B.06, subd. 1; 203B.081; 203B.13, subd. 2; 203B.17, subd. 1; 203B.22; 203B.225, subd. 1; 203B.23, subd. 2; 204B.09, subd. 1; 204B.14, subds. 2, 4; 204B.21, subd. 1; 204B.33; 204B.35, subd. 4; 204B.45, subd. 2; 204C.26, subd. 3; 204D.03, subd.1; 204D.09, subd.1; 204D.28, subds. 5, 6, 8, 9; 205.065, subds. 1, 2; 205.13, subd. 1a; 205.16, subds. 4, 5; 205A.03, subds. 1, 2; 205A.05, subd.3; 205A.06, subd. 1a; 205A.07, subds. 3, 3a, 3b; 205A.11, subd. 2a; 206.61, subd. 5; 206.82, subd. 2; 208.03; 211B.045; 410.12, subd. 1; 447.32, subd. 4, effective March 4, 2010. See also chs. 327, 397, 201, amending various provisions of ch. 184.*

*Absentee voting.* This act made various changes to the requirements for processing absentee ballots, including requiring the use of a ballot board

to accept, reject, and count absentee ballots, and implementing the use of an identification number matching system to verify that an absentee ballot has been returned by the same voter that originally applied for the ballot.

A municipal clerk may administer the absentee ballot system, but only if the clerk has received approved training in the use of the statewide voter registration system.

Local election officials must immediately enter information provided by a voter applying for an absentee ballot into the statewide voter registration system. Election officials must also record returned absentee ballots and the notice of acceptance or rejection of an absentee ballot in the system.

*Ch. 194, amending Minn. Stat. §§ 201.061, subd. 4; 203B.04, subd. 1; 203B.05, subd. 1; 203B.07, subds. 2, 3; 203B.08, subds. 2, 3; 203B.125; 203B.23, subds. 1, 2; 203B.24, subd. 1; 203B.26; 204B.45, subd. 2; 204B.46, as amended; 204C.32, subd. 1; 204C.33, subds. 1, 3; 205.065, subd. 5; 205.185, subd. 3; 205A.03, subd. 4; 205A.10, subd. 3; 206.89, subd. 2; 208.05; proposing coding in Minn. Stat. ch. 203B; repealing Minn. Stat. §§, 203B.10; 203B.12, subds. 1, 2, 3, 4, 6; 203B.13, subds. 1, 2, 3, 4; 203B.25, effective June 25, 2010, except for certain provisions in section 9 relating to ballot boards.*

## **Construction Codes and Licensing**

*Time limit to complete exterior work.* A municipality may by ordinance adopt an official control that requires exterior work authorized by a building permit issued in accordance with the State Building Code to be completed within a specified number of days following issuance of the building permit. The local regulation may not require completion of exterior work earlier than 180 days following the issuance of the permit. This addresses issues raised in *Wessman v. City of Mankato*, 2008 WL 5058608 (Minn. App. Dec. 2, 2008). “Municipality” means a city, county, town, the University of Minnesota, or the state for public buildings and state-licensed facilities.

*Ch. 183, § 3, amending Minn. Stat. § 326B.121, by adding subd. 1a, effective August 1, 2010.*

*Plumbing; water conditioning.* Now, any city, county, or town may adopt local regulations for water conditioning; the limit to cities and towns with more than 5,000 population was removed.

*Ch. 183, § 12, amending Minn. Stat. § 326B.53, effective August 1, 2010.*

The plumbing standards agreements with municipalities regarding exemptions to licensing for persons doing business in the state prior to 1994 is repealed.

*Ch. 183, § 24, repealing Minn. Stat. § 326B.43, subd. 5, effective August 1, 2010.*

*Electronic notifications.* The Department of Labor and Industry will provide electronic versions of the code, public hearing notices, and proposed and adopted amendments to municipalities instead of paper

copies. Upon request, a municipality may receive a paper copy for a fee.

*Ch. 280, §§ 10, 12, 13, 14, amending Minn. Stat. §§ 326B.127, subd. 3; 326B.13, subds. 4, 5, 6, effective August 1, 2010.*

*Appeals.* The appeals process related to construction code and licensing decisions now applies to any local or state level board of appeals, not just municipalities.

*Ch. 280, § 16, amending Minn. Stat. § 326B.139, effective August 1, 2010.*

*Permit fee reporting; surcharge remittance enforcement.* Municipalities are now clearly subject to enforcement under Minnesota Statutes, section 326B.082, if they fail to report construction and development-related fees they collect from developers, builders, and subcontractors, or if they fail to forward to the state the required portion of fees collected.

*Ch. 280, §§ 18, 19, amending Minn. Stat. §§ 326B.145; 326B.148, subd. 2, effective August 1, 2010.*

*Property maintenance.* Following *City of Morris v. Sax Investments, Inc.*, 749 N.W.2d 1 (Minn. 2008), a municipality's ability to regulate for property maintenance was limited. After two years of negotiation between local governments and builders, realtors, and multiunit housing interests, a compromise was reached. The change to the State Building Code statute enacted allows a municipality to enact and enforce an ordinance "requiring existing components or systems of any structure to be maintained in a safe and sanitary condition or in good repair, but not exceeding the standards under which the structure was built, reconstructed or altered, or the component or system was installed, unless specific retroactive provisions for existing buildings have been adopted as part of the State Building Code."

*Ch. 308, amending Minn. Stat. § 326B.121, subd. 2, effective August 1, 2010.*

*Verification of lead certification.* Municipalities must verify the lead certification qualifications of a residential building contractor, residential remodeler, manufactured home installer, or residential roofer licensed under section 326B.805 when issuing permits in compliance with the State Building Code for renovations performed on residential property constructed prior to 1978. Municipalities may charge a surcharge for verification. "Municipality" means a city, county, town, the University of Minnesota, or the state for public buildings and state-licensed facilities.

*Ch. 321, amending Minn. Stat. §§ 326B.106, by adding subds. 13, 14; 326B.805, by adding subd. 1a, effective February 1, 2011.*

*Accessibility enforcement.* Municipalities that have not adopted the State Building Code must still enforce the code's requirements for persons with disabilities. As before, they may do so by (1) entering into a joint

powers agreement for enforcement with another municipality that has adopted the State Building Code, or (2) contracting for enforcement with an individual certified under [Minnesota Statutes, section 326B.133](#), subdivision 3. In addition, they may now do so by hiring or training their own staff.

If the Commissioner of Labor and Industry determines that a municipality is not properly administering and enforcing the State Building Code's requirements for persons with disabilities, the commissioner may direct the state building official or by another building official certified by the state to administer and enforce the code in that municipality. The commissioner must notify the affected municipality in writing immediately upon making the determination, and the municipality may challenge the determination as a contested case before the commissioner pursuant to the Administrative Procedure Act. The commissioner must charge the fees set in [Minnesota Statutes, section 326B.153](#), for the administration and enforcement service rendered. Any cost to the state arising from the state administration and enforcement of the State Building Code must be paid by the municipality.

*Ch. 347, art. 3, §§ 11, 18, amending Minn. Stat. §§ 326B.106, subd. 9; 326B.16, effective July 1, 2010.*

## **Joint Powers**

*Governmental unit.* Federally recognized Indian tribes and the Minnesota Historical Society are now included in the list of entities defined as a "governmental unit" for the purposes of the joint powers statute.

*Ch. 193, amending Minn. Stat. § 471.59, subd. 1, effective August 1, 2010.*

*Collective bargaining agreements.* Under prior law, a governmental unit may enter into a joint powers agreement with any other governmental unit to perform on behalf of that unit any service or function that the governmental unit providing the service or function is authorized to provide for itself. Now, if the agreement has the effect of eliminating or replacing a public employee who is part of a collective bargaining agreement represented by an exclusive representative, and there is no provision in the collective bargaining agreement detailing the effect of the action on the affected public employee, negotiations on the effects to the employee of the job elimination or restructuring must be conducted between the exclusive representative and the employer.

*Ch. 347, art. 1, § 26, amending Minn. Stat. § 471.59, subd. 10, effective July 1, 2010.*

## **Eminent Domain**

*Right of first refusal.* In 2006, the legislature enacted the “right of first refusal” provision relating to property taken by eminent domain. It provides that if a condemning authority determines that publicly owned property acquired by eminent domain has not been used and is no longer needed for a public use, the authority must offer to sell the property to the owner from whom it was acquired, if the former owner can be located. The offer must be at the original price determined by the condemnation process or the current fair market value of the property, whichever is lower, unless a different value is required for a property interest obtained with federal highway funding. The 2010 law adds a similar exception for property acquired with federal transit funding, if the federal law requires it.

*Ch. 219, amending Minn. Stat. § 117.226, effective August 1, 2010.*

*High-voltage lines and pipelines (public service corporations).* To construct or expand a high-voltage transmission line or ancillary substation, or natural gas, petroleum, or petroleum products pipeline, including ancillary compressor or pumping stations, a public service corporation is now subject to provisions relating to attorney fees, appraisal and negotiation requirements, minimum compensation, and other laws intended to protect property owners. This will affect projects such as the CapX2020 power line. Public service corporations were exempted from these statutes under the 2006 changes to eminent domain law.

In addition, a property owner who believes that an easement for the same types of projects listed above is not being used for the purposes for which it was acquired can apply to district court to seek an order discharging the easement.

Finally, the Public Utilities Commission (PUC) must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent it does not use those options, must state the reasons. The Department of Transportation must cooperate.

*Ch. 288, amending Minn. Stat. §§ 117.189; 117.225; 216E.03, subd. 7, effective May 1, 2010, and applies to eminent domain proceedings or actions commenced on or after that date. “Commenced” means when service of notice of the petition under § 117.055 is made.*

## Data Practices

*Cookies.* The statute that governs electronic access data does not apply to a cookie temporarily installed by a government entity on a person's computer during a single session on or visit to a government entity's website if the cookie is installed only in a computer's memory and is deleted from the memory when the website browser or website application is closed.

*Ch. 222, amending Minn. Stat. § 13.15, by adding subd. 5, effective August 1, 2010.*

*Public records; accessibility.* Public government records and continuing education or professional development courses, offerings, materials, or activities approved or administered by the state or a local government must be available in a reasonable time to persons with disabilities in a manner consistent with state and federal laws prohibiting discrimination against persons with disabilities. Reasonable modifications must be made in any policies, practices, and procedures that might otherwise deny equal access to individuals with disabilities.

"Records" means any recorded information that is collected, created, received, maintained, or disseminated by the executive, judicial, or legislative branches of the state, the Minnesota State Colleges and Universities, the University of Minnesota, cities, towns, counties, school districts, and all other political subdivisions of the state, regardless of physical form or method of storage.

This new law does not apply to (1) technology procured or developed prior to January 1, 2013, unless substantially modified or substantially enhanced after January 1, 2013, or (2) records that cannot be reasonably modified to be accessible without an undue burden to the public entity.

Violation is subject to a penalty of \$500 per violation, plus reasonable attorney fees, costs, and disbursements, payable to a qualified disabled person by the public entity. The total amount of penalties payable to any individual or class regardless of the number of violations is limited to \$15,000. In any class action or series of class actions which arise from a violation of this section, the amount of attorney fees awarded against the violating public entity may not exceed \$15,000. Any action must be commenced within one year of the occurrence of the alleged violation.

*Ch. 271, §§ 2, 3, adding Minn. Stat. §§ 363A.42; 363A.43, effective January 1, 2013, as amended by ch. 347, art. 1, §§ 22, 23.*

*Administrative remedy for violations.* An administrative hearing process in the Office of Administrative Hearings (OAH) is now available for persons alleging a violation of the Data Practices Act. The law specifies the types of complaints that may be filed with the office and establishes the requirements for the formal submission of a complaint. A \$1,000 filing fee or bond must accompany a complaint.

A complaint must be filed within two years after the occurrence of the



act or failure to act that is the subject of the complaint, except that if fraud or misrepresentation is involved that was not discoverable during the period, a party would have an additional one year to file the complaint after the discovery.

A party aggrieved by a final decision is entitled to judicial review under the same procedures for judicial review of state agency decisions but review of the matter is not considered a “contested case” for purposes of [Minnesota Statutes, chapter 14](#). Decisions are not binding in any subsequent action in district court for damages arising out of the same violation. Any person or government entity that relies on or complies with an order would not be subject to further civil or criminal liability for those actions.

A complainant that substantially prevails is presumed to be entitled to an award of reasonable attorney’s fees, up to \$5,000, and is entitled to a full refund of the filing fee, less \$50 (a \$950 refund). Reasonable attorney’s fees must be awarded if the government entity failed to act in conformity with an advisory opinion directly related to the matter issued by the Commissioner of Administration. Attorney’s fees are not to be awarded if the respondent’s violation was merely technical or there is genuine uncertainty about the meaning of the governing law. If the complainant substantially prevails, the office’s costs must be paid by the respondent, up to \$1,000. The OAH must pay its costs in conducting the matter from the filing fee and refund any remaining portion to the complainant.

If the administrative law judge determines that a complaint is frivolous or brought for purposes of harassment, the complainant must pay the respondent’s reasonable attorney’s fees up to \$5,000.

