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**September 2011**

**2011 Legislation Relating to  
Local and Metropolitan  
Government**

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**Research Department**  
Minnesota House of Representatives

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**September 2011**

**2011 Legislation Relating  
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Government**

This report describes legislation enacted in the 2011 regular and first special sessions relating to local and metropolitan government.

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## **Introduction**

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This report describes legislation enacted in the 2011 regular and first special session that deals with local and metropolitan government. This report does *not* cover all legislation that affects local governments. With a few exceptions, it does not cover civil or criminal law, employment or pensions, health and human services, transportation, economic development, or environmental issues.

All the citations in this report are to Laws 2011, unless otherwise indicated. See the acts or act summaries of the omnibus bills, and other major bills, enacted in 2011 for other provisions that may affect local government and are not covered in this report:

Agriculture Finance .....	Chapter 14
Capital Investment .....	1st special session, chapter 12
Economic Development .....	1st special session, chapter 4
Education – K-12 .....	1st special session, chapter 11
Education – Higher Education.....	1st special session, chapter 5
Environment, Natural Res., Energy, Commerce .....	1st special session, chapter 2
Legacy Amendment Appropriations .....	1st special session, chapter 6
Health and Human Services .....	1st special session, chapter 9
Liquor .....	Chapter 55
Pensions and Retirement .....	1st special session, chapter 8
Public Safety and Judiciary .....	1st special session, chapter 1
State Government Operations and Finance.....	1st special session, chapter 10
Taxes .....	1st special session, chapter 7
Transportation Finance and Policy .....	1st special session, chapter 3

Acts are available on the Revisor of Statutes website (<https://www.revisor.mn.gov/laws/?biennium=87>). Act summaries are available on the House Research web site (<http://www.house.mn/hrd/actsum.asp>).

## **Local Government Generally**

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

#### **Streamlined EIS Process**

A responsible governmental unit may now recover the reasonable costs of its review of an environmental impact statement. Previously, it could recover from a project proposer only the costs of preparing and distributing one.

*Ch. 4, § 10, amending Minn. Stat. § 116D.045, subd. 3, effective March 3, 2011.*

#### **Variances**

The legislature modified the standards for granting a variance from a county, city, or town zoning control in response to a 2010 Minnesota Supreme Court decision. The law now provides similar standards in the county and municipal (city and town) planning and zoning statutes, and the term “hardship” is eliminated.

A zoning authority may grant a variance to a zoning control if there are “practical difficulties” in complying with the zoning control. “Practical difficulties” means:

- “the property owner proposes to use the property in a reasonable manner not permitted by an official control;
- the plight of the landowner is due to circumstances unique to the property not created by the landowner; and
- the variance, if granted, will not alter the essential character of the locality.”

A variance may be granted only if it is “in harmony with the general purposes and intent” of the ordinance and consistent with the comprehensive plan. Conditions may be imposed in granting the variance but a condition must be directly related to and bear a rough proportionality to the impact created by the variance.

The June 2010 Minnesota Supreme Court decision in *Krummenacher v. City of Minnetonka*, 783 N.W.2d (Minn. 2010) strictly interpreted “undue hardship” in the municipal variance statute, contrary to an earlier decision and the practice of municipalities over the last 20 or so years. In *Krummenacher*, the court held that the city did not have authority to grant the variance if the property owner could put the property to a reasonable use without a variance (part of the “undue hardship” requirement). The court stated that the legislature would have to take action to provide a more flexible variance standard.

*Ch. 19, amending Minn. Stat. §§ 394.27, subd. 7; 462.357, subd. 6, effective May 6, 2011 (and presumably applies to decisions made on or after that date, not applications).*

**Concurrent  
Detachment and  
Annexation**

Since 2006, a property owner could petition for detachment from one city and annexation to the adjacent city but only if each affected city adopted a resolution supporting the change. Before 2006, a property owner only needed a resolution of one of the affected cities. In 2006, this was changed to require each affected city to support the petition. This law restores the pre-2006 procedures and clarifies them.

*Ch. 115, amending Minn. Stat. § 414.061, subds. 1, 2, 5, effective August 1, 2011.*

**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 2010. (See Laws 2010, ch. 389, art. 9.) The 2011 Department of Revenue technical bill included provisions to clean up and clarify the new use-deed law:

- Defines “park” for purposes of an authorized public use, to require that the land include park-like improvements instead of mere amenities, to limit potential disagreements over what constitutes an amenity.
- Clarifies which of the new restrictions and allowances enacted in 2010 apply to use deeds executed both before and after the effective date of those laws. If the local government does not put the property to the intended use within three years of when the deed was executed, it must purchase it or it reverts to the state. However, if the intended use is included in a formal plan, the local government has 15 years.
- Use deeds that do not involve typical sales (such as “targeted community” conveyances) are subject to the \$25 preparation fee. Use deeds and replacement deeds are exempt because they have separate, specific provisions.

*Ch. 112, art. 7, §§ 4 to 6, amending Minn. Stat. § 282.01, subds. 1a, 1c, 1d, effective June 1, 2011; § 7, amending Minn. Stat. § 282.014, effective for deeds executed by the Commissioner of Revenue after June 30, 2011.*

## Powers, Duties, State Funding, and Regulation

**Elections**

*Combined polling places.* A municipality may combine polling places (where voters from multiple precincts all vote in the same location) for any group of precincts that share a common boundary line. Previously, it could only do so if the combined polling place had fewer than 500 registered voters.

*Mail balloting.* In jurisdictions using mail balloting, a single ballot board is responsible for accepting and rejecting both mail ballots and absentee ballots. The mail ballot and absentee ballot vote totals must be

combined and reported as one vote total for each precinct.

*Individuals in polling places.* No one but a voter may approach within six feet of a ballot counter or electronic voting machine (not just a voting booth), except if an election judge or authorized by an election judge.

*Certification of voting equipment.* Voting equipment may be certified by either the federal Election Assistance Commission, or another designated federal agency that performs the same functions, and be deemed to comply with state technical certification requirements.

*Ch. 18, §§ 2, 4 to 7, amending Minn. Stat. §§ 204B.14, subd. 2; 204B.45, subd. 2; 204B.46; 204C.06, subd. 2; 206.57, subd. 6, effective April 30, 2011.*

*Vacancies in nomination.* A vacancy in nomination for a nonpartisan office (judicial and local offices) only exists when a candidate formally withdraws from the race; it is not when a candidate dies. Withdrawal of a candidate triggers a five-day filing period for new candidates and a two-day withdrawal period. If the vacancy occurs during the regular candidate filing period, the names of any candidates who then file to fill the vacancy appear on the ballot at the primary. If a vacancy occurs later, the new candidates' names will appear on the general election ballot without a primary.

*Ch. 65, §§ 1 to 3, 9, amending Minn. Stat. §§ 204B.04, subd. 2; 204B.13, subds. 1, 4; repealing Minn. Stat. §§ 204B.41; 204D.169, effective May 25, 2011.*

*Canvassing dates.* A county canvassing board may conduct the canvas on the second or third day after the state primary and a city may canvas primary results on the second day under circumstances.

*Ch. 65, §§ 4, 5, amending Minn. Stat. §§ 204C.32, subd. 1; 205.065, subd. 5, effective August 1, 2011.*

## **Construction Codes and Licensing**

*Verification of lead certification.* In 2010, the legislature required municipalities to 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. It also permitted municipalities to 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.

The 2011 Legislature delayed the effective date from February 1, 2011, to August 1, 2011, and prohibited the state or any municipality from imposing a fee for the same or similar certification as required under *Code of Federal Regulations, title 40, section 745.89.*

*Ch. 2, amending Minn. Stat. § 326B.106, subd. 13, effective February 18, 2011.*

*Elevators.* The timeline for complying with building codes related to elevators was modified. Owners of elevators that were notified of compliance issues before August 1, 2011, must submit a compliance plan for their devices by December 30, 2011. Owners notified after August 1, 2011, must submit a compliance plan by December 30, 2011, or within 60 days of notification, whichever is later. A plan has to result in code compliance by the later of January 29, 2012, or within three years after submission of the compliance plan.

*Ch. 26, amending Minn. Stat. § 326B.175; adding § 326B.188, effective August 1, 2011.*

## Purchasing

*Fire departments.* Local governments acquiring used public safety equipment for fire departments by lease or purchase may use sole-source acquisition for used equipment if there is clearly and legitimately only one source and it is best to establish the price by direct negotiation. “Local government” means any political subdivision. “Public safety equipment” means vehicles and specialized equipment used by a fire department in firefighting, ambulance and emergency medical treatment services, rescue, and hazardous materials response.

