

**Subject** Municipal street improvement district

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## Overview

This bill authorizes a city to create a municipal street improvement district (“district”). A street improvement fee may be imposed on property in the district to finance street improvements and maintenance. Notice and hearing must be provided prior to the establishment of a district and imposition of the fee. The fee may be collected by a city for five to 20 years. Imposition of a street improvement fee does not prohibit a city from using other measures under law or home rule charter for street improvements or maintenance. An owner of property subject to a street improvement fee may appeal the fee in district court.

Effective July 1, 2021.

## Summary

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1	Creates a new section 435.39, authorizing the creation of municipal street improvement districts.
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**Subd. 1. Definitions.** Defines terms for the purpose of the section.

**Subd. 2. Authorization.** Authorizes a municipality to impose a street improvement fee by ordinance after providing public notice and holding a public hearing.

**Subd. 3. Street improvement fee.** Requires a municipality to apportion street improvement fees to all developed parcels located in a district. A property cannot be located in more than one district.

**Subd. 4. Apportionment.** The costs of municipal street improvements and maintenance must be apportioned to property in the district based on each developed parcel’s or tract’s relative share of the vehicular trips to and from all developed parcels and tracts in the district during the preceding calendar

Section	Description
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quarter. The vehicular trips are estimated from a sample of trip data compiled from a source certified by the Department of Transportation.

**Subd. 5. Adoption of plan; notice and hearing.** A municipality must propose and adopt a street improvement plan that identifies the location of the district and identifies and estimates the costs of the proposed improvements during the street improvement fee collection period, which must be for between five and 20 years. Notice of a public hearing on the plan must be mailed to all affected landowners at least 30 days before the hearing. The notice must also be posted in a public place for at least 30 days before the hearing. The notice must state the time and place of the hearing, include a map showing the boundaries of the proposed district, and include a statement that all property owners that would be subject to a service charge will be given the opportunity to be heard at the hearing. At the hearing, the city council must present the plan and all property owners in attendance must have the opportunity to comment before the city council considers adopting the plan.

**Subd. 6. Use of fees.** Street improvement fees must be placed in a separate account and be used only for projects in the district and identified in the street improvement plan.

**Subd. 7. Collection; up to 20 years.** An ordinance that imposes a street improvement fee must provide for billing and payment of the fee on a regular basis. The city council may collect street improvement fees within a district for no more than 20 years. Every October 15, fees that remain unpaid for at least 30 days may be certified to the county auditor for collection as a special assessment payable in the following calendar year.

**Subd. 8. Not exclusive means of financing improvements.** The imposition of a street improvement fee by a municipality does not restrict the municipality from imposing other measures to pay the costs of local street improvements or maintenance, except that a municipality cannot impose special assessments for projects funded with street improvement fees.

**Subd. 9. Unimproved parcels; fees.** Prohibits a street improvement fee from being imposed on unimproved parcels in a district until at least three years after the substantial completion of the paving of the previous unimproved municipal street, or the date which a structure is built and first occupied pursuant to a certificate of occupancy, whichever is later.

**Subd. 10. Institutions of public charity.** Prohibits a street improvement fee on any parcel owned by an institution of public charity.

**Section** **Description**

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**Subd. 11. Appeal to district court.** Within 30 days after adoption of a street improvement fee, any affected property owner may appeal to the district court by serving a notice on the mayor or city clerk. The notice must be filed with the court administrator within ten days after service. The appeal must be placed on the calendar of the next general term starting more than five days after the date of service and is tried as other similar appeals. The court must affirm the fee or set it aside and order a reapportionment. All objections to the fee are waived unless presented on appeal.



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