Costs and attorney’s fees must be awarded to a complainant who files an action in district court to enforce an order.

*Ch. 297, §§ 1 to 3, amending Minn. Stat. §§ 13.072, subd. 2; 13.08, subd. 4; adding 13.085, effective July 1, 2010, and applies to actions commenced on or after that date.*

## **Fire Departments, Firefighters**

“*Fill the Boot*” campaigns. A municipality may by resolution allow full-time, permanent firefighters employed by the municipality to solicit charitable contributions from motorists while on duty. It also allows volunteer firefighters to do so while not on duty. They can solicit for only one charity a year, for no more than three days. The charitable organization must provide proof of commercial general liability insurance against claims for bodily injury and property damage. The insurance must have a limit of not less than \$1,500,000 and an endorsement naming the municipality as an additional insured. According to the testimony on the bill, firefighters have used this technique for fund-raising around the country for the Muscular Dystrophy Association for over 50 years, but some Minnesota municipalities were concerned about liability.



*Ch. 227, adding Minn. Stat. § 465.90, effective August 1, 2010.*

*Full-time firefighter.* For the purposes of certification, the definition of “full-time firefighter” was amended to mean not only a person who is employed and charged with the prevention and suppression of fires within the boundaries of the state on a full-time, salaried basis, but who is also directly engaged in the hazards of firefighting or is in charge of a designated fire company or companies that are directly engaged in the hazards of firefighting. (As before it does not include a volunteer, part-time or paid, on-call firefighter.) Under this chapter of statutes (much of which was enacted in 2009), on or after July 1, 2011, a person cannot be hired as a permanent full-time firefighter by a fire department without being licensed as a firefighter by the Board of Firefighter Training and Education.

*Ch. 229, amending Minn. Stat. § 299N.03, subd. 5, effective April 11, 2010.*

*Fire department hiring, criminal background check.* Fire departments may run criminal background checks on current employees. Prior law allowed background checks only on applicants. Fire departments’ hiring and employment authorities must use “uniform access procedures” that apply to all applicants and employees. Fire departments cannot request private data from current employees unless at least one year has elapsed since access to the data was previously requested. “Fire department” is defined in [Minnesota Statutes, section 299N.01](#), subdivision 2, as a “regularly organized fire department, fire protection district, or fire company, as defined in the State Fire Code adopted under [section 326B.02](#), subdivision 6, regularly charged with the responsibility of providing fire protection to the state or a local government and includes a private nonprofit fire department directly serving a local government. It does not include industrial fire brigades.”

*Ch. 259, amending Minn. Stat. § 299F.035, effective August 1, 2010.*

**Securities Lending  
Agreements;  
Depositories for  
Municipal Funds**

A financial institution with which a local government may enter into a securities lending agreement must have *an office* located in the state, not its *principal executive office*. This will allow local governments more options since only U.S. Bank has its principal executive office in the state at this time. The new law also eliminated the requirement that a securities broker-dealer have its principal executive office in Minnesota.

Secondly, the law adds requirements for a securities broker-dealer or an affiliate of it to hold in safekeeping local government investments, contracts, and agreements. In addition to being regulated by the Securities and Exchange Commission, the broker-dealer must:

- be registered as a broker-dealer under [Minnesota Statutes, chapter 80A](#), or be exempt from registration requirements; and
- maintain insurance through the Securities Investor Protection Corporation or excess insurance coverage in an amount equal to

or greater than the value of the securities held.

*Ch. 234, amending Minn. Stat. §§ 118A.05, subd. 3, as amended by ch. 385, § 4; 118A.06, effective August 1, 2010.*

**Interest Rate on  
Judgments**

The interest on a judgment or award of any amount for or against the state or a political subdivision of the state was returned to the pre-2009 rate computed as simple interest per annum equal to the greater of (1) 4 percent or (2) the rate based on the secondary market yield of one-year U.S. Treasury bills. “Political subdivision” means a town, statutory or home rule charter city, county, school district, or any other political subdivision of the state. A 2009 provision in the omnibus public safety bill increased interest rates to 10 percent for awards over \$50,000 in order to discourage judgment debtors (e.g., insurance companies) from deliberately delaying payment. The 2009 law unintentionally included judgments and settlements of the state and political subdivisions of the state.

*Ch. 249, amending Minn. Stat. § 549.09, subd. 1, effective April 16, 2010, as amended by ch. 385, § 8, and applies to judgments and awards finally entered on or after that date.*

**Vehicle  
Impoundment  
Notice**

The law that requires a local government (or impoundment lot operator) to notify the car owner in writing that the car is impounded within five days was amended to remove Saturdays, Sundays, and holidays from calculating the five-day period. The contents of the notice was also modified so the notice no longer states that a vehicle owner who provides to the impound lot operator documentation from a government, nonprofit agency, or legal aid office that he or she is a low-income person may retrieve contents of an impounded vehicle without charge. The notice must still state that a vehicle owner with proof that he or she is homeless, receiving need-based financial assistance, or eligible to be represented by legal aid may retrieve contents of his or her impounded vehicle without charge.

*Ch. 257 and ch. 351, § 25, amending Minn. Stat. § 168B.06, subd. 1, effective August 1, 2010; ch. 351, § 26, amending Minn. Stat. § 168B.07, subd. 3, effective August 1, 2010.*

**Snow Plowing in  
Uncompleted  
Subdivisions**

A road authority (Commissioner of Transportation, county, city, or town) may plow snow in an uncompleted subdivision development, if the subdivision has at least five lots and the road authority passes a resolution finding that (1) the subdivision developer is unable to plow due to insolvency or pending foreclosure and (2) public safety could be jeopardized due to lack of vehicle access.

Plowing does not transfer ownership of the road or open it to public use. The road authority may charge the property owners for the service and, if unpaid, the charges may constitute a lien upon the properties within the subdivision and may be collected as a special assessment as

provided by Minnesota Statutes, section 429.101, or by charter. The road authority is not subject to tort liability related to plowing or road maintenance unless injury is affirmatively caused by a negligent act of the road authority.

*Ch. 279, amending Minn. Stat. § 160.21, by adding subd. 6, effective April 27, 2010, and expires May 2, 2013, as amended by ch. 385, § 3.*

### **Food Vending Carts**

A mobile food unit—food vending carts—may operate more than 21 days annually at any one place with the approval of the regulatory authority (the local, state, or federal enforcement body or authorized representative having jurisdiction over the food establishment). This started as a Minneapolis-specific proposal and was amended to be statewide.

*Ch. 294, amending Minn. Stat. § 157.15, subd. 9, effective May 11, 2010.*

### **Collaborative Governance Council**

The legislature established a Collaborative Governance Council that includes representatives of major statewide governmental and nongovernmental entities to develop recommendations to the governor and the legislature designed to increase collaboration in government. In conjunction with the state auditor’s duties to recommend best practices for delivery of local government services, the state auditor will serve as chair of the council. The council must report by February 1 each year to the governor and the legislature its recommendations, including proposed legislation to implement the recommendations.

*Ch. 319, adding Minn. Stat. § 6.81, effective June 1, 2010, and expires June 30, 2015.*

### **County Extension Funding**

Cities and towns may spend money for county extension work.

*Ch. 333, art. 1, § 14, adding Minn. Stat. § 38.345, effective August 1, 2010.*

### **Complete Streets**

Local road authorities are encouraged, but not required, to create and adopt “complete streets” policies for their roads. “Complete streets” is the planning, scoping, design, implementation, operation, and maintenance of roads in order to reasonably address the safety and accessibility needs of users of all ages and abilities. Complete streets considers the needs of motorists, pedestrians, transit users, vehicles, bicyclists, and commercial and emergency vehicles moving along and across roads, intersections, and crossings in a manner that is sensitive to the local context. Complete streets policies recognize that the needs vary in urban, suburban, and rural settings.

The Commissioner of Transportation must implement a complete streets policy after consultation with interested persons and entities. Beginning in 2011, the commissioner must report on the implementation of the complete streets policy in the agency’s biennial budget submission.

The Commissioner of Transportation must also submit reports on the complete streets program to the chairs and ranking minority members of

the House of Representatives and Senate committees with jurisdiction over transportation policy and finance by January 15 of 2011 to 2014. The reports must be submitted electronically and made available in print only upon request.

*Ch. 351, §§ 11, 12, 52, 72, amending Minn. Stat. §§ 162.02, subd. 3a; 162.09, subd. 3a; adding Minn. Stat. § 174.75, effective July 1, 2010.*

**Open Meeting Law**

The law permitting a public body to close a meeting to review appraisal data was clarified to apply to *protected* nonpublic data. Before it only applied to confidential data and nonpublic data.

*Ch. 365, art. 1, § 8, amending Minn. Stat. § 13D.05, subd. 3, effective August 1, 2010.*

**Ex Officio Notaries Public**

City and town clerks or recorders, county recorders and auditors (and their deputies), and county commissioners are ex officio notaries public. The law was amended to specify the form of signature of ex officio notaries public and require an official stamp. However, they may authenticate official acts related to the statutory duties of their respective offices without using the official stamp for 90 days after initially assuming the office, or until the officer acquires an official notarial stamp, whichever is earlier. Upon removal from office by the Commissioner of Commerce, a notary public must deliver the notary's official notarial stamp to the commissioner.

*Ch. 380, §§ 4, 16, amending Minn. Stat. §§ 358.15; 359.12, August 1, 2010, except ex officio notary public may authenticate official acts related to the officer's statutory duties without using the official stamp for up to 90 days after the effective date, or until the officer acquires an official stamp, whichever is earlier.*

**Notice to Governmental Unit if Contractor's Insurance is Cancelled**

An insurer must provide notice to a third party that the policyholder's insurance has been cancelled if:

- (1) the policyholder has notified the insurer of the identity of the third party; and
- (2) the third party is a licensing authority authorized by statute to receive the notice or a state, city, or county governmental unit on whose behalf the insured is providing services.

*Ch. 384, § 7, amending Minn. Stat. § 60A.36, by adding subd. 2a, effective August 1, 2010.*

**Commission on  
Service Innovation**

The Commission on Service Innovation is established to provide the legislature with a strategic plan to reengineer the delivery of state and local government services, including the realignment of service delivery by region and proximity, the use of new technologies, shared facilities, centralized information technologies, and other means of improving efficiency. The commission includes representatives of local government associations as well as representatives of nonprofits, unions, business, and higher education institutions. The first report, with proposed legislation, is due January 15, 2011.

*Ch. 392, art. 2, adding Minn. Stat. § 3.9280, effective May 26, 2010, and expires June 30, 2012.*

**Public Finance, Economic Development**

**Energy  
Improvement Loan  
Program**

An implementing entity (city, county, town, and a housing and redevelopment authority, economic development authority, or port authority if authorized by the city or county), may now, at the request of the property owner, finance energy improvements and collect repayments as special assessments. “Energy improvements” include renovating or retrofitting a building to improve energy efficiency, installing new or upgraded electrical circuits to permit charging of electrical vehicles, and attaching a renewal energy system to, or installing it in or close to a building, to generate electrical or thermal energy. This is also known as PACE (property-assessed clean energy) financing.

Properties eligible for the financing are single-family or multifamily residential dwellings, commercial buildings, or industrial buildings that the implementing entity has determined can benefit from energy improvements. An improvement financed under this program cannot be used for retail sales of energy generated from it or for off-site end use.

The maximum term of a loan cannot exceed 20 years or the weighted average useful life of the improvements, whichever is shorter. The principal amount of the loan is limited to 10 percent of the appraised value of the property or the actual cost of the installation, whichever is less. The interest rate must cover the local government’s cost of its financing (i.e., the bonds it issues to finance the loans and projected cost of delinquencies).

The financing program must work with the conservation improvement activities of the utility serving the property and other public and private energy improvement programs.

The implementing entity must secure repayment with a lien on the property and collect repayments using the special assessment collection

process. The implementing entity may issue revenue bonds, payable only from assessment revenues collected from the repayment and assessments and not taxes.

*Ch. 216, §§ 3, 4, 21, 22, adding Minn. Stat. §§ 216C.435, 216C.436, amending Minn. Stat. §§ 429.021, subd. 1; 429.101, subd. 1, effective April 2, 2010; ch. 389, art. 7, § 4, amending Minn. Stat. § 429.011, subd. 2a; §§ 11 to 19, amending Laws 2010, ch. 216, § 3 by adding subs. 3a, 3b, and amending subd. 6; § 4, subs. 1, 2, 4, 6, 7, 8; effective May 28, 2010.*

## **Public Facilities Authority**

*Transportation infrastructure loans to cities.* The Public Facilities Authority (PFA) may make loans to cities for transportation infrastructure projects, as defined under the PFA statute even if they do not qualify for federal or state funding, by issuing revenue bonds to be repaid by city taxes, such as tax increments or special taxes (lodging, liquor, and similar). These bonds could be, but would not be required to be, Build America Bonds.

*Ch. 216, § 23, amending Minn. Stat. § 446A.085, by adding subd. 15, effective April 2, 2010.*

*Clean water revolving fund.* The clean water revolving fund now may be used to provide principal forgiveness or grants to the extent permitted under the Federal Water Pollution Control Act and other federal law, based on the criteria and requirements established for the wastewater infrastructure funding program.