In addition, a local government may issue certificates of indebtedness or capital notes to acquire new or used public safety equipment by lease for a term of up to 15 years. Under other statutes, the maximum term for a certificate or note is ten years and is only for purchase, not leasing. Finally, the debt is exempt from debt limits and election requirements.

*Ch. 33, adding Minn. Stat. § 471.3455, effective August 1, 2011.*

*Buy American repealed.* The omnibus higher education act repealed the 2009 law prohibiting public employers from purchasing or requiring employees to furnish uniform or protective accessories that are not made in America. “Public employer” meant a county, home rule charter or statutory city, town, school district, metropolitan or regional agency, public corporation, political subdivision, special district as defined in section 6.465, subdivision 3, municipal fire department, independent nonprofit firefighting corporation, the University of Minnesota, the Minnesota State Colleges and Universities, and the state of Minnesota and its agencies.

*1st spec. sess., ch. 5, art. 2, § 15, repealing Minn. Stat. § 181.986, effective July 1, 2011.*

## Liquor Licensing

“*Surly Bill*” – *brewer taproom licensing.* A municipality (city or county) may issue a new class of license, a brewer taproom license, for sale of the brewer’s beer in a taproom at or adjacent to its brewery. The brewer must carry dram shop insurance. The law allows one taproom per brewer and prohibits large brewers (over 250,000 barrels) from having a taproom. The municipality must impose a local license fee, and

within ten days of the issuance of a license, inform the Commissioner of Public Safety of the licensee's name and address and trade name, and the effective date and expiration date of the license. The municipality must also inform the commissioner of a license transfer, cancellation, suspension, or revocation during the license period.

*Ch. 55, § 4, amending Minn. Stat. § 340A.301, adding subd. 6b, effective May 25, 2011.*

*Wine festival.* A municipality (city or county) may issue a temporary license to an association of farm wineries sponsoring an annual festival to showcase wines produced by members of the association. A customer may be sold no more than two glasses of wine. The association must have more than ten wineries and have been in existence for more than two years.

*Ch. 55, § 8, amending Minn. Stat. § 340A.404, adding subd. 5a, effective August 1, 2011.*

*Farm wineries.* A municipality may issue a temporary license to a farm winery for on-sale at a county fair located within the municipality. The municipality may impose license fees and the license must be approved by the Commissioner of Public Safety.

*Ch. 55, § 10, amending Minn. Stat. § 340A.404, adding subd. 10a, effective May 25, 2011.*

*Private colleges.* Notwithstanding any local charter provision or ordinance, a municipality may issue a private, nonprofit college a liquor license for noncontiguous spaces and sales on all days of the week to persons attending events at the private college. The license may also be to a caterer under contract with the private, nonprofit college.

*Ch. 55, § 11, 12, amending Minn. Stat. §§ 340A.404, adding subd. 14; 340A.412, subd. 4, effective May 25, 2011.*

**Municipal Tort Liability – Used Public Safety Equipment**

A municipality is immune from a tort claim resulting from the use of public safety equipment donated by the municipality to another municipality, unless the claim is a direct result of fraud or intentional misrepresentation. "Public safety equipment" means vehicles and equipment used in firefighter, ambulance and emergency medical treatment services, rescue, and hazardous material response.

*Ch. 75, amending Minn. Stat. § 466.03, adding subd. 23, effective August 1, 2011, and applies to actions arising from incidents occurring on or after that date.*

**Pawnbrokers**

The legislature standardized the maximum redemption period for a pawn transaction at 60 days. Pawnbrokers may return, sell, or remove inventory from display after the redemption period is reached, or after 31 days for inventory purchased other than through a pawn transaction. Except for the standardized redemption period, municipalities may still

regulate pawn businesses or transactions more restrictively than provided in state law. Also, the law that required pawn shops be located at least ten driving miles from any casino was repealed.

*Ch. 82, amending Minn. Stat. §§ 325J.08; 325J.13; repealing Minn. Stat. § 325J.10, effective August 1, 2011.*

### **Public Swimming Ponds**

In 2008, the legislature enacted the Abigail Taylor Pool Safety Act to establish standards for new and existing public pools. It requires that specific construction standards be met and that specific inspection procedures be followed by pool operators, including local governments. Public swimming ponds in existence before 2008, which are artificial bodies of water contained within a lined sand-bottom basin and of which there are approximately 12 in the state, had until June 30, 2011, to comply. Now the exemption is permanent and public swimming ponds do not have to comply with the regulations.

*Ch. 83, amending Minn. Stat. § 144.122, subd. 5, effective May 25, 2011.*

### **Driver's License Reinstatement Diversion Program**

In 2009, the legislature established a driver's license reinstatement diversion pilot program for offenders who have had their licenses suspended and who agree to pay their outstanding fees, fines, and surcharges in installments and meet other requirements required under law or established in program guidelines. Only cities could run this program, which was to expire on June 30, 2011. The 2011 Legislature expanded the program to allow counties to participate and extended it June 30, 2013.

*Ch. 87, amending Laws 2009, ch. 59, art. 3, § 4, as amended, effective May 28, 2011.*

### **Youth Activities, Concussions**

A municipality (home rule charter or statutory city, or town), business, or nonprofit organization that organizes a youth athletic activity for which an activity fee is charged must make information about concussions accessible to all participating coaches, officials, and youth athletes and their parents or guardians. The information should include the nature and risks of concussions, including the effects and risks of continuing to play after receiving a concussion. The information must be consistent with information from the federal Centers for Disease Control and Prevention (CDC). A coach or official must remove from participation any youth who shows signs of having a concussion or is suspected of sustaining a concussion.

The new law states that it does not create any additional liability for, or create any new cause of legal action against, a municipality, business, or nonprofit organization or any officer, employee, or volunteer of a municipality, business, or nonprofit organization.

*Ch. 90, adding Minn. Stat. § 121A.37, effective September 1, 2011; adding § 121A.38, and amending § 128C.02, by adding subd. 3b, effective beginning with the 2011-2012 school year; amending § 124D.10, subd. 8; effective August 1, 2011.*

## **Wetland Law**

A number of changes were made to the wetland conservation act but only a few provisions are specific to local governments. A local government may email its decision on a wetland boundary or type determination to the landowner, members of the Technical Evaluation Panel, the watershed district or watershed management organization, if one exists, and individual members of the public who request a copy. Local government decisions are valid for five years (increased from three).

*Ch. 107, § 68, amending Minn. Stat. § 103G.2242, subd. 2a, effective August 1, 2011.*

The governing body of a municipality (rather than the mayor as is allowed under current law) may file a demand for a hearing on water use permits.

*Ch. 107, § 76, amending Minn. Stat. § 103G.311, subd. 5, effective August 1, 2011.*

## **Utility Task Vehicles, ATV, Golf Carts**

A local ordinance may allow the operation of “utility task vehicles” on local roads, and defines these vehicles as side-by-side four-wheel drive off-road vehicles that have four wheels, a combustion engine meeting certain requirements, and weigh 1,800 but less than 2,600 pounds.

A permit issued by a county, city, or town under an ordinance for the operation of a golf cart, ATV, or mini truck on designated roads may be valid for three years instead of one year.

Golf carts, ATVs, and utility task vehicles operating under local ordinance on designated roads may operate after sunset and before sunrise if they are equipped with their original headlights, taillights, and rear-facing break lights (currently all golf carts and ATVs are prohibited from operating between sunset and sunrise) and during inclement weather during emergency conditions, as provided under the ordinance.

*Ch. 107, §§ 89 to 95, amending Minn. Stat. § 169.045, subds. 1 to 3, 5 to 8, effective August 1, 2011.*

## **Uncased Firearms**

A person may now possess an unloaded, uncased firearm (excluding pistols) within an area where the discharge of a firearm has been prohibited. This does not change any restrictions within Anoka, Hennepin, and Ramsey counties, and cities with a population over 2,500.

*1st spec. sess., ch. 2, art. 5, § 41, amending Minn. Stat. § 97B.045, subd. 3, effective July 1, 2011.*

## **Beavers**

Under prior law, a road authority could remove a beaver dam and the associated beaver lodge that is within 300 feet of a road damaged or threatened by an impaired drainage watercourse, such as a culvert, caused by the beaver dam. Now the road authority may also kill the beavers after getting a special permit from a conservation officer. A road authority also may, after consultation with the Wildlife Division

and the Board of Water and Soil Resources, implement a local beaver control program designed to reduce the number of incidents of beaver interfering with or damaging a public road. The local control program may include the offering of a bounty for the lawful taking of beaver.

