

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 3470  
**Version:** As amended by H3470A1

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**Authors:** Vogel and others

**Subject:** Municipal regulation of public utilities; franchise fees

**Analyst:** Deborah A. Dyson

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### Overview

Under current law, a municipality may impose a fee for a “license, permit, right or franchise” that raises revenue or defrays increased municipal costs due to utility operations, or both. This bill provides for public notice, a hearing, and reverse referendum on whether the municipality may impose a fee that raises revenue. Under section 216B.02, a municipality means a city, however organized (i.e., statutory or home rule charter).

#### Section

#### **1 Municipal regulatory and taxing powers.**

**Subd. 1. Municipal authority to regulate public utilities.** Cross reference to subdivision 2.

**Subd. 2. Reverse referendum on fees to raise revenue.** Requires separate accounts for the portions of the fee that are to defray city costs and to raise revenue.

Requires the municipality, in its ordinance or agreement with the utility, to identify what will constitute a cost to the city and how shortfalls or surpluses in the account to defray city costs will be addressed.

Requires the city to identify the intended uses of revenue raised beyond what is need to cover city costs. Requires public notice (published, on the city’s Web site, and mailed to affected rate payers) to explain the fee, that fees are passed on to utility customers, that the municipality may use an alternative funding source to raise revenue or forego the planned use, and what it will cost those paying from another source.

**Section**

Requires the municipality to provide an opportunity for public comment at a regular meeting after notice and before imposing the fee. Unless a petition for reverse referendum signed by five percent of registered voters is filed within 90 days of the hearing, the municipality may proceed with imposing the fee.

The referendum would be held at the next general election.

Effective for fees due for licenses, permits, rights, or franchises issued or renewed on or after July 1, 2016.