It may also be used to provide loans, principal forgiveness, or grants to the extent permitted under the Federal Water Pollution Control Act and other federal law to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. Principal forgiveness or grants may not exceed 25 percent of the eligible project costs as determined by the Pollution Control Agency for project components directly related to green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, up to a maximum of \$1,000,000.

*Ch. 290, § 2, amending Minn. Stat. § 446A.07, subd. 8, effective May 1, 2010.*

*Wastewater infrastructure funding (WIF) program.* The WIF program now specifically includes funding for the predesign, as opposed to planning, of municipal wastewater treatment systems, and now specifically includes purchase of land and easements.

The new law also modified the program to provide grants instead of deferred loans to municipalities when total wastewater system costs exceed 1.4 percent of median household income for the area. (This is approximately \$45 per month for an average household.) The changes will allow federal principal forgiveness funds and state WIF funds to be based on the same criteria. The changes are also intended to better address severe affordability problems facing many cities needing to



rehabilitate and replace existing systems.

*Ch. 290, §§ 3 to 6, amending Minn. Stat. § 446A.072, subs. 1, 3, 5a, 9, effective May 1, 2010.*

*Small community wastewater treatment program.* The changes to this program are intended to move projects into construction more quickly.

- The list of possible service providers that local governments can contract with for technical assistance is expanded.
- A technical assistance application must include a work plan and schedule.
- A preconstruction award may also include eligible design costs.

*Ch. 290, §§ 7 to 10, amending Minn. Stat. § 446A.075, subs. 1a, 2, 4, 5, effective May 1, 2010.*

*Drinking water revolving fund (DWRF).* Changes to the federal funding program required changes to the state program, including that a portion of the funds must be provided as principal forgiveness or grants, and a portion must be used to finance water or energy efficiency improvements or implement other environmentally innovative activities (defined by EPA as “green infrastructure”).

To comply, the new law allows the PFA to provide principal forgiveness or grants in three ways:

- To supplement DWRF loans by providing principal forgiveness or grants when total drinking water system costs exceed 1.2 percent of median household income.
- To provide 25 percent principal forgiveness or grants up to a maximum of \$1,000,000 for eligible project costs related to green infrastructure.
- To provide principal forgiveness or grants for 50 percent of project costs up to a maximum of \$10,000 for small system projects needing to comply with national primary drinking water standards for an existing community or noncommunity public water system.

The law also now provides that if a loan recipient’s average annual residential drinking water system cost after completion of the project would exceed 1.2 percent of median household income in the recipient governmental unit or entity, it may amortize the loan over 30 years, instead of 20 years. This is a decrease from 1.4 percent. Finally, the PFA may reduce the 1.2 percent affordability threshold for extended-term loans and principal forgiveness or grants if necessary to avoid losing any federal funds.

*Ch. 290, §§ 11, 12, amending Minn. Stat. § 446A.081, subs. 8, 9 effective May 1, 2010.*

*Credit enhancement program.* The cap on the total amount of debt covered by the program was increased from \$500 million to \$1 billion. “Debt obligation” now includes notes. Also, the law now specifies that the credit enhancement program may not be used for refunding previously issued debt obligations.

*Ch. 290, §§ 13 to 15, amending Minn. Stat. § 446A.086, subds. 1, 2, 11, effective May 1, 2010.*

**Qualified Green Building and Sustainable Design Projects**

A municipality or redevelopment agency issuing revenue bonds under Minnesota Statutes, sections [469.152](#) to [469.165](#), may designate the project for which the bonds are issued as a qualified green building and sustainable design project if the project meets the criteria.

*Ch. 216, §§ 24, 25, amending Minn. Stat. § 469.153, subd. 2, effective April 2, 2010; adding Minn. Stat. § 469.1655, effective for bonds issued after June 30, 2010.*

**Prohibition on Use for Sports Facilities**

No one may use any of the provisions in [Laws 2010, chapter 216](#) (the “Jobs” act) to assist in the financing or construction of a stadium or ballpark.

*Ch. 216, § 61, effective April 2, 2010.*

**Local Sales Taxes**

If a local unit of government adopts a new local tax or amends an existing local tax that is administered by the Department of Revenue, the local government must adopt relevant definitions from the Minnesota sales tax law and related administrative rules. This applies to general local sales taxes, lodging taxes, food and beverage taxes, and entertainment or amusement taxes, or other taxes based on the gross receipts of goods or services. The intent is to lessen administrative compliance burdens. Currently, the tax bases for some of these taxes, especially food and beverage and entertainment taxes, are defined by local ordinance.

*Ch. 389, art. 4, § 14, adding Minn. Stat. § 645.025, effective May 28, 2010.*

**Tax Increment Financing (TIF)**

Special TIF law exceptions are described in the Special Legislation section starting on page 38.

**Compact Development**

“Compact development district” is a new type of TIF district. Similar to redevelopment districts, at least 70 percent of the parcels must have buildings or similar structures that occupy at least 15 percent of the parcel’s square footage, and the planned redevelopment must triple the square footage of the buildings.

The authority to establish or approve the tax increment financing plan for a new compact development district expires on June 30, 2012.



Compact development TIF districts have a 25-year duration limit.

Increments from the new compact development TIF districts may only be spent on:

- administrative expenses;
- land acquisition;
- demolition and removal of existing buildings and other site preparation costs; and
- installation of public infrastructure, but excluding road, highway, street, and parking improvements that are designed primarily to serve passenger automobiles

*Ch. 216, §§ 26, 28, 29, 30, amending Minn. Stat. §§ 469.174, by adding subd. 10c; 469.175, by adding subd. 2b; 469.176, subs. 1b, and adding subd. 1i; effective for districts for which the request for certification is made after June 30, 2010.*

### **Tourism Projects**

The seven counties in Region 1 may now use economic development TIF districts for tourism. This adds the counties of Kittson, Marshall, Norman, Pennington, Polk, Red Lake, and Roseau 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 30 counties located in Development Regions 2, 3, 4, 5, and 7E were previously allowed to use the authority. They include: Aitkin, Becker, Beltrami, Carlton, Cass, Chisago, Clay, Clearwater, Cook, Crow Wing, Douglas, Grant, Hubbard, Isanti, Itasca, Kanabec, Koochiching, Lake of the Woods, Mahnommen, Mille Lacs, Morrison, Otter Tail, Pine, Pope, St. Louis, Stevens, Todd, Traverse, Wadena, and Wilkin.

*Ch. 216, § 27, amending Minn. Stat. § 469.174, subd. 22, effective for districts for which the request for certification is made after June 30, 2010.*

### **Economic Development Districts, Jobs**

Municipalities have new temporary authority to use economic development districts for any type of project, if three conditions are satisfied:

- The municipality finds the project will create new jobs in the state, including construction jobs, and the project otherwise would not have begun before July 1, 2011, without the assistance
- Construction of the project begins no later than July 1, 2011
- The request for certification is made by June 30, 2011

*Ch. 216, § 31, amending Minn. Stat. § 469.176, subd. 4c, effective April 2, 2010, and applies to pre-existing districts if the request for certification was made after June 30, 2009.*

**Use of Increments  
for Construction**

Municipalities have new temporary authority to use surplus or excess increment for construction of new or substantial rehabilitation of existing buildings if:

- construction begins before July 1, 2011;
- the development will create new jobs (including construction jobs); and
- the development would not have occurred without provision of the assistance.

This authority includes the ability to make equity investments in the development, for example, if it is necessary to obtain financing. The municipality (usually the city) must approve and hold a public hearing with published notice (following the same rules as apply to approving a new TIF plan).

This authority expires on December 31, 2011, and does not extend to allow payment of bonds beyond that date.

*Ch. 216, § 32, amending Minn. Stat. § 469.176, by adding subd. 4m, effective April 2, 2010, and expires December 31, 2011.*

**Create Automotive  
Recovery Zone  
(CARZ)**

CARZ is added to the JOBZ program. It can provide modified JOBZ benefits to the Ford Motor Company site in St. Paul, if certain conditions are met, including that the business is engaged in assembling motor vehicles and has at least 500 employees. The zone may be designated between January 1, 2012, and December 31, 2015, if the business commits at least \$100 million to improve or retrofit the plant. (Regular JOBZ benefits expire in 2015.)

The jobs credit for CARZ is equal to \$2,500 per employee for the first 750 full-time equivalent (FTE) employees at the site and a \$3,500 credit per FTE employee for the number of employees at the site over 750. This credit is refundable.

*Ch. 216, §§ 33 to 41, amending Minn. Stat. §§ 469.310, subds. 6, 11, adding subds. 4a, 14; 469.312, subds. 1, 3, 5; 469.314, subds. 1, 4, effective April 2, 2010; ch. 216, §§ 42, 43, amending Minn. Stat. § 469.315, adding § 469.3181, effective for taxable years beginning after December 31, 2011.*

**Wind Turbine  
JOBZ**

JOBZ tax benefits may be extended for five years for a wind turbine manufacturing facility under consideration for location in Duluth or on the Iron Range. To qualify, the project must be in a county with an unemployment rate that either is 10 percent or higher or is 10 percent higher than the state average for any month in the year before the business subsidy agreement is signed. The benefits can be provided singly or in combination to the manufacturing facility, the U.S. headquarters of the business, or a training facility.

*Ch. 216, § 39, amending Minn. Stat. § 469.312, subd. 5, effective April 2, 2010.*

**Taconite Property  
Tax Relief Fund;  
2010 Projects**

About \$9 million from the taconite property tax relief fund will be distributed in August 2010 to cities and townships in the taconite area for 46 different public works projects. St. Louis County is the fiscal agent for the distributions.

*Ch. 216, § 58, effective April 2, 2010, as amended by ch. 347, art. 7.*

**JOBZ**

*Time limit for requesting waiver of clawback.* A business that is no longer eligible for JOBZ has 60 days to request a waiver of repayment of its JOBZ benefits. In order to receive a waiver of state-paid JOBZ benefits, businesses must request the waiver within 60 days of being notified by the commissioner. In order to receive a waiver of the local property tax exemption, businesses must request the waiver within 60 days after the county auditor mailed the property tax bill.

*Ch. 389, art. 7, § 6, amending Minn. Stat. § 469.319, subd. 5, effective for waivers requested in response to notices issued on or after May 28, 2010.*

*Due date of annual JOBZ certification to Commissioner of Revenue.*

The due date for the annual certification of JOBZ compliance by qualified businesses was changed from December 1 to October 15. This matches the date that JOBZ businesses are required to file their annual JOBZ tax benefits report.

*Ch. 389, art. 7, § 7, amending Minn. Stat. § 469.3193, effective for certifications required to be made in 2010 and thereafter.*

**Property Taxes and Aids**

**Aid and Credit  
Reductions:  
Local Government  
Aid (LGA), County  
Program Aid (CPA),  
and Market Value  
Credit  
Reimbursements  
Reductions**

*Governor's Pay 2009 and 2010 unallotments.* In July 2009, the governor unallotted county, city and town aids (CPA, LGA) and market value credit reimbursements for Pay 2009 and Pay 2010. However, a May 5, 2010, Minnesota Supreme Court case on the unallotment of funding for a special diet program raised questions regarding the legality of all unallotments. *Brayton v. Pawlenty*, 781 N.W.2d 357 (Minn. 2010). The remaining unallotments, including the aid and credit reductions, were voided and then reinstated legislatively in the 2010 special session.

These legislated cuts were made in the identical manner used in the governor's original unallotments and are based on each local government's 2009 revenue base. "2009 revenue base" is the sum of a local government's Pay 2009 property tax levy, LGA or CPA, and taconite aids.

For cities and counties, the reductions are first made from LGA or CPA, and then, if necessary, from credit reimbursements. Town reductions are made from credit reimbursements.

The following local governments were exempted from these Pay 2009

and 2010 aid and credit reimbursement reductions:

- Counties with a population less than 5,000
- Mahnomon County
- Cities with a population of less than 1,000 that also had an adjusted net tax capacity per capita less than the average for all cities
- Towns with a population of less than 1,000 that also had an adjusted net tax capacity per capita less than the average for all towns
- the city of St. Charles (for Pay 2009 only)

The table shows the cuts equal to the governor's unallotments by government type and program for each year:

<b>Year and Government Type</b>	<b>Cut as a Percent of 2009 Revenue Base</b>	<b>Aid Reductions (LGA - cities) (CPA - counties)</b>	<b>Market Value Credit Reimbursement Reductions</b>	<b>Total Reductions</b>
<b>Pay 2009</b>				
Counties	1.188968672%	\$33 million	\$0	\$33 million
Cities	3.3127634% with a maximum of \$22 per capita	44.6 million	19.6 million	64.2 million
Towns	1.735103% with a maximum of \$5 per capita	—	2.5 million	2.5 million
<b>Pay 2010</b>				
Counties	2.41396687%	67 million	0	67 million
Cities	7.643803025% with a maximum of \$55 per capita	102.4 million	25.9 million	128.3 million
Towns	3.660798% with a maximum of \$10 per capita	—	5 million	5 million

*1st spec. sess., ch. 1, art. 13, § 2, adding Minn. Stat. § 477A.0133, effective retroactively for aids and credit reimbursements payable in 2009.*

*Additional Pay 2010 aid and credit reimbursement.* In early May 2010, the first budget balancing bill was passed and signed into law. The bill provided for aid and credit reimbursement cuts, in addition to the Pay 2010 unallotments already announced by the governor. When these unallotments were voided and then replaced with aid and credit reimbursement cuts in 2010, the cuts made in this earlier bill were amended to reflect that they should still be calculated after the reductions contained in [Laws 2010, first special session, chapter 1](#), were made.