*1st spec. sess., ch. 2, art. 5, § 52, amending Minn. Stat. § 97B.667, effective July 1, 2011.*

### Coyote Bounties

A county or town board may, by resolution, offer a bounty for the taking of coyotes by all legal methods. The resolution may be made applicable to the whole or any part of the county or town. The bounty must apply during the months specified in the resolution and be in an amount determined by the board.

*1st spec. sess., ch. 2, art. 5, § 64, adding Minn. Stat. § 348.125, effective July 21, 2011.*

### Manufactured Homes

Under prior law, all jurisdictions enforcing the State Building Code had to undertake or provide for the administration and enforcement of the manufactured home installation rules promulgated by the commissioner. Now municipalities that have adopted the State Building Code may provide installation inspection and plan review services in noncode areas of the state. Fees for inspections in areas that have not adopted the State Building Code must be equal to the fees for inspections in code areas of the state. Third-party vendors may charge their usual and normal charge for inspections.

*1st spec. sess., ch. 4, art. 3, §§ 55, 56, amending Minn. Stat. §§ 327.32, subd. 7; 327.33, subd. 2, effective July 21, 2011.*

### Maintenance of Effort Requirements (MOE)

*Counties.* County MOE requirements are permanently reduced beginning in calendar year 2012 to 90 percent of the amount required in 2011 in the following programs:

- regional libraries ([Minn. Stat. § 134.34](#))
- mental health services ([Minn. Stat. § 245.4835](#))
- child welfare targeted case management ([Minn. Stat. § 256F.10](#))
- family service collaboratives ([Minn. Stat. § 256F.13](#))

The MOE reductions are allowed only if they do not result in increased state costs or cause a reduction in federal funding.

*Cities.* The regional library MOE requirement for cities is also permanently reduced to 90 percent of the amount required for 2011.

*1st spec. sess., ch. 7, art. 5, § 10, adding Minn. Stat. § 275.761, effective in 2012 and thereafter.*

Beginning in fiscal year 2011, cities and school districts that jointly operate a library are no longer required to maintain their level of funding for the library.

*1st spec. sess., ch. 11, art. 6, § 1, amending Minn. Stat. § 134.195, subd. 8, effective for fiscal year 2011 and later.*

## Public Finance, Economic Development

**Revenue Recapture Act** Licensed ambulance services are now “claimant agencies” eligible to submit revenue recapture claims. Revenue recapture authorizes the Department of Revenue to intercept or offset part or all of a state tax refund or other payment to collect a debt that the taxpayer owes to a government agency or other authorized creditor. Previously, counties could submit revenue recapture claims on behalf of licensed ambulance services. Because counties no longer can submit claims on behalf of ambulance services, the language that allowed counties to charge ambulance services a fee to offset the cost of submitting claims on their behalf is stricken.

*Ch. 71, amending Minn. Stat. §§ 270A.03, subd. 2; 270A.07, subd. 1, effective May 25, 2011. (The same provisions were also enacted in ch. 112, art. 11, §§ 5, 6, amending Minn. Stat. §§ 270A.03, subd. 2; 270A.07, subd. 1, effective June 1, 2011.)*

**Holding Land for Economic Development Purposes** The maximum amount of time that a political subdivision may hold land exempt from property taxes for later resale for economic development purposes is increased from eight years to nine years. This extension applies to purchased property located in the metropolitan area, or in a city of 5,000 or more outside the metropolitan area. For all other cities, the maximum allowable period is unchanged at 15 years.

*1st spec. sess., ch. 7, art. 5, § 3, amending Minn. Stat. § 272.02, subd. 39, effective beginning with taxes levied in 2011, payable in 2012.*

**Disaster Relief Appropriation** The state appropriated \$9 million for fiscal year 2012 to the Commissioner of Public Safety to pay for the state and local match for federal disaster relief and disaster recovery work for the following disasters:

- Spring floods in southwestern and western Minnesota (\$5 million of the appropriation is reserved for this purpose)
- The May 22, 2011, tornado in Minneapolis and Anoka County
- The July 1, 2011, storms and tornadoes

*1st spec. sess., ch. 7, art. 10, § 5, effective July 21, 2011.*

## Tax Increment Financing (TIF)

Special TIF law exceptions are described in the Special Legislation section starting on page 21.

**Economic Development Districts** The 2010 jobs bill’s temporary economic development district authority has been extended by one year. Now economic development districts may be used for any type of project if the following conditions are met:

- 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, 2012, without the assistance
- Construction of the project begins no later than July 1, 2012
- The request for certification is made by June 30, 2012

The authority for projects to assist housing is extended by only six months and may not be used for income-restricted housing. Before the 2010 law, economic development districts could only be used for (1) manufacturing, (2) warehousing, (3) research and development, and (4) tourism in selected counties.

*Ch. 112, art. 11, § 13, amending Minn. Stat. § 469.176, subd. 4c, effective June 1, 2011.*

#### **Use of Surplus Increments**

The 2010 job bill's expanded authority to spend excess and surplus tax increments, notwithstanding the pooling limits, five-year rule, and so forth, is extended for one year, except for market-rate housing projects, which are limited to a six-month extension, and income-restricted housing, which is allowed no extension. This authority applies to construction of new or substantial rehabilitation of existing buildings, if:

- construction begins before July 1, 2012;
- the development will create new jobs (including construction jobs); or
- the development would not have occurred without provision of the assistance.

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

*Ch. 112, art. 11, § 14, amending Minn. Stat. § 469.176, subd. 4m, effective June 1, 2011.*

#### **Pooling Rules; Market Rate Housing**

Previously, an additional 10 percent of increment from a district could be used outside of the area of the district from which it was collected for income-restricted housing (that is, it could be "pooled" with other moneys to pay development costs). Now the use of that 10 percent of increment may include funding of certain costs related to developing market-rate housing.

The increment may be used for owner-occupied housing with a value up to 150 percent of the average market value of housing in the city, but not to exceed:

- \$200,000 in the seven-county metropolitan area; or

- \$125,000 elsewhere in the state.

The money could be used to acquire the houses, demolish or relocate them, rehab them, do site preparation, or pollution cleanup. To qualify, the sites or housing must meet both of the following conditions:

- Be a one- to four-unit dwelling that has been vacant for at least six months
- Be in a foreclosure after the redemption period has expired

This authority sunsets December 31, 2016, but the 10 percent of increment may be used to continue paying outstanding bonds that were issued before that date.

*Ch. 112, art. 11, § 15, amending Minn. Stat. § 469.1763, subd. 2, effective for all TIF districts subject to the pooling rules.*

## Property Taxes and Aids

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

*Pay 2011 and 2012 payments.* Most cities will not receive the amount of local government aid (LGA) they were certified to get in calendar year 2011. The payment in 2011 to each city is equal to the lesser of (1) the amount of LGA the city was paid in 2010, or (2) its certified 2011 aid. For 2012, each city will get a payment equal to its 2011 amount. The result is that total state LGA payments will be about \$101 million less than they would have been under the old law. The city of Houston is the one exception—its 2011 payment is not reduced to its 2010 level but its 2012 payment is reduced by \$106,964 from its certified 2011 amount. During the 2010 session, Houston was granted a onetime extra payment for 2011 to compensate it for aid losses in 2008, 2009, and 2010 caused by using 2007 rather than 2008 population data for calculating aid losses in those years.

*1st spec. sess., ch. 7, art. 6, § 17, amending Minn. Stat. §477A.013 by adding subd. 11, effective for aids payable in 2011 and 2012.*

*LGA in Pay 2013 and thereafter.* Beginning with aids payable in 2013, the annual LGA appropriation is permanently reduced from \$527.1 million to \$426.4 million, the amount paid in 2010 LGA. The appropriation will be distributed via the formula in current law.

*1st spec. sess., ch. 7, art. 6, §§ 16, 18, amending Minn. Stat. §§ 477A.013, subd. 9; 477A.03, effective beginning with aids payable in 2013.*

**County Program Aid (CPA)**

*Pay 2011 and 2012 payments.* Most counties will not receive the amount of county program aid (CPA) they were certified to get in calendar year 2011. The payment in 2011 to each county is equal to the lesser of (1) the amount of CPA the county was paid in 2010, or (2) its certified 2011 aid. For 2012, each county will get a payment equal to its 2011 paid amount. The result is that total state CPA payments will be about \$36.3 million less than they would have been under the old law, a reduction from \$197.5 million to \$161.1 million.