The additional Pay 2010 aid and credit reimbursement cuts applied to cities and counties only. The cuts are based on each local government’s 2010 revenue base, rather than the 2009 revenue base. “2010 revenue base” is the sum of a local government’s Pay 2010 property tax levy, Pay 2010 LGA or CPA before unallotments, and 2010 taconite aids.

Unlike the cuts made in the special session law, these reductions are made first from remaining market value credit reimbursements and then from remaining LGA or CPA.

The table shows the additional cuts made in the first budget balancing bill to each program by government type for each year:

Year and Government Type	Cut as a Percent of 2010 Revenue Base	Aid reductions (LGA - cities) (CPA - counties)	Market value credit reimbursement reductions	Total reductions
Pay 2010				
Counties	1.82767%	\$0.05 million	\$52.45 million	\$52.5 million
Cities	3.4287% with a maximum of \$28 per capita	7.75 million	44.75 million	52.5 million

*Ch. 215, art. 13, § 6, adding Minn. Stat. § 477A.0134, as amended by 1st spec. sess., ch. 1, art. 13, § 3, effective for aids and credit reimbursements payable in 2010.*

**Pay 2011 City LGA**

Old law provided for an increase in the city LGA appropriation equal to 4 percent of the Pay 2009 appropriation. This increase was eliminated, and the annual city LGA appropriation was permanently reduced by \$31 million, from \$558 million to \$527 million beginning with Pay 2011. For Pay 2011 only, the maximum and minimum amount of LGA that a city may receive will be based on the amount of its certified Pay 2010 LGA minus its LGA reduction under [chapter 215](#) instead of its certified amount from the previous year.

*Ch. 215, art. 13, §§ 5, 7, 10, para. (a), amending Minn. Stat. §§ 477A.013, subd. 9; 477A.03, subd. 2a, repealing Minn. Stat. § 477A.03, subd. 5, effective for aids payable in 2011 and thereafter.*

**Pay 2011 County  
Program Aid (CPA)**

Old law provided for an increase in the CPA appropriation equal to 4 percent of the Pay 2009 appropriation. This increase was eliminated, and the annual CPA appropriation was permanently reduced by \$43.8 million, from \$241.4 million to \$197.7 million beginning with Pay 2011. Of the \$197.7 million, \$96.4 million will be paid out under the need aid formula and \$101.3 million will be paid under the tax-base equalization aid formula.

*Ch. 215, art. 13, §§ 8, 10, amending Minn. Stat. § 477A.03, subd. 2b, repealing Minn. Stat. § 477A.03, subd. 5, effective for aids payable in 2011 and thereafter.*

**Market Value  
Credit  
Reimbursement  
Reductions 2011 and  
Thereafter**

The ratified governor's market value credit reimbursement unallotments in Pay 2010 were made permanent. Any local government that had its market value credit reimbursements reduced under that provision will have its credit reimbursement cut every year, beginning in Pay 2011, by an amount equal to the lesser of (1) its Pay 2010 reimbursement reduction or (2) its actual market value credit reimbursement. Only cities and towns are affected since no county market value credits were affected by that round of cuts.

*Ch. 215, art. 13, § 2, amending Minn. Stat. § 273.1384 by adding subd. 6, as amended by 1st spec. sess., ch. 1, art. 13, § 1, effective for credit reimbursements payable in 2011 and thereafter.*

**Levy Limits**

*Special levies.* The special levy authority granted in 2009 to allow cities and counties to levy, outside of limits, for aid and credit reimbursement losses due to unallotments has been expanded to apply to aid and credit reimbursement reductions that occurred legislatively as well. This will allow cities and counties subject to levy limits to special levy for all Pay 2010 aid and credit reimbursement reductions as part of their Pay 2011 property tax levy. Levy limits will still expire after taxes payable in 2011.

*Ch. 215, art. 13, § 3, amending Minn. Stat. § 275.70, subd. 5, effective for levies payable in 2011.*

*Clarification of 2009 changes.* Two changes were made in 2009 to allow cities and counties to offset aid and market value credit reimbursement unallotments in 2008 and later years—a general authority to issue emergency certificates of indebtedness and special levy authority for aid and credit losses due to unallotments. The following clarifications are made to these provisions:

- The limitation on special levies for certificates of indebtedness does not apply to the new special levy authority under [Minnesota Statutes, section 475.755](#), for repaying emergency debt certificates issued to cover revenue decreases resulting from unallotments
- The only time the unallotment special levy may be used in the

year following the unallotment is if the unallotment amount was not known by September 1 and the local government did not do a late levy adjustment in January of the year the levy is paid

- Certified aids, rather than aids after unallotment, are used in calculating levy limits, to avoid double counting between the levy limit and the special levies

*Ch. 389, art. 8, §§ 11, 12, 15, amending Minn. Stat. §§ 275.70, subd. 5; 275.71, subd. 5, 475.755; effective retroactively for taxes payable in 2010 and thereafter.*

*Levy limit base adjustment.* The levy limit law adjusts county and city levy limits for inflation by using the implicit price deflator (IPD) for state and local government purchases. In 2009, this adjustment was capped at the greater of the IPD or 3.9 percent. This year a minimum for the adjustment equal to the IPD or zero was added. Although the IPD is currently positive and around 1.5 percent, the recent economic downturn reminded legislators that it is possible for the IPD to be a negative number.

*Ch. 389, art. 1, § 17, amending Minn. Stat. § 275.71, subd. 4, effective for levies payable in 2011.*

### **Study of Aids to Local Governments**

During the 2008 session, a study group made up of legislators and local government representatives was established to study and report on the current system of aids to local government. The group was to report its recommendation by December 15, 2010. The required reporting date has now been moved to December 15, 2012.

*Ch. 215, art. 13, § 9, amending Laws 2008, ch. 366, art. 2, § 12, effective April 2, 2010.*

### **Tax Exemption for Leased Federal Seasonal- Recreational Land**

A law was passed in 2008 that exempted leased noncommercial seasonal-recreational land and noncommercial seasonal-recreational residential land from property taxation only if (1) the county board adopted a resolution to exempt the land, and (2) the land was rented for those purposes and was exempt from property taxation for taxes payable in 2008.

This year, the 2008 exemption was expanded to provide that all leased parcels owned by the federal government used for noncommercial, seasonal-recreation purposes are exempt. The requirements regarding county board approval and previous tax treatment do not apply to these federal leases.

*Ch. 389, art. 1, § 4, amending Minn. Stat. § 272.0213, effective beginning with taxes payable in 2011.*



**Fiscal Disparities  
Study**

The Commissioner of Revenue must study the seven-county metropolitan area fiscal disparities program. The study must be completed by February 1, 2012. The study must analyze:

- (1) how benefits of economic growth are shared throughout the metropolitan region, especially with regard to growth resulting from state or regional decisions;
- (2) the program's impact on the variability of tax rates throughout the region;
- (3) the program's impact on the distribution of homestead property tax burdens within the region; and
- (4) the relationship between the impacts of the program and overburden on jurisdictions containing properties that provide regional benefits.

The study must also include a brief description of other property tax, aid, and local development programs that interact with the fiscal disparities program.

The study is funded by increasing the metropolitan fiscal disparity's levy by \$100,000 for taxes payable 2011 only and transferring the additional amount to the state.

*Ch. 389, art. 1, §§ 28, 29, 32, with the study language effective January 1, 2011.*

**Notice of Proposed  
Property Taxes  
(Truth in Taxation –  
TnT)**

*Personal telephone numbers or addresses.* The TnT notice does not have to include a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public telephone number and the county must not list a telephone number for that taxing authority. This mostly affects townships and small cities.

*Ch. 389, art. 1, § 16, amending Minn. Stat. § 275.065, subd. 3, effective for notices sent in 2010 and after.*

*Hearings, notice; clarification of 2009 changes.* Changes made in 2009 were clarified. First, only a single budget-discussion meeting need be identified on the TnT notices and held after 6:00 p.m. for the affected local taxing authorities. The 2009 law eliminated the requirement that counties, schools, cities over 500 population, regional library authorities, and metropolitan special taxing authorities hold a TnT meeting. Instead, the TnT notices must indicate when each of the affected taxing authorities would hold budget-discussion public meetings after 6:00 p.m. at which the public would be allowed to speak. This implied that the TnT notices must contain information for every meeting at which the authority's budget and levy would be discussed. The intent was only to require this for one public meeting. Also the law



is clarified that this information need not be provided on the notices with regard to cities that were not required under prior laws to hold a TnT meeting in the first place (those with a population 500 or less).

*Ch. 389, art. 8, § 10, amending Minn. Stat. § 275.065, subd. 3, effective retroactively for taxes payable in 2010 and thereafter (TnT notices issued in 2009 and thereafter).*

## **Local Performance and Property Tax Reform**

In 2008, the House property tax division established three working groups to develop recommendations to reform and improve local government services and property taxes. Many of the provisions proposed by the Mandate Relief Working Group were passed in the 2009 omnibus tax bill. Versions of the recommendations of the other two groups—the Working Group on Local Government Performance Measurement and Improvement and the Working Group on State Property Tax System Benchmarks, Critical Indicators and Principals for Legislators to Use when Evaluating Property Tax Proposals—were part of the 2010 omnibus tax bill.

*Council on local results and innovation.* A council was created to establish a standard set of performance measures and minimum standards for comprehensive performance measurement systems for counties and cities that want to use them. The council consists of 11 members including the state auditor. No legislators are members. Eight members are appointed by the legislature (two by each party in the House and Senate), and one each by the Association of Minnesota Counties and the League of Minnesota Cities. The council is to establish ten performance measures for counties and ten for cities by February 15, 2011, and develop minimum standards for a performance measurement system by February 15, 2012. The council is also to serve as a statewide resource for the development, promotion, and implementation of local government performance measurement systems. The council expires January 1, 2020.

Beginning in 2011, counties and cities may choose to participate in the reporting of standard measures developed by the council and receive cost reimbursement payments from the state. Reimbursements are equal to \$0.14 per capita up to a maximum payment of \$25,000. In addition for 2011, participating counties and cities are exempt from levy limits (if in effect) in the following year. Beginning in 2012, the exemption from levy limits is dependent on the county or city adopting a local performance measurement system that meets the minimum standards developed by the council in 2012.

*Property tax working group.* The legislature established a 13-member property tax working group that includes legislators, representatives of local government associations, home owners, and farmers. The working group is to advise the House and Senate tax committee chairs on or before February 1, 2012, on ways to simplify the property tax system. This working group expires once it has made its recommendations.

*Ch. 389, art. 2, adding Minn. Stat. §§ 6.90; 270C.991, effective May 28, 2010; adding Minn. Stat. § 6.91, effective December 31, 2010.*

**Appraisal Practices** The Commissioner of Revenue is given the option of appointing a special assessor to reappraise property when an assessor has not appraised at least one-fifth of the property in the district or county in a year. Previously the commissioner was required to do so.

*Ch. 389, art. 8, § 3, amending Minn. Stat. § 270C.94, subd. 3; May 28, 2010.*

## Cities

---

**Charter Amendments** Proposed charter amendments must be submitted at least 17 weeks before the general election, increased from 12 weeks.

*Ch. 184, § 43, amending Minn. Stat. § 410.12, subd. 1, effective March 4, 2010.*

**Probationary Period for Peace Officers in Cities Operating Under the Municipal Civil Service Statute** The probationary period for peace officers governed by the municipal civil service statute, [Minnesota Statutes, chapter 44](#), is extended from six months to 12 months, the same as the probationary period for peace officers hired under any other personnel system. The probationary period for other employees in the municipality remains six months.

According to the testimony on the bill, this affects the cities of New Hope and East Grand Forks.

*Ch. 186, amending Minn. Stat. §§ 44.01, by adding subd. 8a; 44.10, subd. 1, effective March 10, 2010, and applies to all peace officers hired under Minn. Stat., ch. 44, on or after that date.*

**Elections** *Precinct boundary change.* If a municipal boundary adjustment made under [Minnesota Statutes, chapter 414](#), results in an election precinct boundary change that is effective less than 21 days before a regularly scheduled election, the precinct boundary change is not effective until after that election.

*Ch. 201, § 24, amending Minn. Stat. § 204B.14, by adding subd. 4a, effective August 1, 2010.*

*Postponement of election due to bad weather.* A municipal election may be postponed due to bad weather under this new section of statute. An election may only be postponed if it is not held in conjunction with a state or federal election. The municipal clerk may postpone an election if law enforcement or the national weather service has issued a storm warning or travel advisory indicating that travel could be difficult or hazardous. A postponement must apply to all precincts in the jurisdiction. If more than one jurisdiction is conducting an election at the same time, the official responsible for the largest geographic area

has the postponement authority.

The decision to postpone an election must be made no later than 6:00 p.m. on the night before the scheduled election day. Notice of the postponement must be provided to media and on the jurisdiction's website if practicable.

A postponed election must be rescheduled for the next following Tuesday. Voters must be permitted to submit absentee ballots as permitted by law based on the rescheduled election date.

*Ch. 201, §§ 57, 60, amending Minn. Stat. § 205.065, subd. 1, as amended by ch. 184, § 26; adding § 205.105, effective August 1, 2010.*

*Home rule charter city council member terms.* All home rule charter city council members' terms expire the first Monday in January of the year in which they expire.

*Ch. 201, § 59, amending Minn. Stat. § 205.07, by adding subd. 1a, effective August 1, 2010.*

### **Compatibility of Office**

Neither the mayor nor any city council member may be employed by a home rule charter or statutory city. "Employed" means full-time permanent employment as defined by the city's employment policy.

*Ch. 206, adding Minn. Stat. § 410.191; amending Minn. Stat. § 412.02, by adding subd. 1a, effective August 1, 2010, and applies to persons elected or appointed to serve as mayor or city council member on or after that date.*

### **Redistricting Wards**

In a city electing council members by wards in a year ending in "1" (e.g., 2011), the ward boundaries must be reestablished no later than 14 days before the first day to file affidavits of candidacy for city council members. The ward boundaries may be modified after the legislature has been redistricted for the purpose of establishing precincts, but no modification in ward boundaries may result in a change of the population of any ward of more than 5 percent, plus or minus.

Notwithstanding a contrary home rule charter provision, in a city of the first class where council members are elected by ward to serve for four years to terms that are not staggered, if the population of any ward changes by 5 percent or more, all council members must be elected to new terms at the first municipal general election after ward boundaries are redefined. If no municipal general election would otherwise occur in the year ending in "2" or "3," a municipal general election must be held in one of those years.

In addition, voters may petition to have new ward boundaries established in a year ending in "1" reviewed and modified. Any changes must be made at least ten weeks before the next election and are not final until publicly posted for at least 56 days (down from 60 days). Precinct boundaries must be set by June 1, not May 1, before the state

primary (which is in August now).

*Ch. 313, amending Minn. Stat. §§ 204B.135, subds. 1, 3; 204B.14, subds. 3, 4, as amended by ch. 184, § 14; 205.84, subds. 1, 2 effective May 12, 2010.*

**Charter Exemption  
for Aid Loss**

For Pay 2004 and 2005, a law was enacted allowing cities to levy property taxes above their charter limits, if any, to compensate for aid losses. This law was modified to allow cities to exceed charter limits in any year by the amount of special levy the city imposes to cover state aid losses.

*Ch. 389, art. 1, § 18, amending Minn. Stat. § 275.75, effective for levies payable in calendar year 2011 and after.*

**Housing  
Improvement Areas  
(HIA)**

The minimum number of signatures needed on a petition to request a public hearing on a proposal to establish an HIA and impose a fee is now 50 percent of the owners of affected housing units, up from 25 percent.

Similarly, 45 percent of residents and owners of the housing units (based on the housing units' net tax capacity), up from 35 percent, are required to veto a fee increase and file an objection with the city clerk before the effective date of the resolution.

An HIA is a defined area in a city in which housing improvements in condominium or townhome complexes may be financed with the assistance of the city or the city's economic development authority or housing and redevelopment authority. Improvements made under this law include improvements to the common elements in a development such as roofing, siding, landscaping, roadways, and walkways. An HIA can only be established at the request of the owners of the housing units in the proposed area.

*Ch. 389, art. 1, §§ 22, 23, amending Minn. Stat. §§ 428A.12; 428A.18, subd. 2, effective for petitions filed beginning July 1, 2010.*

**Tax Abatement –  
Flood-Damaged  
Cities**

The 2009 omnibus tax bill provided for the state to reimburse local governments for tax abatements granted to qualifying residential construction located in the flood-damaged cities of Breckenridge, East Grand Forks, Moorhead, and Dilworth, provided construction began before December 31, 2010. The date by which construction must start has been extended to December 31, 2011.

*Ch. 389, art. 1, § 26, amending Laws 2009, ch. 88, art. 2, § 49, effective May 28, 2010.*

## Counties

---

### **Postponement of Election Due to Bad Weather**

A county election may be postponed due to bad weather under this new section of statute. An election may only be postponed if it is not held in conjunction with a state or federal election. The county auditor may postpone an election if law enforcement or the national weather service has issued a storm warning or travel advisory indicating that travel could be difficult or hazardous. A postponement must apply to all precincts in the jurisdiction. If more than one jurisdiction is conducting an election at the same time, the official responsible for the largest geographic area has the postponement authority.

The decision to postpone an election must be made no later than 6:00 p.m. on the night before the scheduled election day. Notice of the postponement must be provided to media and on the county's website if practicable.

A postponed election must be rescheduled for the next following Tuesday. Voters must be permitted to submit absentee ballots as permitted by law based on the rescheduled election date.

*Ch. 201, § 79, adding Minn. Stat. § 373.50, effective August 1, 2010.*

### **Option for Filling Vacancies, Special Election**

The procedures to fill a vacancy in the office of county commissioner by special election were modified. The county board is now permitted to fill a vacancy by special election, no matter how much time is remaining in the unexpired term of the position vacated. A special election is required if there is one year or more remaining in the term, as provided in existing law. The provision related to filling the unexpired term of a vacant county office was modified to conform with changes made to timing of the primary election.

*Ch. 201, §§ 80, 81, amending Minn. Stat. § 375.101, subs. 1, 2, effective April 2, 2010.*

### **Sentence to Serve**

A county board may now charge fees to sentencing to service participants and to entities that benefit from the sentencing to service crews' labor.

*Ch. 215, art. 11, § 19, amending Minn. Stat. § 641.12, by adding subd. 4, effective April 2, 2010.*

### **Drainage**

The Drainage Work Group was formed in 2006 to advise in the preparation of the Public Drainage Ditch Buffer Study, published by the Board of Water and Soil Resources (BWSR). In 2010, the group's recommended changes to the law governing drainage and related water management, including some primarily intended to clarify the law, were enacted. A "drainage authority" is the county board or joint county drainage authority having jurisdiction over a drainage system or project.

The more substantive changes include the following:

- Watershed districts and all drainage authorities, including those with a system costing under \$50,000, must appoint a drainage inspector, who may be the county highway engineer.
- A petition to the drainage authority for any project (impoundment, rerouting, diversion) must identify the sources of funds to be used and any that will be requested. Any required permits may be acquired after the petition is filed but must be obtained before the work is done.
- A drainage authority order authorizing a project must identify the responsible parties for the construction, operation, and maintenance of the drainage system modification and the amount of any drainage system funds for the project. A petitioner's engineer must estimate the costs of any separable repairs, and the drainage authority must consider the separable repair costs that will be avoided as a result of the petitioned project and any other benefits when determining the amount of drainage system funding to contribute to the project.
- A petitioner must now pay the actual costs of mailing hearing notices of the petition rather than an amount set in law.
- A county must publish notice of awarding a construction contract in a drainage trade newspaper if it is over \$25,000, increased from \$3,000 (set in 1947).
- A drainage authority may order that the drainage lien be paid over one or two years, rather than over 20 or fewer years, if the principal amount of a lien is less than \$500, increased from \$50 (set in 1961).
- The maximum amount allowed in a drainage system repair fund is now the greater of \$100,000 or 20 percent of the assessed benefits of the drainage system, increased from the greater of \$40,000 or 20 percent.
- In deciding whether to remove property from a drainage system, the drainage authority no longer has to consider whether a dam was constructed to control water.
- A hearing notice on a petition to remove property from a drainage system or to partially abandon a drainage system must be mailed to all property owners benefiting from the system and either published in a newspaper or on the drainage authority's website.

*Ch. 298, amending Minn. Stat. §§ 103B.101, adding subd. 13; 103E.065; 103E.227; 103E.401, subd. 3; 103E.505, subd. 3; 103E.611, subd. 1; 103E.735, subd. 1; 103E.805; adding 103E.806, effective August 1, 2010.*

**County Veterans  
Service Officers  
(CVSO)**

Among the provisions relating to CVSOs, the 2010 law clarified that the county board appoints the CVSO. Clay County is no longer exempt from the requirement to have a CVSO.

A person hired as the CVSO or Assistant CVSO may now receive the education and training for the position while on the job, instead of being required to have the education and training in order to be hired.

The Commissioner of Veterans Affairs must make available certain resources within the department to assist the CVSOs, upon formal request by and at the discretion of the CVSO. Before, the commissioner only supervised the services provided. The commissioner must consult with the Minnesota Association of County Veteran Service Officers in developing a list of those resources.

The 2010 law clarified that CVSOs are the employees of their counties and that the county has exclusive jurisdiction and control over the CVSOs.

*Ch. 333, art. 2, §§ 15 to 20, amending Minn. Stat. §§ 197.60, subd. 1; 197.601; 197.605; 197.606; 197.609, subs. 1, 2, effective August 1, 2010.*

**County Economic  
Development  
Authorities (EDA)**

The jurisdiction of a county EDA now specifically includes any town within the county that adopts a resolution to be included, as well as cities.

*Ch. 347, art. 1, § 25, amending Minn. Stat. § 469.1082, subd. 5, effective July 1, 2010.*

**Tax Assessors  
Duties –  
“Moonlighting”  
Prohibition  
Clarified**

In *Shoppes of Woodbury Village v. Washington County*, 2009 WL 3837267 (Minn. Tax Regular Div., Nov. 12, 2009), the property owner objected to the county assessor testifying as an expert, and the tax court agreed that the “moonlighting” prohibition in statute barred assessors from testifying in court as expert witnesses on behalf of the jurisdiction for which they worked. This meant that the jurisdiction would have to retain outside appraisers for assessment challenges. Many cases were put on hold waiting for a correction and clarification in the law. Now the law specifically states that the powers and duties of assessors include: performing appraisals, reviewing the original assessment and determining its accuracy, preparing an appraisal or report, and testifying before any court or body as an expert on behalf of the assessor’s jurisdiction.

*Ch. 354, amending Minn. Stat. §§ 82B.035, subd. 2; 270.41, subd. 5; 273.061, subd. 8, effective May 15, 2010, for testimony offered and opinions or reports prepared in cases or proceedings that have not been finally resolved; Minn. Stat. § 273.061, subd. 7, effective August 1, 2010, for testimony offered and opinions or reports prepared in cases or proceedings that have not been finally resolved.*



## **Burning Permits**

The county board may adopt a general burning permit if the Commissioner of Natural Resources determines that the county is either not a wildfire area (wildfire areas are defined as those having areas of 1,000 or more contiguous acres of trees, brush, grasslands, or other vegetative material where the potential for wildfire exists) or otherwise has low potential for damage to life and property from wildfires. The general permit allows any county resident to openly burn (provided the burning conforms to existing laws) without the need for an individual permit. A county adopting a general permit must adopt an ordinance that specifies, at a minimum, the time when fires may be started and burned and cannot be less restrictive than state law. The general permit may be cancelled by either the commissioner or the county board.

*Ch. 361, art. 4, § 40, amending Minn. Stat. § 88.17, subd. 1, effective July 1, 2010.*

## **Subsurface Sewage Treatment Systems (SSTS)**

*Implementation and enforcement task force.* By September 1, 2010, the PCA must appoint a subsurface sewage treatment systems implementation and enforcement task force in collaboration with the Association of Minnesota Counties, Minnesota Association of Realtors, Minnesota Association of County Planning and Zoning Administrators, and the Minnesota Onsite Wastewater Association. The agency and the task force must develop effective and timely implementation and enforcement methods in order to rapidly reduce the number of subsurface sewage treatment systems that are an imminent threat to public health or safety and effectively enforce all violations of the subsurface sewage treatment system rules. The agency must meet at least three times per year with the task force to address implementation and enforcement issues, but not during the construction season.

The agency must develop, periodically update, and provide to counties enforcement protocols and a checklist for inspecting subsurface sewage treatment systems and enforcing subsurface sewage treatment system rules. In developing the protocols and checklist, the agency must collaborate with the task force and consult with the attorney general, county attorneys, and county planning and zoning staff.

*Ch. 361, art. 4, § 62, amending Minn. Stat. § 115.55, by adding subd. 13, effective May 18, 2010.*

*Time to adopt SSTS ordinances extended.* Counties have a two-year extension (until February 4, 2012) to adopt SSTS ordinances to comply with agency rules adopted February 4, 2008. The PCA must adopt final rule amendments to the February 4, 2008, rules by April 4, 2011. The PCA must report to the legislature on technical changes to the rules, progress of local ordinance adoption, and progress in protecting the state's waters from pollution due to SSTSs.