*1st spec. sess., ch. 7, art. 6, § 15, amending Minn. Stat. § 477A.0124 by adding subd. 6, effective for aids payable in 2011 and 2012.*

*CPA in Pay 2013 and thereafter.* Beginning with aids payable in 2013, the annual CPA appropriation is permanently reduced from \$197.5 million to \$164.9 million, the amount paid in 2010 LGA. The appropriation will be distributed via the formula in current law.

*1st spec. sess., ch. 7, art. 6, § 18, amending Minn. Stat. § 477A.03, effective beginning with aids payable in 2013.*

**2011 Market Value Credit Reductions**

The county and city Pay 2011 homestead and agricultural market values credit reimbursements are reduced to the same amount actually received in Pay 2010. There were two rounds of market value credit reductions in 2010—the governor’s unallowments that were later ratified in the 2010 special session, and additional reductions made during the 2010 regular session. Only the governor’s reductions had been made permanent; now all cuts are carried forward to 2011.

*1st spec. sess., ch. 7, art. 6, § 23, effective for credit reimbursements payable in 2011.*

**Homestead Market Value Credit Program Repeal and New Homestead Market Value Exclusion**

Beginning in calendar year 2012, the market value homestead credit program is repealed and replaced with a homestead market value exclusion that provides substantially the same benefit to homestead property as the credit. Elimination of this state-paid credit will save the state about \$260 million per year. The agricultural market value credit program is not eliminated and will continue to be a state paid credit. A number of minor changes were made to other statutes to conform to this change.

Under the new exclusion, a portion of each homestead’s market value is not counted in determining its net tax capacity-based tax. The exclusion is equal to 40 percent of market value, for homes valued up to \$76,000. For homes above \$76,000 in market value, the exclusion is \$30,400 at \$76,000 of market value, and phases down at a uniform rate to \$0 at a market value of \$413,800. The exclusion formula mimics the formula used in the repealed market value homestead credit program.

With the elimination of the state paid credit, local governments will have to reduce property tax levies if they want to keep property burdens for tax payers constant. If they continue to levy property taxes at their

current level, the portion of the tax that used to be paid through the homestead market value credit will now shift to all property taxpayers in the jurisdiction.

*1st spec. sess., ch. 7, art. 6, §§ 2 to 6, 14, 24, 27, para. (b); amending Minn. Stat. §§ 126C.01, subd. 3; 273.13 by adding subd. 35; 273.1384, subds. 3, 4, repealing subds. 1, 6; 273.1393; 477A.013, subd. 20; effective beginning with taxes payable in 2012.*

#### **Levy Limits**

The general levy limit provisions contained in [Minnesota Statutes, sections 275.70](#) to 275.74, which apply to cities with a population of 2,500 or more and to all counties, expired after taxes levied in 2010, payable in 2011. Although originally extended for two more years in the omnibus tax bill, which was vetoed during the 2011 regular session, the extension was not enacted during the 2011 special session ([Laws 2011, ch. 38](#)).

#### **July 2011 Aid Payment Delay**

One half of the annual city local government aid (LGA) and county program aid (CPA) are required to be paid on July 20 of each year. These payments were delayed until July 27 in 2011 to allow the payments to accurately reflect the Pay 2011 aid reductions included in the special session tax bill.

*1st spec. sess., ch. 7, art. 6, § 25, effective for July 20, 2011, aid payments.*

#### **2011 Property Tax Administration Modifications**

The Commissioner of Revenue may by order waive or extend time limits under the property tax system in 2011, if the commissioner determines (1) that the state shutdown made it impractical for property tax administrators to meet deadlines required under law and (2) doing so will not be prejudicial to property taxpayers. These commissioner orders are not appealable. This does not apply to deadlines for property tax appeals.

*1st spec. sess., ch. 7, art. 10, § 6, para. (c), effective beginning July 21, 2011.*

#### **Report on Payment in Lieu of Taxes (PILT) for State Natural Resource Lands**

By December 1, 2012, the Commissioner of Natural Resources, in cooperation with the Commissioners of Revenue and Management and Budget, and stakeholders, including representatives from affected local units of government and other interested parties, must recommend changes to payment in lieu of taxes for natural resource lands. They must report to the chairs and ranking minority caucus members of the Senate and House of Representatives natural resources and tax policy and finance committees. The report must include an analysis of the current payment and distribution system and any recommended changes to: (1) the payment system purpose and criteria; (2) the payments rates for specific classes of natural resource lands; (3) the adequacy of current funding for payments and the impact of additional land acquisition on the funding; (4) alternative methods of reimbursing local units of governments for state natural resource lands; and (5) the formula for distribution of the payments to local units of government.

*1st spec. sess., ch. 2, art. 4, § 35, effective July 1, 2011.*

## PILT Payments

PILT payments per acre on natural resource lands are permanently set at the calendar year 2011 payment levels and will no longer change with future inflation. Since 2000, per-acre payments have changed every year to reflect the growth in the implicit price deflator for state and local government purchases since 1994. The payments for calendar year 2011 and thereafter will be:

- \$2.567 per acre for land owned by a state agency for military purposes and designated as a game refuge;
- \$5.133 per acre for acquired natural resource land and land owned by the Department of Transportation (MnDOT) for wetland loss replacement;
- \$1.283 per acre for county-administered other natural resource lands and land utilization project (LUP) lands; and
- \$0.642 per acre for commissioner-administered other natural resource land.

No changes were made to PILT payments based on the assessed value of the land; these may still increase.

The distribution of the PILT payments to local governments are also set at the 2011 level and the growth for inflation eliminated. Forty percent will continue to go to the county general fund with the remaining 60 percent distributed as follows:

- 64.2 cents per acre to the county for county-administered other natural resource lands
- 51.3 cents per acre to the organized township for acquired natural resource land and MnDOT wetland loss replacement land
- 12.8 cents to the organized township for other natural resource lands and LUP lands
- the remainder, including any township payments for land located in unorganized townships, to the county

*1st spec. sess., ch. 7, art. 6, §§ 1, 20, 21, 27 para. (a); amending Minn. Stat. §§ 97A.061, subd. 1; 477A.012, subd. 1; 477A.14, subd. 1, effective for aids payable in 2011 and thereafter; repealing § 477A.145 effective for aids payable in 2012 and thereafter.*

## Property Tax Working Group

The Property Tax Working Group was established in 2010 to make recommendations to simplify the property tax system and make it more understandable. The 13-member group included the Commissioner of Revenue or his designee, and the group was required to make recommendations to the legislature by February 1, 2012. The law is modified to remove the commissioner as a member because the commissioner's designee has been acting as staff, as well as a

participating member. Also, the due date for recommendations to the legislature has been delayed one year, to February 1, 2013.

*1st spec. sess., ch. 7, art. 5, § 2, amending Minn. Stat. § 270C.991, subd. 4, effective July 21, 2011.*

### **2011 Property Tax Abatements for May 22 Tornado**

Anoka and Hennepin counties are allowed to grant additional abatements for property taxes payable in 2011 to homes damaged by the May 22, 2011, tornadoes. Homes and other properties sustaining losses greater than 50 percent of value already qualify for payable 2011 abatements under the old law. Now these counties may grant abatements to homes that sustained losses of less than 50 percent of the building value.

The state will reimburse taxing jurisdictions for abatements authorized under this expansion. Homes receiving abatements under this provision forfeit their eligibility for a disaster credit for taxes payable in 2012 based on the tornado damage.

*1st spec. sess., ch. 7, art. 5, § 13, effective July 21, 2011.*

### **Property Tax Exemption for Nonferrous Mining**

The following properties are explicitly exempted from property taxation if used in a nonferrous mining business that is subject to the net proceeds tax:

- Ore deposits and the lands in which they are contained
- Real and personal property used in the mining, production, and refining
- Concentrates and direct reduced ores

This is more of a clarification than a new law since the net proceeds tax is considered to be a tax in lieu of property tax. Currently there is no nonferrous mining occurring in this state so the law anticipates future nonferrous mining.

*1st spec. sess., ch. 7, art. 7, § 1, amending Minn. Stat. § 272.02 by adding subd. 97, effective for taxes payable in 2012 and thereafter.*

### **Valuation Notices**

Counties must now include on the notice of property valuation sent out to each taxpayer in the spring a specific notification when a property's classification has changed from what it was in the previous year. The intent is to clarify for taxpayers when a property tax change is due to a change in how the property is used or classified.

*1st spec. sess., ch. 7, art. 5, § 5, amending Minn. Stat. § 273.121, subd. 1, effective for notifications for assessment year 2012, taxes payable in 2013, and thereafter.*

**Wetland  
Reimbursement  
Repeal**

The state reimbursement to local governments for lost property tax revenues due to a property tax exemption for certain wetlands is repealed. This reimbursement was part of a 1991 bill aimed at preserving wetlands in the state. The statewide payments under this program before the repeal were about \$13,000 annually.

*1st spec. sess., ch. 7, art. 6, § 27, para (a), repealing Minn. Stat. §275.295, effective beginning with 2012 payments.*

## Sales Taxes

**On-Line Lodging  
Services**

The general definition of lodging and related services subject to the state sales tax is clarified to include “accommodations intermediary services” provided in connection with lodging. Although this clarification was added to the general sales tax law, complementary changes were not made to either the general local lodging tax provision (Minn. Stat. § 469.190) or to any of the special laws for specific local lodging taxes.

The purpose of the change is to make it clear that sellers of lodging, including “accommodations intermediaries,” which include online lodging resellers, must collect the sales tax on their total charge to the customer, including on any service charges paid by the customer related to the sale of the lodging.

For the local lodging taxes currently collected by the Department of Revenue, the department intends to apply the local tax to accommodation intermediary services. However whether the tax applies to intermediary services for local lodging taxes collected locally may depend on how lodging is defined in the local authorizing ordinance.

*1st spec. sess., ch. 7, art. 3, §§ 1 to 4, amending Minn. Stat. §§ 297A.61, subd. 3; 297A.61, by adding subds. 47, 48; 297A.66, by adding subd. 6; effective beginning July 21, 2011.*

**Sales Tax  
Exemptions**

*Water used for firefighting.* Water used directly in providing fire protection by a fire department, fire protection district, or fire company providing services to the state or a political subdivision is now exempt from sales taxes. Water purchased by local governments became taxable in 1992 when the general local government sales tax exemption was repealed. The retroactive effective date and limitation on refunds is related to a specific city’s failure to pay the tax during that time period.

*1st spec. sess., ch. 7, art. 3, § 11, amending Minn. Stat. § 297A.70, subd. 3, effective retroactively for sales and purchases made after June 30, 2007, however no refunds will be made for amounts already paid on water purchases made between June 30, 2007, and January 30, 2010.*

*Emergency response vehicles.* The current sales tax exemption for the lease of motor vehicles used as ambulances is now extended to the lease and sale of motor vehicles used for emergency response. These vehicles

were exempted from the motor vehicle registration in 2008 and this change provides consistent treatment between that tax, the general sales tax (leases), and the motor vehicle sales tax (purchases).

*1st spec. sess., ch. 7, art. 3, §§ 12, 16, amending Minn. Stat. § 297A.70, subd. 6; § 297B.03, effective for leases entered into after September 30, 2011, and for purchases made after July 21, 2011.*

## Local Sales Taxes

*Promoting local taxes.* In 2008 local governments were forbidden to spend any money promoting a local sales tax, or to hold a referendum in support of imposing a local sales tax. That provision expired May 31, 2010. The obsolete language was repealed and a new permanent provision enacted that prohibits a local government from spending money to promote a local sales tax referendum, and limits it to spending money only on conducting the required vote. The prohibition against promotion applies to all sales tax authorizations, including those passed in the 2011 first special session.

*1st spec. sess., ch. 7, art. 4, § 1, amending Minn. Stat. § 297A.99, subd. 1, effective July 21, 2011.*

*Timing of required referendum.* The general local sales tax law has always required that a local sales tax be approved by the voters at a general election but has been silent on whether the vote should be held prior to or after coming to the legislature seeking the needed special authority. Local governments will now be required to get voter approval of a local option sales tax before asking the legislature to authorize a sales tax. This does not apply to the local sales taxes authorized during the 2011 first special session.

*1st spec. sess., ch. 7, art. 4, § 2, amending Minn. Stat. § 297A.99, subd. 3, effective July 21, 2011.*

## Cities

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### Liquor Licenses

*Summer collegiate league baseball teams.* A city may issue an on-sale wine license and an on-sale malt liquor license to a person who is the owner of a summer collegiate league baseball team, or to a person holding a concessions or management contract with the owner, for beverage sales at a ballpark or stadium located within the city for the purposes of summer collegiate league baseball games at the ballpark or stadium, notwithstanding any law, local ordinance, or charter provision. A license issued under this paragraph authorizes sales on all days of the week to persons attending baseball games at the ballpark or stadium.

*Ch. 16, amending Minn. Stat. § 340A.404, subd. 1; ch. 55, § 16, effective April 20, 2011.*

*Racetrack licenses.* A city may issue on-sale licenses at racing tracks.

*Ch. 55, § 7, amending Minn. Stat. § 340A.404, adding subd. 1b, effective May 25, 2011.*

### Elections

*Redistricting cities with wards.* In 2010, the legislature provided that cities with wards and a municipal election year ending in the number “1” had to reestablish their ward boundaries at least 14 days before the time for filing for city offices. Now that requirement applies only to cities of the first class: Minneapolis, Saint Paul, Duluth, and Rochester. The deadline to reestablish wards in 2011 was May 3. Also, reestablishing the wards is now permissive.

*Ch. 18, §§ 1, 3, amending Minn. Stat. §§ 204B.135, subd. 1; 204B.14, subd. 3; effective April 30, 2011.*

*Filing dates absent a primary.* The filing period is shifted back from the general election date if the city does not conduct a primary election; it is between 98 and 84 days before the general election instead of 91 and 77 days.

*Ch. 65, § 6, amending Minn. Stat. §§ 205.13, subd. 1a, effective May 25, 2011.*

### Audits

A city that first became a city of the first class after 2009 (Rochester) may have an audit performed by a CPA firm. The audit must meet standards and be in the form required by the State Auditor. The State Auditor may require additional information, but the State Auditor must accept the audit unless the State Auditor determines it does not meet industry auditing standards or is not in the form required by the auditor. This allows the city of Rochester to use a CPA firm.

*1st spec. sess. ch. 10, art. 3, §§ 23, 35, amending Minn. Stat. §§ 6.49; 471.697, subd. 2, effective July 1, 2011.*

## Counties

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**County Agricultural Societies** County agricultural societies may exchange real or personal property. Previously, they could rent, lease, sell, and convey property, but not exchange it.

*Ch. 14, § 14, amending Minn. Stat. § 38.01, effective July 1, 2011.*

**County Land Exchanges** A county may, when acquiring real property for purposes other than county highway right-of-way, exchange parcels of real property of substantially similar or equal value without advertising for bids. The estimated values for these parcels must be determined by the county assessor or a private appraisal performed by a licensed Minnesota real estate appraiser. Before giving final approval to any exchange of land, the county board shall hold a public hearing on the exchange. At least two weeks before the hearing, the county auditor shall post a notice in the auditor's office and the official newspaper of the county of the hearing that contains a description of the lands affected.

*Ch. 14, § 15, amending Minn. Stat. § 373.01, subd. 1, effective July 1, 2011.*

**Subsurface Sewage Treatment** A county does not have to adopt an ordinance in compliance with revisions the Pollution Control Agency (PCA) makes to subsurface sewage treatment system (SSTS) rules if all the towns and cities in the county have already adopted an ordinance that is in compliance.

*Ch. 107, § 80, amending Minn. Stat. § 115.55, subd. 2, effective August 1, 2011.*

Counties have an additional two years (until February 4, 2014) to adopt SSTS ordinances to comply with PCA rules adopted February 4, 2008. Counties were originally required to adopt an ordinance by February 4, 2010, but were given a two-year extension in 2010. This law provides two more years.

*Ch. 107, § 98, amending Laws 2010, ch. 361, art. 4, § 83, effective August 1, 2011.*

**County Park Fees** A county may charge a county park fee without reference to state park fees. Previously, a county park fee could not exceed that charged for state park use.

*Ch. 107, § 97, amending Minn. Stat. § 398.33, subd. 2, effective May 28, 2011.*

**County Consolidation** Counties now have an alternative way to begin the process for consolidation. They may file a unanimous resolution from each county board with the Secretary of State. Previously the only way to start the process was to get a petition signed by 25 percent of the voters in the last general election from each county.

*1st spec. sess., ch. 7, art. 6, § 13, adding Minn. Stat. § 373.51, effective July 21, 2011.*

### **State Auditor Survey**

The auditor must report to the legislature by January 15, 2012, and January 15, 2013, on counties' satisfaction with the timeliness, quality, and cost of the auditor's work. The report must be based on a survey of county audit clients, and the survey responses must be made available to the public.