*Ch. 361, art. 4, § 73, effective May 18, 2010.*



**Collection of  
Property Taxes**

*Payment method.* A county board may now authorize by resolution the county treasurer to accept electronic payment of property taxes, including, but not limited to, automated clearing house (ACH) transactions and federal wires. Payments of delinquent property taxes and related charges and special assessments may also be paid by electronic means. The county may add charges for dishonored payment of property taxes to the tax, and these charges shall constitute a lien on the property.

These changes attempt to improve the county's efficiency in tax collection by allowing the county to add charges for checks returned due to insufficient funds to the tax and include it as part of the lien. When collected, the charge will go to the county since it is an administrative charge.

The current law allowing the county board to authorize by resolution the county treasurer to accept payments of real property by credit card provided that a fee is charged for its use (this charge is imposed and collected by the credit card company), remains unchanged. The counties receive the full amount of the taxpayer's payment under this method.

*Ch. 389, art. 1, §§ 19, 21, amending Minn. Stat. §§ 276.02; 279.025, effective for property taxes payable in 2011 and after.*

*Minimum amount for installment payments.* Before 2009, the minimum property tax amount for which counties had to allow payments in two installments was \$50. Last year the minimum amount was increased to \$250. This was felt to be too high and the minimum amount has now been reduced to \$100.

*Ch. 389, art. 1, § 20, amending Minn. Stat. § 279.01, subd. 1, effective beginning with property taxes payable in 2011.*

**Capital  
Improvement  
Program**

Light rail transit and related activities are no longer excluded from eligible capital improvements in the county capital improvement bonding law. Light rail had been excluded since the law was originally enacted in 1988. The same change was made to the Hennepin County special law.

*Ch. 389, art. 7, § 2, amending Minn. Stat. § 373.40, subd. 1, effective July 1, 2010.*

**Auditor Duties on  
Organization of  
Town**

The county auditor may now transmit an abstract of the report on the organization of a town by appropriate digital technology. The county auditor only needs to send it to the secretary of state who will then distribute copies to the Commissioner of Revenue, state demographer, the Minnesota Geospatial Information Office, the chief administrative law judge of the state Office of Administrative Hearings, and the Commissioner of Transportation. Before the county auditor had to send a hard copy to each of the state offices or officials listed. The abstract of the report provides the town's name

and boundaries.

*Ch. 392, art. 1, § 15, amending Minn. Stat. § 379.05, effective July 1, 2010.*

**County Treasurer;  
Payment of State  
Property Taxes**

As part of the state management of its cash flow, counties are now required to make estimated and final payments to the state of the statewide property tax on the same schedule used for schools. This will change the payment schedule as follows:

- 50 percent of the state's share of the June 28 payment will now be made on or about May 24, with the rest of that payment made on or about June 5
- 50 percent of the state's share of the December 2 payment will now be made on or about October 24, with the remainder made on or about November 2
- The January 25 final reconciliation payment will continue to be made on that date

*1st spec. sess., ch. 1, art. 2, § 3; amending Minn. Stat. § 276.112, effective for distributions beginning October 1, 2010.*

## Towns

---

**March Election  
Date; Annual Town  
Meeting Changed  
for Bad Weather**

A town may move the date for the March general election and for the annual town meeting in the event that the National Weather Service or a law enforcement agency has issued a storm warning or travel advisory that leads the town clerk to determine that travel would be difficult or hazardous. If any other political subdivision is conducting an election in conjunction with the town election and that election is postponed, the town meeting must also be postponed.

*Ch. 180, § 5, amending Minn. Stat. § 205.075, subd. 1, effective August 1, 2010; ch. 201, § 78, amending Minn. Stat. § 365.51, subd. 1, effective August 1, 2010. See also ch. 201, §§ 57, 60, amending Minn. Stat. § 205.065, subd. 1, adding § 205.105, effective August 1, 2010.*

**Return to March  
Elections**

A town board that has adopted the alternative November election date may adopt a resolution returning to the second Tuesday in March as the date of the town general election, if the town has already conducted at least two elections on the alternative date. The resolution requires a unanimous vote of town supervisors and must specify that the terms of office are shorter or longer to provide an orderly transition to the new election date. The resolution becomes effective after a majority of voters has approved it at the next town general election.

*Ch. 180, § 6, amending Minn. Stat. § 205.075, by adding subd. 2a, effective August 1, 2010.*

**Optional Six-Year Terms**

A town opting for a November election may also provide for six-year terms for town supervisors. The change may be proposed by the town board or by a resolution of electors that is adopted at the annual town meeting, and it becomes effective after an affirmative vote of electors at the next town general election.

*Ch. 180, § 8, amending Minn. Stat. § 367.03, by adding subd. 4a, effective August 1, 2010.*

**Annual Town Meeting Minutes**

Under prior law, the annual town meeting minutes were required to be signed by the town clerk and by the election judges. Now, the town clerk and the moderator of the annual town meeting must sign the minutes. If the town clerk is selected to be the moderator, the minutes must also be signed by a town board supervisor in attendance at the meeting.

*Ch. 195, amending Minn. Stat. § 365.55, effective August 1, 2010.*

**Nullification of Expedited Town Road Extinguishment**

In 2008, a law was enacted that allowed nullification of an expedited extinguishment of a town road under certain conditions. One of the criteria for nullification was that the state or political subdivision constructed the road or bridge improvement. This criterion has been clarified; the state or political subdivision could have paid to have the work done.

*Ch. 351, § 64, amending Laws 2008, ch. 287, art. 1, § 122, effective May 16, 2010.*

## **Development Authorities and Special Districts**

---

**Watershed Management Organizations**

A watershed management organization is a watershed district or joint powers entity located wholly or partially within the metropolitan area.

Watershed management organizations must respond to concerns on their draft watershed management plans expressed by the Commissioners of Natural Resources, Agriculture, Health, and the Pollution Control Agency as a result of a 60-day review and comment period, at least ten days before holding the public hearing on the draft plan. Previously, they were required to respond within 30 days of receiving the concerns. The public hearing must be held no sooner than 14 days after the review period. Previously the hearing had to be held between 30 days and 45 days after the review period.

The draft plan, any amendments, written comments, a record of the public hearing, and a summary of any changes incorporated as part of the review process must be submitted to the Metropolitan Council, the Commissioners of Natural Resources, Agriculture, Health, and the Pollution Control Agency, and the Board of Water and Soil Resources

for final review.

*Ch. 218, amending Minn. Stat. § 103B.231, subs. 7, 9, 11; repealing Minn. Stat. § 103B.231, subd. 8, effective August 1, 2010.*

**Watershed Districts**

A watershed districts may have up to \$2,000,000 in loans outstanding, increased from \$600,000. The limit was last raised in 2008, from \$200,000 to \$600,000.

*Ch. 389, art. 7, § 1, amending Minn. Stat. § 103D.335, subd. 17, effective July 1, 2010.*

**Economic  
Development  
Authorities (EDAs)**

Economic development districts established by EDAs no longer have to meet the “blight test” under the TIF law for redevelopment districts. This test requires 70 percent of the parcels in the area to be occupied by buildings or other improvements and 50 percent of those buildings to be substandard. (Alternative tests allow certain railroad facilities and tank farms to qualify, as well as qualified disaster areas.)

Background: The “blight test” was somewhat pointless because EDAs were able to avoid the blight test limitation by exercising powers under the housing and redevelopment authority law to create a redevelopment project, housing development, or housing project (under which a restrictive blight test does not apply). These projects can be used for similar purposes to those of an economic development district under the EDA law.

*Ch. 389, art. 7, § 5, amending Minn. Stat. § 469.101, subd. 1, effective for economic development districts created after May 28, 2010.*

## **Special Legislation**

---

**Anoka County**

Anoka County may utilize the design-build contracting process outlined in the pilot program under [Laws 2009, chapter 36](#), article 3, section 29, for the reconstruction of the intersection at marked Trunk Highway 10 and Anoka County State-Aid Highway 83.

The 2009 law spells out the various aspects of the pilot program, particularly the process for design-build firm selection by a road authority. The pilot program expires on the earlier of October 1, 2012, or on completion of nine design-build projects under the pilot program.

*Ch. 181, effective February 12, 2010.*

**Bemidji**

Bemidji may issue an on-sale intoxicating liquor license or an on-sale wine and malt liquor license to the Bemidji Regional Event Center.

Bemidji State University may be issued temporary liquor licenses for events at the university on an as-needed basis provided that the combination of temporary licenses issued not exceed 12 events or a total of 12 days within a 12-month period. This exempts Bemidji State

University from a requirement that no more than one temporary license be give in a 30-day period.

*Ch. 255, §§ 10, 11, effective April 23, 2010.*

**Biwabik (Giants  
Ridge Recreation  
Area Taxing  
Authority)**

The city of Biwabik, upon approval of the city council and a vote of at least seven members of the Iron Range Resources and Rehabilitation Board (IRRRB), may impose any or all of the following taxes within the Giants Ridge Recreation Area:

- A 5 percent lodging tax
- A 5 percent admissions and recreation tax, except on the sales of season tickets or passes at the ski area
- A 1 percent food and beverage tax

The revenues, after the cost of collection, must be deposited in a special IRRRB fund and spent for construction, renovation, improvement, expansion, and maintenance of public recreational facilities in the Giants Ridge Recreation Area located within the city limits. Expenditures must be approved by at least seven members of the IRRRB. The taxes have no expiration date.

The Giants Ridge Recreation Area is located mainly in Biwabik, with small portions located in White Township and an unorganized township. It consists of a ski area, golf courses, and lodging facilities.

The bill originally proposed a 1 percent local sales tax as well but this was not included in the final provision.

*Ch. 389, art. 5, § 7, effective upon local approval. The city has until January 1, 2012, to complete local approval.*

**Bloomington**

*Mall of America development.* Bloomington now has greater flexibility to develop the Mall of America (MOA) site. The statement of public purpose in the original MOA special legislation for the city of Bloomington is expanded to encompass development of the entire Industrial Development District 1, including amendments of the district's area, and specifically including both phases of the MOA and the Old Cedar Avenue Bridge over the Minnesota River.

*Ch. 216, § 44, amending Laws 1986, ch. 391, § 1, effective upon local approval.*

Bloomington may use the special taxes authorized to fund development of Phase II of the MOA for any phase of MOA. As a condition for exercising this authority, the city must require developers of any hotel on the MOA site to enter a "labor peace" agreement with the labor union that is most active in representing hotel workers in Ramsey and Hennepin counties.

Bloomington may impose a general sales tax at MOA at any rate up to 1 percent; the minimum rate of 0.5 percent was eliminated.

State revenue bonds, approved to be used for the MOA Phase II development, may be used for any phase of the development.

The limitation imposed on the city of Bloomington in the 1996 special legislation authorizing the Met Center and Kelley farm site land swap is repealed. This limitation required the city and the developer to abide by the public assistance formula in the restated contract entered into for development of MOA Phase I. That formula specified the amount of public assistance that the developer was entitled to receive based on the developer's investment in the project. The repeal allows the city and the MOA company to renegotiate the terms of this agreement.

*Ch. 216, §§ 48, 49, 50, 51, 52, amending Laws 2008, ch. 366, art. 5, §§ 28, subds. 1, 2; 29, subds. 1, 2, 4, and § 62, repealing Laws 1996, ch. 464, art. 1, § 8, subd. 5, effective upon local approval; the labor peace provisions become effective if the city approves any one of sections 49 to 52 or 62.*

### **Brooklyn Park**

The city of Brooklyn Park is added to the list of cities that may exercise housing replacement district powers for up to 100 parcels. The other cities with similar powers are Crystal, Fridley, Richfield, and Columbia Heights.

*Ch. 216, §§ 45, 46, amending Laws 1995, ch. 264, art. 5, § 44, subd. 4, 45, subd. 1, as amended by Laws 1996, ch. 471, art. 7, §§ 21, 22; Laws 1997, ch. 231, art. 10, §§ 12, 13; Laws 2002, ch. 377, art. 7, § 6; Laws 2008, ch. 154, art. 9, §§ 18, 19, effective April 2, 2010.*

### **Cohasset TIF**

The city of Cohasset may transfer increments from two TIF districts (No. 2-1 and 3-1) to repay advances the city made from its general fund for road improvements for the benefit of those districts. This authority may only be used if the city enters a development agreement with a private developer by July 1, 2011, for development of property to be served by the road and if substantial and ongoing construction has begun by November 1, 2011.

*Ch. 216, § 57, effective upon local approval.*

### **Columbia Heights**

The number of parcels permitted in the city's housing replacement district was increased from 50 to 100, and the limit of ten parcels per year was eliminated.

*Ch. 216, § 46, amending Laws 1995, ch. 264, art. 5, § 45, subd. 1, as amended by Laws 1996, ch. 471, art. 7, § 22; Laws 1997, ch. 231, art. 10, § 13; Laws 2002, ch. 377, art. 7, § 6; and Laws 2008, ch. 154, art. 9, § 19, effective April 2, 2010.*

### **Crystal**

The number of parcels permitted in the city's housing replacement district was increased from 50 to 100 and the limit of ten parcels per year was eliminated.