*1st spec. sess., ch. 10, art. 1, § 4, effective July 1, 2011.*

## **Towns**

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### **Sales Tax Exemption**

Most purchases by towns will now be exempt from sales tax except when the purchase is an input to a good or service generally provided by a private business and the purchase would be taxable if purchased by a private business engaged in the same activity. Other items that remain taxable when purchased by townships include construction materials purchased by a subcontractor, motor vehicle leasing, lodging, and prepared food. A specific exemption for town purchases of gravel, machinery, and equipment used for road and bridge maintenance is repealed since it is now covered by the general exemption.

Prior to 1992, most purchases by local government were exempt from sales tax. In 1992 this exemption was repealed in place of reducing state aid to local governments that year. This restores the pre-1992 exemption for towns.

*1st spec. sess., ch 7, art. 3, §§ 10, 11, amending Minn. Stat. § 297A.70, subds. 2, 3, effective for sales and purchases after September 30, 2011.*

## **Special Legislation**

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### **Anoka County**

Under a 2002 special law, Anoka County was authorized to issue \$12.5 million in bonds for 800 MHz public safety communications system infrastructure. ([Laws 2002, chapter 390](#), section 27, effective May 23, 2002, codified in [Minnesota Statutes, chapter 383E](#) in 2005.) Debt was issued under this authority in 2002. The law makes five changes:

- Expands the purposes for which bonds may be issued to include any countywide public safety improvements and equipment acquisition
- Converts the cap on the total amount of bonds that may be issued from \$12.5 million to a limit on the outstanding principal amount of \$8 million. This will permit additional issuance of bonds, so long as no more than \$8 million are outstanding at any one time, while existing law would eliminate the ability to issue bonds under this authority once \$12.5 million in bonds have been

issued

- Requires the Anoka County Joint Law Enforcement Council (a joint powers board established in 1970 that includes representatives of law enforcement, city councils, and the county board) to approve issuance of any debt for public safety purposes
- Excludes debt issued under this special law from the county's net debt limits
- Extends the county's authority to issue debt under this law so it expires December 31, 2023, instead of in 2012 (ten years after the county first issued debt under this law)

*Ch. 112, art. 11, § 12, amending Minn. Stat. § 383E.21, effective August 1, 2011.*

**Byron**

See Rochester local sales tax.

**Camp 5 Township**

DNR must grant a road easement to the township or a former lessee that crosses certain state land in St. Louis County. The market value fee for the school trust lands must be deposited in the permanent school fund.

*Ch. 107, § 104, effective August 1, 2011.*

**Clearwater**

In 2008 the city of Clearwater requested authority for a local sales tax to fund a number of recreational projects and improvements. The authority for the tax was granted but only for a community and recreation center; the other uses were considered too vague. Clearwater may now use its sales tax to improve regional parks, bicycle trails, park land, open space, and walkways, all requested by the city in 2008, but only if included the city improvement plan adopted in December 2006.

*1st spec. sess., ch. 7, art. 4, § 8, amending Laws 2008, ch. 366, art. 7, § 19, subd. 3, effective upon local approval.*

**Cloquet**

The city of Cloquet may impose a local sales tax of up to 0.5 percent, if approved by voters at a general election. It may also impose a flat \$20 per vehicle tax on motor vehicles sold by dealers located in the city. Revenues from the taxes must be used to pay for the following projects:

- \$4.5 million for the following park improvements: the Veteran's Park, a soccer complex, baseball complex, hockey arena, recreation center, and pedestrian trails throughout the city
- \$5.8 million for extension of utilities and other improvements related to property development adjacent to Highway 33 and Interstate 35
- \$6.2 million for engineering and construction of infrastructure improvements identified in the city's comprehensive land use plan

The city may issue up to \$16.5 million in bonds for the projects listed based on the voter approval of the sales tax without a separate vote for

issuing the bonds. The taxes expire at the earlier of (1) 30 years or (2) when the revenues collected are sufficient to pay for the projects and retire any associated bonds and bond costs. The city may choose to end the taxes at an earlier date.

*1st spec. sess., ch. 7, art. 4, § 10, effective upon local approval.*

**Cohasset TIF**

The city of Cohasset may use tax increments from two TIF districts to reimburse its general fund for expenditures made on behalf of the TIF districts. Under general law, this would be allowed only if the authority and the city had entered into a written interfund loan agreement before the city made the expenditures.

*Ch. 112, art. 11, § 17, effective upon local approval.*

**Dodge Center**

See Rochester local sales tax.

**Dover**

See Rochester local sales tax.

**Duluth**

The executive director of the Public Employees Retirement Association must adjust erroneous employee deductions and employer contributions paid by the city of Duluth and by the Duluth Airport Authority on behalf of active employees and former members on amounts determined by the executive director to be invalid salary under [Minnesota Statutes, section 353.01](#), subdivision 10, reported between January 1, 1997, and October 23, 2008. Benefits paid to former members and their beneficiaries based upon invalid salary amounts must also be adjusted.

*1st spec. sess., ch. 8, art. 1, § 4, effective upon local approval.*

**Elgin**

See Rochester local sales tax.

**Eyota**

See Rochester local sales tax.

**Fergus Falls**

The city of Fergus Falls may impose a local sales tax of 0.5 percent to finance a regional ice arena. The tax was already approved by voters at the 2010 general election. The tax expires when the revenues collected are sufficient to pay for the project and retire any associated bonds and bond costs, up to a limit of \$6.6 million. The city may choose to end the taxes at an earlier date.

*1st spec. sess., ch. 7, art. 4, § 11, effective upon local approval.*

**Hayfield**

See Rochester local sales tax.

**Hennepin County**

*Ballpark tax.* In 2006, the county was allowed to impose a 0.15 percent sales tax to pay for the Twins ballpark with some of the money allocated to libraries and youth sports. The law also required that revenues in excess of the amount needed for current allowed expenditures be used to redeem or defease the ballpark bonds or to establish a reserve fund for

payment of future obligations. The tax expires when the bonds are redeemed or defeased but no limits were placed on the size of the reserve fund.

The reserve fund is now limited to an amount equal to (1) the net present value of all obligations to fund the ballpark authority operating costs, youth sports, extension of library hours, and required capital improvements for a 30-year period starting from when the first bonds were issued, minus (2) the amount of these obligations already paid. This limit will ensure that the ballpark bonds will be paid off and the sales tax ended at the earliest possible date consistent with meeting all other obligations related to the sales tax revenue.

*1st spec. sess. ch. 7, art. 4, § 3, amending Minn. Stat. § 473.757, subd. 11, effective July 21, 2011.*

**Hermantown**

In 1996 the city of Hermantown was granted the authority to impose up to a 1 percent local sales tax to fund a number of projects; however the city only imposed a tax of 0.5 percent. The revenue from the lower rate currently is not sufficient to meet the obligations for the authorized projects. The city will be allowed to increase the tax to a full 1 percent if approved by voters at the 2012 general election.

*1st spec. sess., ch. 7, art. 4, § 4, amending Laws 1996, ch. 471, art. 2, § 29, subd. 1, as amended by Laws 2006, ch. 259, art. 3, § 3, effective upon local approval.*

**Hutchinson**

The city may impose a local sales tax of 0.5 percent to pay for its wastewater treatment facility; the tax for this purpose was already approved by the voters at the 2010 general election. The city may also impose a complementary flat \$20 per vehicle tax on motor vehicles sold by dealers located in the city.

Revenues from the taxes must be used to pay for the construction and renovation of the city's wastewater treatment facility, which is already completed, including construction, engineering, and associated bond costs. The taxes end at the earlier of (1) 18 years, or (2) when revenues raised are sufficient to pay for the project, including all associated bond costs. The city may choose to end the taxes at an earlier date.

The city expanded the wastewater treatment facility to serve Hutchinson Technologies and attract additional manufacturing. However, Hutchinson Technologies reduced employment and the new manufacturing never occurred, thereby increasing the fees charged to other customers of the facility.

*1st spec. sess., ch. 7, art. 4, § 12, effective upon local approval.*

**Kasson**

See Rochester local sales tax.

**Kittson County** Under general law in [Minnesota Statutes, chapter 375A](#), a county may make the offices of recorder and auditor-treasurer appointive if approved by a referendum. This bill would allow Kittson County to make these offices appointed positions, subject to an 80 percent vote of the county board and reverse referendum. It also provides for each current officeholder to complete the term to which the officer was elected before an office is made appointive. Finally, it includes procedures for reverting to election for these offices.

*Ch. 99, effective upon local approval.*

**Lanesboro** The city of Lanesboro may impose a 0.5 percent sales tax in the city of Lanesboro. The tax was approved by the voters at the 2010 general election, for the following projects:

- Street and utility improvements along a number of specified streets
- Street lighting on State Highways 250 and 16
- Wastewater treatment facility improvements
- Utility improvements to the Lanesboro High Hazard Dam
- Improvements to the community center, library, and city hall

Total improvements under this section are limited to \$800,000 and associated bond costs. The city may issue up to \$800,000 in bonds for the projects without further voter approval, and the bonds are not included in any debt or levy limit on the city. The tax ends when revenues raised are sufficient to pay for the projects, including all associated bond costs. The city may choose to end the taxes at an earlier date.

*1st spec. sess., ch. 7, art. 4, § 13, effective upon local approval.*

**Lino Lakes TIF** The city of Lino Lakes may collect increments from its TIF district No. 1-10 through December 31, 2023. District No. 1-10 is an economic development TIF district, which otherwise would be required to be decertified at the end of 2013, so this is a ten-year extension.

If the city elects to use this authority, it must use increments collected from the district after February 1, 2011, only to pay debt service on bonds issued to finance:

- the county road 23 interchange with I-35W; and
- the Legacy at Woods Edge development.

These expenditures would not be subject to the general law restrictions on pooling, including the five-year rule, and limits on the type of purposes for which economic development district increments may be

spent.

*Ch. 112, art. 11, § 18, effective upon local approval by city, county, and school district.*

<b>Mantorville</b>	See Rochester local sales tax.
<b>Marshall</b>	<p><i>Local lodging and food and beverage taxes.</i> The city is allowed to wait until the 2012 general election to hold a referendum on imposing the local lodging tax, and the food and beverage tax authorized in 2010. In 2010 the city had also requested authority for a general sales tax but this authority was denied. The general sales tax was authorized in the 2011 first special session, and this will allow the city to hold the referendum for all the taxes simultaneously. Revenues from all three taxes will fund the same projects that are listed under the local sales tax.</p> <p><i>1st spec. sess., ch. 7, art. 4, § 9, amending Laws 2010, ch. 389, art. 5, § 6, subd. 1, effective July 21, 2011.</i></p> <p><i>Local sales tax.</i> The city of Marshall may impose a 0.5 percent sales tax if approved by voters at a general election held in the next two years. The city is required to present separate ballot questions for the two authorized projects that are:</p> <ul style="list-style-type: none"><li>• new and existing facilities for the Minnesota Emergency Response and Industry Training Center; and</li><li>• the Southwest Minnesota Regional Amateur Sports Center.</li></ul> <p>The city may issue up to \$17.29 million in bonds for the two projects, based on voter approval of the sales tax imposition for each. The tax ends at the earlier of (1) 15 years, or (2) when revenues raised are sufficient to pay for the projects, including all associated bond costs. The city may choose to end the taxes at an earlier date.</p> <p><i>1st spec. sess., ch. 7, art. 4, § 14, effective upon local approval.</i></p>
<b>Marshall County</b>	Under general law in <a href="#">Minnesota Statutes, chapter 375A</a> , a county may make the offices of recorder and auditor-treasurer appointive if approved by a referendum. This law allows Marshall County to make these offices appointed positions, subject to an 80 percent vote of the county board and reverse referendum. It also provides for each current officeholder to complete the term to which the officer was elected before an office is made appointive. Finally, it includes procedures for reverting to election for these offices.

*Ch. 99, effective upon local approval.*

**Medford**

The city of Medford may impose a 0.5 percent sales tax to repay Minnesota Public Facility Authority loans, if approved by the voters at the next general election. The loans were used to finance \$4.2 million of improvements to the city's water and wastewater systems. The local sales tax ends at the earlier of (1) 20 years, or (2) when revenues raised are sufficient to repay the loans, including interest. The city may choose to end the taxes at an earlier date.

*1st spec. sess. ch. 7, art. 4, § 15, effective upon local approval.*

**Melrose PUC  
Membership**

The city of Melrose may increase the size of its Public Utilities Commission to up to seven members. The ordinance may also provide for the terms of the commission members; the terms must be staggered, provide that residency within the city is not a qualification for serving on the commission, and permit one or more members of the city council to serve on the commission. Under general law, a municipal PUC has three members with staggered terms, no more than one member also serving on the city council, and residency is not required unless the city ordinance requires it.

*Ch. 97, § 33, effective upon local approval.*

**Minneapolis**

Three provisions were enacted to help the city of Minneapolis to rebuild North Minneapolis after the tornado on May 22, 2011.

*2011 property tax abatement for homes damaged by tornado.* See abatements for tornado relief under property tax aids and credits.

*Housing replacement TIF district.* The city of Minneapolis may designate up to 200 additional parcels under its existing housing replacement TIF district. The parcels must be located in the area of the city designated by the president as a major disaster area, as a result of the May tornado. This is allowed on a onetime basis and does not permanently increase the 500-parcel limit on Minneapolis's authority in the statute.

*1st spec. sess., ch. 7, art. 5, § 11, 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, Laws 2008, ch. 154, art. 9, § 19, Laws 2010 ch. 216, § 46, effective upon local approval.*

*TIF pooling for disaster response.* Minneapolis may pool tax increments from any district in the city and use the increments to respond to the May 2011 tornado in north Minneapolis. The pooled increments may only be used to:

- assist businesses and individuals to reconstruct or rehabilitate damage caused by the disaster; and
- pay for the city's recovery costs, such as property acquisition and demolition related to the disaster, as well as its related

administrative costs.

The city must write a spending plan and hold a public hearing after published notice before using the authority. This exemption to general tax increment pooling laws is in effect for the 36-month period starting from the date of the disaster declaration.

*Ist spec. sess., ch. 7, art. 5, § 12, effective upon local approval*

**Oronoco** See Rochester local sales tax.

**Pine Island** See Rochester local sales tax.

**Plainview** See Rochester local sales tax.

**Ramsey TIF** The boundary description in the 2010 special TIF law for the city of Ramsey was corrected. In addition, the exemptions from general law TIF rules that apply to this district were expanded as follows:

- The requirement that 90 percent of redevelopment district increments be spent to correct blight does not apply. The 2010 law provided exceptions from this requirement for various expenditures (e.g., the transit station and related infrastructure), while this provision provides a complete exemption.
- Increments are specifically authorized to be used for costs incurred prior to establishing the TIF district for: (1) land that the city or its housing and redevelopment authority acquired; and (2) public improvements installed in the district.
- The city may capture increment from two parcels, which under general law would be disqualified as prior planned improvements. Under the prior planned improvement rule, the value of improvements for which building permits were issued within 18 months before approval of the TIF plan is added to the district's original tax capacity. This prevents these improvements, which were contemplated before the plan for the district was finalized, from generating tax increment, rather than general taxes for all of the taxing districts.

*Ch. 112, art. 11, § 16, amending Laws 2010, ch. 389, art. 7, § 22, effective upon local approval.*

**Red Wing Port Authority** *Terms.* The Red Wing Port Authority members are now appointed to three-year terms instead of six-year terms, as provided in general law.

*Ch. 17, amending Minn. Stat. § 469.081, adding subd. 3a, effective upon local approval and applies retroactively to all terms beginning on or after January 1, 2011.*

*Pensions.* Employees of the Red Wing Port Authority not otherwise excluded who were first employed by the Red Wing Port Authority before May 1, 2011, are “public employees” for the purposes of the

general employees retirement plan of the Public Employees Retirement Association.

*1st spec. sess., ch. 8, art. 1, §§ 1 to 3, amending Minn. Stat. § 353.01, subds. 2a, 6, effective July 21, 2011.*

**Red Wing**

The city of Red Wing may sell property it acquired from the state under a 1976 special law. The recreational property includes the Mississippi National Golf Links, which has been operated for years under contract with a private party. The city would like to sell the property to the operator. The law permits the city to convey by public or private sale all or part of the land as long as it continues to be used for public recreational purposes only.

*Ch. 43, § 1, amending Laws 1976, ch. 50, § 1, subd. 2, effective upon local approval.*

In addition, the state may convey to the city for no consideration the road going from Highway 61 to the golf course. The city previously had a revocable easement for the road.

*Ch. 43, § 2, effective May 25, 2011.*

**Rochester**

*Liquor licenses.* The city of Rochester may issue 26 off-sale liquor licenses, notwithstanding the limit that applies to cities of the first class in [Minnesota Statutes, section 340A.413](#), subdivision 5 (“not more than one off-sale license for each 5,000 population”). With the 2010 census, Rochester became a city of the first class.

*Ch. 55, § 14, effective May 25, 2011.*

*Audits.* A city that first became a city of the first class after 2009 (Rochester) may have an audit performed by a CPA firm. The audit must meet standards and be in the form required by the State Auditor. The State Auditor may require additional information, but the State Auditor must accept the audit unless the State Auditor determines it does not meet industry auditing standards or is not in the form required by the auditor. This allows the city of Rochester to use a CPA firm.