*Ch. 216, § 46, amending Laws 1995, ch. 264, art. 5, § 45, subd. 1, as amended by Laws 1996, ch. 471, art. 7, § 22; Laws 1997, ch. 231, art. 10, § 13; Laws 2002, ch. 377, art. 7, § 6; and Laws 2008, ch. 154, art. 9, § 19, effective April 2, 2010.*

**Dakota County** General law limits sites for the office of deputy registrar based on either the distance to an existing deputy registrar office or the annual volume of transactions processed by any deputy registrar. Under this special law, the Commissioner of Public Safety must permit the deputy registrar of motor vehicles agent number 128 and driver's license agent number 726 for Dakota County to move from one location in Burnsville to the Dakota County Burnhaven Library in Burnsville.

*Ch. 296, §§ 2, 3, adding Minn. Stat. § 383D.75, effective upon local approval (which was filed June 17, 2010); see also ch. 351, § 60.*

**Detroit Lakes** The city of Detroit Lakes, if approved by the voters at a general or special election in the next two years, may impose up to a 1 percent food and beverage tax. The revenues from the tax are to be used for the following for projects:

- Control of a flowering rush infestation
- Construction and improvement of bike trails
- Parking improvement for public facilities
- Redevelopment of an area related to the Highway 10 realignment

The city may contract with the Commissioner of Revenue to collect the tax, and the tax expires when the revenues are sufficient to fund the listed projects. There is no limit on what the city spends for these projects. The original bill also allowed a local entertainment tax, but this was not included in the final provision.

*Ch. 389, art. 5, § 5, effective upon local approval.*

**Douglas County** Douglas County may issue a wine and intoxicating malt liquor license to Theatre L'Homme Dieu to allow sales on all days of the week to holders of tickets for performances presented by the theater and to members of the nonprofit corporations holding the license and to their guests.

*Ch. 384, § 100, effective upon local approval.*

**Duluth** The Spirit Mountain Recreation Area Authority is increased from seven to nine members.

*Ch. 203, amending Laws 1973, ch. 327, § 2, subd. 2, as amended by Laws 1979, ch. 87, § 1, effective upon local approval (which was filed May 13, 2010).*

**East Grand Forks TIF** The city of East Grand Forks may spend tax increments from two redevelopment districts for the construction of additional campsites at the Red River State Recreation Area. These districts were both certified before the pooling and five-year rule restrictions took effect and, thus, are not subject to those rules.

*Ch. 216, § 59, effective April 2, 2010.*



- Farmington** The Commissioner of Public Safety must appoint a municipal deputy registrar of motor vehicles for the city of Farmington at the city hall.  
*Ch. 351, § 67, effective upon local approval (which was filed June 24, 2010).*
- Fridley** The number of parcels permitted in the city’s housing replacement district was increased from 50 to 100, and the limit of ten parcels per year was eliminated.  
*Ch. 216, § 46, amending Laws 1995, ch. 264, art. 5, § 45, subd. 1, as amended by Laws 1996, ch. 471, art. 7, § 22; Laws 1997, ch. 231, art. 10, § 13; Laws 2002, ch. 377, art. 7, § 6; and Laws 2008, ch. 154, art. 9, § 19, effective April 2, 2010.*
- Hennepin County** *Energy forward pricing.* Hennepin County was given authority to use energy forward pricing mechanisms—buying energy at a future date at a set price—to reduce budget risks. The authority is substantially the same as that granted to the state in 2005 and to the Metropolitan Council in 2003.  
*Ch. 361, art. 5, § 11, adding Minn. Stat. § 383B.1588, effective May 18, 2010.*  
*Wind and solar business participation.* Hennepin County may participate as a limited partner in a partnership, a member of a limited liability company, or a shareholder in a corporation to construct, acquire, own, finance, or operate wind or solar energy systems. (In 2009, Mountain Iron EDA and Winona County received similar authority.)  
*Ch. 361, art. 5, § 12, adding Minn. Stat. § 383B.82, effective July 1, 2010.*  
*Light rail transit.* Light rail transit and related activities are no longer excluded from eligible capital improvements under the county’s capital improvement bonding program.  
*Ch. 389, art. 7, § 3, amending 383B.79, subd. 5, effective July 1, 2010.*
- Hibbing** In 2009, the 2006 bond appropriation for the Central Iron Range Sanitary Sewer District was amended so the money is appropriated to the city of Hibbing for its wastewater treatment plant improvements. In 2010, the purposes for which the money may be used was expanded to include stormwater infrastructure improvements.  
*Ch. 189, § 51, amending Laws 2006, ch. 258, § 21, subd. 4, as amended by Laws 2009, ch. 93, art. 1, § 34, effective March 15, 2010.*
- Houston** Houston will receive additional LGA of \$106,964 in Pay 2011 only. This is equal to the 2008 unallotment amounts and 2009 and 2010 aid cuts to the city. No city with a 2007 population of less than 1,000 was subject to any of those aid reductions. The city of Houston is the only city with a 2007 population estimate above 1,000 and a 2008 population estimate below 1,000. If 2008 population had been used to determine the cutoff for these reductions, Houston would not have been subject to those cuts. The payment is a redistribution from the existing total LGA



appropriation, which means payments to all other cities will be slightly lower for that year.

*Ch. 215, art. 13, § 4, amending Minn. Stat. § 477A.011, subd. 36, effective for aids payable in 2011 only.*

### **Landfall TIF**

A TIF district in the city of Landfall Village is extended from five years to eight years. Under general law, the five-year rule requires the development authority (e.g., the city, HRA, or EDA) to complete the TIF plan's in-district activities within five years after certification of the district or to issue bonds to finance those activities. After the five-year period, increments allocated to the in-district costs may only be used to pay bonds and contracts entered into during the five years. When these are fully paid off or defeased, the district must be decertified.

*Ch. 389, art. 7, § 21, effective upon local approval.*

### **Marshall**

The city of Marshall may impose a 1.5 percent tax on lodging and a 1.5 percent food and beverage tax. The taxes must be imposed within two years. The lodging tax may be imposed by ordinance, and the city council may choose to define an area of the city in which to impose the tax. The food and beverage tax needs approval by the voters at a general or special election in order to be imposed.

Revenues from the taxes may be used to pay for collection costs and to fund two projects—the Minnesota Emergency Response and Industry Training (“MERIT”) Center and the Minnesota Regional Amateur Sports Center. The city may issue up to \$17.29 million in bonds for the two facilities, and the bonds are not subject to debt limits or a separate referendum requirement.

The taxes expire at the earlier of 30 years or when the revenues are sufficient to fund the projects and associated bonds. Originally the city had asked for a general local sales tax as well as the lodging and food and beverage taxes with a 15-year expiration date, but since the general sales tax authority was not granted, the expiration date for the other two taxes were extended.

*Ch. 389, art. 5, § 6, effective upon local approval.*

### **Minneapolis**

*Redistricting commission.* The Minneapolis school board may appoint two members to the city of Minneapolis redistricting commission charged with redistricting school board district boundaries, among other city boundaries. The two school board appointees replace two current commission members appointed by the city council's majority and minority caucuses. There are six standards for setting school board district boundaries. (Note: The Minneapolis Charter Commission has been working on an overall redrafting of the city charter in recent years and is also considering changes to the redistricting commission. The changes would likely reflect this special law.)

*Ch. 208, effective upon local approval by the Minneapolis school board.*

*Housing replacement district.* The number of parcels permitted in the city's housing replacement district was increased from 400 to 500.

*Ch. 216, § 46, amending Laws 1995, ch. 264, art. 5, § 45, subd. 1, as amended by Laws 1996, ch. 471, art. 7, § 22; Laws 1997, ch. 231, art. 10, § 13; Laws 2002, ch. 377, art. 7, § 6; and Laws 2008, ch. 154, art. 9, § 19, effective April 2, 2010.*

*TIF.* A special law for a TIF district in the city of Minneapolis was modified to allow the use of increments to reimburse costs incurred before establishment of the district or execution of an agreement for the development.

*Ch. 216, § 47, amending Laws 2006, ch. 259, art. 10, § 14, subd. 3, effective upon local approval.*

*Liquor licenses.* Notwithstanding any other law, local ordinance, or charter provision, Minneapolis may issue an on-sale intoxicating liquor license to (1) the Museum of Russian Art's concessionaire or operator for a restaurant and catering operator on the premises of the Museum of Russian Art located at 5500 Stevens Avenue South, and (2) St. Thomas University, for catering on the premises of the Minneapolis campus of St. Thomas University.

*Ch. 255, § 2, amending Minn. Stat. § 340A.404, subd. 2; § 9, effective upon local approval.*

*Energy conservation programs.* The 1981 law that authorized the city to make loans for residential energy conservation improvements was expanded so the city can make loans to commercial and industrial properties as well.

*Ch. 361, art. 5, §§ 13 to 16, 22, amending Laws 1981, ch. 222, effective May 18, 2010, and repealing as obsolete Laws 1981, ch. 222, § 7, effective July 1, 2010.*

**Minneapolis Park and Recreation Board**

The Minneapolis Park and Recreation Board may acquire all or part of property known as the Scherer Brothers Lumber Yard for a metropolitan area regional park and may allocate any future appropriations to the board from the parks and trails fund to acquire the property.

*Ch. 361, art. 3, § 7, effective upon local approval.*

**North Mankato TIF**

The city of North Mankato may expand the boundaries of a TIF district in the city (District No. IDD 1-8) to add a group of parcels designated by the section. This district is a redevelopment district. General law allows cities to expand the area of TIF districts, but this must be done within five years after the district was certified. For redevelopment districts, the expanded area must meet the blight test. This district was certified in 1990 and thus is beyond the five-year period. The law also exempts the expansion from the requirement of meeting the blight test.

Increments may be used to reimburse the city for costs it incurs under the TIF plan, including future amendments of the plan, and to pay for

general obligation TIF bonds issued for the district.

The district will be subject to current general TIF law (except as otherwise explicitly provided by the section's provisions), and the city must enter into a development agreement for the site by July 1, 2011, and begin substantial ongoing construction by November 1, 2011, to exercise the special authority.

*Ch. 216, § 56, effective upon local approval.*

### **Oakdale TIF**

The city of Oakdale may extend the duration of TIF District No. 6 (Bergen Plaza) through 2024 (an extension of eight years). To qualify for this extension, the city must:

- enter a development agreement for the site by July 1, 2011;
- begin construction of the infrastructure for the project by November 1, 2011; and
- limit expenditures of increments from the district to this development and related TIF costs (such as administration).

*Ch. 216, § 55, effective upon local approval (which was filed April 23, 2010).*

### **Ottertail County**

Ottertail County will get an additional aid payment of \$200,000 along with its December county program aid payment to compensate the county for cost of road and infrastructure repairs due to flooding in the previous year. The \$200,000 is a separate appropriation from the general fund instead of a redistribution of the existing county program aid appropriation.

*Ch. 389, art. 10, § 6, effective July 1, 2010.*

### **Proctor**

In 1999 the city of Proctor was allowed to impose a one-half cent sales tax and spend up to \$3.6 million of the revenue on street improvements and a community center. In 2008, this authority was amended to allow up to an additional \$7.2 million of bonds for other capital projects including water and sewer systems, sidewalks, bike paths, and park and recreation projects. This year the city requested an increase in bonding authority of \$20 million but the authority for the street and community center projects that may be funded from the tax revenues was only increased from \$3.6 million to \$10 million, provided that voters approve the change at a general or special election held within the next two years. (Note: The section of law amending the bonding authority did not include the amendment to that section adopted in 2008, so it is not clear whether the city's bonding authority for all the authorized projects is \$10 million or \$17.2 million. The city is interpreting the law to mean there is a \$10 million total bond limitation.)

*Ch. 389, art. 5, §§ 1, 2, amending Laws 1999, ch. 243, art. 4, § 18, subd. 3, as amended, and subd. 4, effective upon voter approval at a general or special election held by May 27, 2012.*

## Ramsey TIF

The city of Ramsey may establish a TIF district under special rules to help finance a transit station on the Northstar commuter rail line and related infrastructure. It could include parcels from an existing TIF district, if that district is decertified. Four exceptions to the rules under general law would apply to this TIF district:

- The district qualifies as a redevelopment TIF district without meeting the “blight test” under general law. Under this test, 70 percent of the parcels in the area must be occupied by buildings or other improvements and half of the buildings must be structurally substandard. Qualifying as a redevelopment district will provide the district with a 25-year duration limit.
- The district’s increments may be spent on public costs related to the transit station, such parking ramps, a pedestrian overpass, and roads. Under general law, 90 percent of the increment from a redevelopment district must be spent on blight correction (e.g., demolishing or rehabbing substandard structures and related development costs).
- The five-year rule is extended to ten years.
- Pooling of increments by the district (i.e., spending on activities outside of the district) is not permitted.

*Ch. 389, art. 7, § 22, effective upon local approval.*

## Richfield

*Residency requirement for firefighters.* The city of Richfield may impose a time response residency requirement on firefighters. The response time cannot be less than ten minutes, the requirement can only apply to firefighters hired after the requirement takes effect, and the requirement may only apply until April 1, 2017. Under general law, the city cannot impose a residency requirement ([Minn. Stat. § 415.16](#)).