*1st spec. sess., ch. 10, art. 3, §§ 23, 35, amending Minn. Stat. §§ 6.49; 471.697, subd. 2, effective July 1, 2011.*

*Local sales tax.* The current local sales tax imposed by the city of Rochester is set to expire shortly. The tax is now extended until December 31, 2012, to allow the city to hold a vote at the 2012 general election to extend the tax long enough to pay for another \$139.5 million in designated new projects, plus the associated bond costs. The vote would cover authorizing \$139.5 million in bonds as well as extending the tax. If the vote to extend the tax is not approved, the tax expires December 31, 2012, with revenues not needed to fund the current authorized projects going into the city’s general fund.

If approved the extended tax must be used as follows:

- \$47 million for transportation infrastructure improvements (highways and airport), but no money can be used to fund a railroad bypass that would affect rail traffic in the city of Rochester
- \$26.5 million for higher education facilities
- \$20 million for the Destination Medical Community initiative
- \$8 million for construction of regional public safety facilities
- \$20 million for a regional recreation/senior center
- \$10 million for an economic development fund
- \$8 million for downtown infrastructure

Of the \$10 million in economic development funds, \$5 million must be used for economic development grants to the surrounding communities of Byron, Chatfield, Dodge Center, Dover, Elgin, Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville, Zumbrota, Spring Valley, West Concord, and Hayfield. The law is silent regarding how the city should distribute the money between these cities.

*1st spec. sess., ch. 7, art. 4, §§ 5 to 7, amending Laws 1998, ch. 389, art. 8, § 43, subds. 3 to 5, as amended by Laws 2005, 1st spec. sess., ch. 3, art. 5, §§ 28 to 30, effective upon local approval.*

**Saint Charles**

See Rochester local sales tax.

**Saint Louis County**

Saint Louis County now may appropriate money for multiple county fairs. The county's special law limited its authority to \$2,000 for one fair. Saint Louis County has four county fairs, two of which are called regional fairs. Because its law only allowed the county to appropriate money for one county fair and the general law similarly appears to limit counties to one county fair, this called into question the tax-exempt status of the fairground property as government or public property. The assessor had exempted fairground property under the statute that exempts property owned by institutions of purely public charity. However, 2009 changes in that exemption (effective for taxes payable in 2011) required these properties to be owned by section 501(c)(3) entities, which these fairgrounds are not. As a result, the county special law is clarified to say that the county may have multiple fairs, and land and buildings used exclusively as the site as the county or community fairgrounds is exempt from property taxation. The \$2,000 cap on appropriations for fairs is also removed.

*Ch. 112, art. 11, §§ 7, 10, 11, amending Minn. Stat. §§ 272.02, adding subd. 95; 383C.16, subd. 1; adding 383C.164, effective for taxes payable in 2012 and thereafter.*

**Saint Paul**

The Saint Paul local sales tax on lodging at establishments having 50 or more lodging rooms must be based on the consideration paid for both lodging and related services. Saint Paul imposes two different taxes on lodging, and the tax base for each differed slightly. The first 3 percent applied to charges for lodging and related services. The additional 3 percent applied to lodging at establishments with 50 or more rooms available, but only used the term “lodging,” without the words “related services.” Now the law is worded consistently for both taxes.

*Ch. 112, art. 4, § 6, amending Laws 1986, ch. 462, § 31, as amended by Laws 1991, ch. 291, art. 8, § 24, effective for sales and purchases made after June 30, 2011.*

**Sauk Rapids TIF**

The city of Sauk Rapids may include three parcels that are enrolled in the green acres program in a tax increment financing (TIF) district, if the owner withdraws the parcels from green acres by June 30, 2011.

Under general law, parcels that have been in the green acres program within the last five years may only be included in a TIF district, if:

- the district is a housing district; or
- 85 percent or more of the buildings will be used for a combination of manufacturing and distribution.

*Ch. 112, art. 11, § 19, effective upon local approval.*

**Spring Valley**

See Rochester local sales tax.

**Stewartville**

See Rochester local sales tax.

**West Concord**

See Rochester local sales tax.

**White Bear Township**

Notwithstanding any law or ordinance to the contrary, White Bear Township may issue on-sale and off-sale liquor licenses for establishments within its jurisdiction. Only establishments eligible for a license under authority granted to Ramsey County by [Minnesota Statutes, chapter 340A](#), may be issued a license under this section. All provisions of [Minnesota Statutes, chapter 340](#), not inconsistent with this section shall apply to the licenses authorized under this section.

*Ch. 55, § 13, effective May 25, 2011.*

**White Bear Lake Conservation District**

The White Bear Lake Conservation District now has clear authority to set service fees, which it had been doing before.

*Ch. 107, § 52, amending Minn. Stat. § 103B.661, subd. 2, effective August 1, 2011.*

**Zumbrota**

See Rochester local sales tax.

## **Metropolitan Government**

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### **Metropolitan Airports Commission**

The airports commission may have liquor licenses that are not in compact or contiguous spaces.

*Ch. 55, § 9, amending Minn. Stat. § 340A.404, subd. 7, effective May 25, 2011.*

### **Metropolitan Council**

*Transit operations.* The legislature appropriated \$78.076 million for the biennium, which is a reduction of \$51.7 million from the 2012-2013 base (excluding a Minnesota Council on Transportation Access funding shift that does not change total funding for the council). Of this appropriation, \$140,000 in each fiscal year is for transit service for disabled veterans. The base appropriation is \$64,889,000 for fiscal year 2014 and \$64,970,000 for fiscal year 2015.

The council's financial assistance to opt-out providers will be \$1,650,000 less than the amount of assistance that was provided in fiscal year 2011.

*1st spec. sess., ch. 3, art. 1, § 4, effective July 1, 2011.*

*CTIB transfer to Metropolitan Council transit operations.* The Counties Transit Improvement Board (CTIB) must allocate funds to the Metropolitan Council for the cost of operations of certain transit ways. The fund allocation must be at least 75 percent of the net cost of operations for these transit ways. This provision has the effect of backfilling a portion of the reduced general fund appropriations to the Metropolitan Council for the biennium. First priority for use of the transit sales tax revenues remains payment of debt.

*1st spec. sess., ch. 3, art. 2, §§ 1, 2, amending Minn. Stat. § 297A.992, subd. 5, and adding subd. 6a, effective July 1, 2011.*

*Bonding for transit capital program.* In addition to previously authorized amounts, the council may issue up to \$35 million in certificates of indebtedness, bonds, or other obligations for capital expenditures identified in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

*1st spec. sess., ch. 3, art. 2, § 3, amending Minn. Stat. § 473.39, adding subd. 1q, effective July 21, 2011.*

## **Vetoed Legislation**

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<b>Legislative Redistricting Plan</b>	The governor vetoed the legislative districting plan. <i>H.F. 1425/S.F. 1248 (ch. 35)</i>
<b>Congressional Redistricting Plan</b>	The governor vetoed the congressional districting plan and districting principles for legislative and congressional districts. <i>H.F. 1426./S.F. 1246 (ch. 36)</i>
<b>Fire Sprinklers, State Building Code</b>	This bill would have prohibited the State Building Code, State Fire Code, or a political subdivision from requiring the installation of fire sprinklers, sprinkler system components, or automatic fire extinguishing equipment or devices in new or existing single-family detached dwellings. It also would have directed contractors to offer prospective customers the option of installing sprinklers or other fire-extinguishing equipment or devices. <i>H.F. 460/S.F. 297 (ch. 47)</i>
<b>Election Administration</b>	The governor vetoed a bill that would have made a number of changes to the laws related to election administration, including requiring photo identification in the polling place, eliminating the use of vouching as a mechanism for voter registration in most cases, instituting a system of provisional balloting, specifying reconciliation procedures, permitting use of electronic polling place rosters, and codifying certain recount procedures in statute. <i>H.F. 210/S.F. 509 (ch. 69)</i>
<b>Manufactured Home Parks, Water and Sewer Charges</b>	The governor vetoed a bill that would have regulated charges and billing related to water and sewer service provided to manufactured homes in manufactured home parks, stating that the law would need to provide for renegotiating rent to reflect the change in who is responsible for paying for water and sewer service. The bill would also have repealed a ban on air admittance valves in plumbing systems, enacted in 2007. The governor stated that their reliability is not established and the danger of sewer gas getting into a home is too serious. <i>H.F. 562/S.F. 406 (ch. 73)</i>