*Ch. 207, effective April 2, 2010, and expires April 1, 2017.*

*Housing replacement district.* The number of parcels permitted in the city’s housing replacement district was increased from 50 to 100 and the limit of ten parcels per year was eliminated.

*Ch. 216, § 46, amending [Laws 1995, ch. 264, art. 5, § 45, subd. 1](#), as amended by [Laws 1996, ch. 471, art. 7, § 22](#); [Laws 1997, ch. 231, art. 10, § 13](#); [Laws 2002, ch. 377, art. 7, § 6](#); and [Laws 2008, ch. 154, art. 9, § 19](#), effective April 2, 2010.*

## Rochester

In 2008 the city of Rochester was authorized to impose an additional 1 percent lodging tax and a 1 percent food and beverage tax to fund expansion and improvements to the Mayo Civic Center and related facilities; however, no special bonding authority was granted for the project. The 2008 law was amended this year to allow the city to issue up to \$43.5 million in bonds to fund this project without a referendum and outside of city debt limits. In addition, language was added to say that if there are any surplus funds from these taxes above what is needed

for the project, the revenue will go into the city general fund. This is necessary because there is usually some delay between when sufficient funds are raised and the ending of the imposition of the tax in an orderly fashion.

*Ch. 389, art. 5, §§ 3, 4, amending Laws 2002, ch. 377, art. 3, § 25, as amended by Laws 2009, ch. 88, art. 4, § 19, and Laws 2009, ch. 88, art. 4, § 23, subd. 4, effective upon local approval (which was filed June 10, 2010).*

### **Sauk Rapids**

The city of Sauk Rapids may issue an on-sale intoxicating liquor license, or an on-sale 3.2 percent malt liquor license, to the owner of an arena located on the Benton County Fairgrounds or to an entity holding a concession contract with the owner for use on the premises of that arena. The license may be issued for space that is not compact or contiguous, provided that all of the space is within the boundaries of the arena and is included in the description of the licensed premises on the approved license application. The license may allow sales on all days of the week to persons attending activities or events at the arena.

*Ch. 384, § 103, effective May 26, 2010.*

### **St. Charles**

The city of St. Charles will receive \$50,000 as an additional aid payment with its December 2010 LGA payment to compensate for the loss of a major manufacturing facility due to a fire in April 2009. The 2009 tax bill provided for a sales tax exemption for rebuilding the facility, but the owners have decided not to rebuild, resulting in a tax base loss to the city. The tax base loss will be picked up in the LGA formula beginning in Pay 2011. The \$50,000 is a separate appropriation from the general fund instead of being a redistribution of the existing LGA appropriation.

*Ch. 389, art. 1, § 31, effective July 1, 2010.*

### **St. Louis County**

The payment in lieu of taxes (PILT) for land within the Soudan Underground Mine State Park will be equal to 1.5 percent of the appraised value of the land. This is twice the level of the old PILT and is the same as the PILT enacted in 2008 for the Lake Vermilion State Park. The distribution of the PILT for the Soudan State Park will also be the same as for the Lake Vermilion State Park, with one-third paid to the school district, one-third to the town, and one-third to the county.

*Ch. 389, art. 1, § 25, amending Minn. Stat. § 477A.17, effective beginning with payments made in fiscal year 2012 (calendar year 2011).*

### **St. Paul**

*Housing replacement district powers.* The city of St. Paul is re-authorized to exercise housing replacement district powers. This power was granted to the city under a 1995 special law, but the city did not approve the law and so it lost the authority to do so in 1997. This would reinstate that authority (not subject to local approval).

*Ch. 216, § 54, effective April 2, 2010.*

*TIF.* The Snelling University TIF district in St. Paul is exempted from the following provisions of the general TIF law:

- Percentage restrictions on “pooling” of increments (i.e., the percentage of increments that may be spent on activities located outside of the district)
- The five-year rule
- The restriction that increments must be spent on blight correction

This exemption applies only to projects for which substantial and ongoing construction has begun by July 1, 2011.

*Ch. 216, § 60, effective upon local approval.*

*Energy conservation loan program expanded.* The 1981 law that authorized the city to make loans for residential energy conservation improvements was expanded so the city can make loans to commercial and industrial properties as well.

*Ch. 361, art. 5, §§ 13 to 16, 22, amending Laws 1981, ch. 222, effective May 18, 2010, and repealing as obsolete Laws 1981, ch. 222, § 7, effective July 1, 2010.*

### **Thief River Falls**

If an airport authority is established for the Thief River Falls airport, the authority may choose to spread the levy on referendum market value rather than net tax capacity. If the authority intends to levy on this basis, it must be stated in the joint powers agreement establishing the authority. Using the referendum market value would exempt farmland (except the home, garage, and one acre) and cabins from paying the property tax levy.

*Ch. 389, art. 1, § 30, effective May 28, 2010.*

### **Wayzata TIF**

The city of Wayzata may delay receipt of increment for Redevelopment TIF District No. 5 by up to six years. General law allows up to a four-year delay. Receipt of first increment starts the running of the district’s 25-year duration limit. In addition, the five-year rule is extending to ten years for the district. Finally, parcels in redevelopment TIF District No. 5 in the city of Wayzata are deemed to meet the blight test for a redevelopment district if the city or a developer demolished a building on the parcel that it found to be structurally substandard and the city decertifies District No. 5 and requests certification of a new district within ten years after the demolition. This allows the city to decertify the district and create a new redevelopment district with a new 25-year duration limit.

*Ch. 389, art. 7, § 23, effective upon local approval.*



## Metropolitan Council

---

### **Allocation of Metropolitan Disposal System Costs**

Metropolitan area wastewater collection and treatment is provided at the wholesale level to 105 local governments in the region. It is user financed. Current user charges cover operations, maintenance, and debt service costs. To cover costs of having built excess capacity in the system to accommodate growth but not place the entire burden of that excess capacity on current users, a portion of the current capital or debt service costs that is proportionate to the amount of reserved capacity is paid for with sewer availability charge (SAC) revenues. SAC is a charge for a new connection to the system or an increase in capacity within a local government's area. SAC goes into the wastewater reserve capacity fund, from which an amount is transferred to the operating fund to help pay current costs.

The Metropolitan Council asked for temporary authority to reduce the statutory SAC and fund wastewater reserve capacity capital costs partially through charges to current users in order to avoid significant SAC rate increases. According to the council, new development, and therefore SAC revenue, has declined. SAC revenue has declined by 70 percent since 2004. Raising SAC rates to make up the difference would discourage new development even more.

This law allows the council until December 31, 2015, to reduce the amount transferred from the wastewater reserve capacity fund (SAC receipts) to the operating fund for reserved capacity costs. The difference in the amount transferred from the reserve capacity fund would be made up with higher charges to local governments' current users. The council estimates that the increase for a household in the metropolitan area would be up to \$1.20 per month for each year this shift is implemented. The law requires the council to increase the SAC charge in the next year after the shift. When the council has a two-year balance in the wastewater reserve capacity fund, the SAC transfer to the operating fund must be increased to make up for prior reductions. This means that user charges to local governments would be less than they otherwise would have been.

*Ch. 212, amending Minn. Stat. § 473.517, subd. 3, effective April 2, 2010.*

### **Transit Vehicle Procurement**

The Metropolitan Council may use a "best value" method for procurement of transit vehicles. The method must take price into account but also may consider other criteria for awarding a purchasing contract, such as quality and vendor performance. The solicitation for the procurement contract using best value selection must identify the factors used and their relative importance.

*Ch. 273, amending Minn. Stat. § 473.129, by adding subd. 12, effective April 27, 2010, and applies retroactively to appropriate transit vehicle procurement activities since September 1, 2009.*

**Transportation  
Report**

By November 15 in every odd-numbered year, the Commissioner of Transportation must prepare, in collaboration with the Metropolitan Council, and submit a report electronically to the chairs and ranking minority members of the House of Representatives and Senate committees with jurisdiction over transportation policy and finance concerning the status of guideway projects (1) currently in study, planning, development, or construction; (2) identified in the transportation policy plan under section 473.146; or (3) identified in the comprehensive statewide freight and passenger rail plan under section 174.03, subdivision 1b. A guideway project is “service provided to the public on a regular and ongoing basis that operates on exclusive or controlled rights-of-way or rails in whole or in part, and includes each line for intercity passenger rail, commuter rail, light rail transit, streetcars, and bus rapid transit.”

*Ch. 350, § 8, adding Minn. Stat. § 174.93, effective August 1, 2010.*

**Rail Transit  
Construction  
Mitigation Liaison**

The Metropolitan Council is now the “transportation authority” for purposes of rail transit projects located entirely within the metropolitan area for the purposes of providing a business liaison to help address problems affecting businesses during construction. This statute does not apply to the Central Corridor project.

*Ch. 351, § 2, amending Minn. Stat. § 160.165, effective July 1, 2012, except that the exception for the Central Corridor is effective July 1, 2010.*

**Right of Way  
Acquisition Loan  
Fund (RALF)**

The hardship requirement for acquiring homestead property in the right of way was eliminated, which broadened the ability of the Metropolitan Council to make loans to counties, cities, and towns to purchase homestead property in anticipation of a trunk highway project. RALF may also be used to purchase manufactured homes.

*Ch. 351, § 61, amending Minn. Stat. § 473.167, subd. 2a, effective August 1, 2010.*

**Transit Bus Use of  
Public Roads**

The Metropolitan Council buses may use a designated Minneapolis parkway for regular route service adjacent to the city of Minneapolis, subject to permission of a joint board consisting of two representatives of the Metropolitan Council, two representatives of the park board, and a fifth member jointly selected by the other members. The joint board must also include one nonvoting member from the council of the city in which the parkway is located.

*Ch. 351, § 62, amending Minn. Stat. § 473.411, subd. 5, effective August 1, 2010.*

**Cities of Ramsey  
and Coon Rapids,  
Northstar Stops**

The Metropolitan Council must consider designating Northstar commuter rail stations in the city of Ramsey in the vicinity of the Ramsey Municipal Center and in the city of Coon Rapids at Foley Boulevard.

*Ch. 351, § 70, effective August 1, 2010.*



- Metropolitan Area Water Supply Advisory Committee** Representatives of Chisago, Isanti, Sherburne, and Wright counties were added to the Metropolitan Area Water Supply Advisory Committee. Also, the committee is extended for two years to December 31, 2012. \$400,000 is appropriated in fiscal year 2011 from the clean water fund to the council to fund the council's water supply planning activities, including protecting the Seminary Fen and Valley Branch Trout Stream, lessening groundwater vulnerability by mapping glacial aquifers, creating a comprehensive map of known groundwater contaminant plumes, and designing plans that can be used by communities for reusing storm water. The council must report to the legislature by January 15, 2011, on the outcomes of its water-supply planning activities. This appropriation is onetime and available until expended.  
*Ch. 361, art. 2, §§ 1, 5, amending Minn. Stat. § 473.1565, subd. 2, effective July 1, 2010.*
- Transit Capital Improvement Debt Authorized** After July 1, 2010, the council may issue an additional \$34.6 million in debt for the council's transit capital improvement program.  
*Ch. 389, art. 7, § 8, amending Minn. Stat. § 473.39, adding subd. 1p, effective May 28, 2010, and applicable in the metropolitan area.*

## Vetoed Legislation

---

- Public Notice of Compensation for Employees of City- or County-Owned Hospital** The governor vetoed a bill that would have exempted employees of city- or county-owned hospitals from the notice requirement in [Minnesota Statutes, section 471.701](#), enacted in 2005. This statute requires a city or county with a population over 15,000 to notify residents of the positions and base salaries of the three highest-paid employees. (Apart from this statute, all public salary data is public data.) According to testimony, there are seven city- or county-owned hospitals in the state that fall under this statute (counties of Douglas, Hennepin, Kanabec, Meeker, Renville, and the cities of Northfield and Willmar).  
*Ch. 312 (H.F. 3227/S.F. 2594)*
- Coyote Bounties** The governor vetoed the game and fish bill. One provision in it would have permitted a county or town board by resolution to offer a bounty for the taking of coyotes by all legal methods. The provision was in article 1, section 51 (adding [Minnesota Statutes, section 348.125](#)) of the vetoed bill.  
*Ch. 390 (H.F. 3124/S.F. 2900)*

**Home Rule Charter  
Commission for  
Benton, Sherburne,  
Stearns Counties**

The governor vetoed a bill that included in a special law authorizing Benton, Sherburne, and Stearns counties to establish a county home rule charter commission (article 2). The governor's objections to the bill were specific to a separate article of the bill, which proposed a Minnovation Council (article 3).

*Ch. 398 (H.F. 2227/S.F. 1880)*

**Tax Bill Grants to  
Grant County and  
City of Princeton**

The omnibus tax bill appropriated money for four different grants to individual local governments for specified purposes. The grants to the city of St. Charles and to Ottertail County were enacted, while the other two were line-item vetoed by the governor. The vetoed provisions were:

- \$100,000 to Grant County for development of a carbon neutral industrial park; and
- \$100,000 to the city of Princeton for a biomass facility and industrial park improvements related to renewable energy development.

*Ch. 389, art. 10, §§ 7, 8.*