

# 2019 Laws Relating to Local and Metropolitan Government

August 2019

## Overview

This publication describes legislation enacted in the 2019 regular and first special sessions that deals with local and metropolitan government powers, duties, and finance. All citations are to Minnesota Laws 2019, unless otherwise indicated. This publication does not cover all legislation that affects local governments and it does not summarize appropriations. Readers are encouraged to refer to omnibus bills or other major bills for other provisions that may affect local government, as listed in the appendix.

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## Local Governments Generally

### Telecommunication Forward! community certification

This act allows cities, townships, and counties to apply to the Commissioner of Employment and Economic Development for a certification that the community is telecommuter friendly. The commissioner must base decisions about certification on factors that indicate the community's support for and promotion of telecommuting.

Ch. 13, adding [Minn. Stat. § 116J.9923](#), effective August 1, 2019.

### District court jurisdiction in public procurement actions

This act gives Minnesota district courts original jurisdiction in actions involving public procurement, whether or not the public body has arguably acted in a judicial or quasi-judicial capacity. In 2015, the Minnesota Supreme Court considered a claim by an unsuccessful bidder to provide transit service in Rochester. Among the claims considered was the bidder's assertion that the city's denial of the bid-protest was biased. The court stated that, because the city's decision was "quasi-judicial" in nature, it could only be appealed through a writ of certiorari to the court of appeals and the district court lacked jurisdiction to consider it. See *Rochester City Lines, Co. v. City of Rochester*, 868 N.W.2d 655, 662–663

(Minn. 2015). The act also specifies that it does not change any standard of review or remedies, and it specifies timing requirements for filing the action. Finally, the act provides that the prohibition on awarding attorney fees in the Uniform Municipal Contracting Law (UMCL) applies to all actions arising out of procurement, even if the procurement is not under the UMCL.

Ch. 21, amending [Minn. Stat. § 471.345](#), subd. 14 and adding subd. 21; adding [Minn. Stat. § 16C.281](#), effective May 10, 2019, and applies to actions filed with the district court on or after that date.

## **Open Meeting Law**

The open meeting law allows a meeting to be conducted by interactive television under certain conditions. One of the conditions is that each location at which a member of the governing body is present be open and accessible to the public.

The law was modified in 2019 to allow a member of a public body to participate by interactive television from a location that is not open and accessible to the public if the member is serving in the military and is at a required drill, deployed, or on active duty. The member cannot participate more than three times in a calendar year from a location that is not open or accessible to the public.

The law also requires the meeting minutes to name each member participating by interactive television and state the reason why the member is participating by that way.

Ch. 33, amending [Minn. Stat. § 13D.02](#), subds. 1, 2, and adding subd. 6, effective August 1, 2019.

## **Firefighting foam**

Under current law, a county, city, town, or the Metropolitan Airports Commission, as well as any person or state agency, must report the discharge of any firefighting foam containing intentionally added PFAS chemicals to the Minnesota Fire Incident Reporting System within 24 hours. “PFAS” are defined as “perfluoroalkyl and polyfluoroalkyl substances, ...which, for the purposes of firefighting agents, [are] a class of fluorinated organic chemicals containing at least one fully fluorinated carbon atom and designed to be fully functional in class B firefighting foam formulations.” Beginning July 1, 2020, a county, city, town, or the Metropolitan Airports Commission, as well as any person or state agency must not discharge a class B firefighting foam containing intentionally added PFAS chemicals for testing or training purposes with certain exceptions. The new law does not restrict the manufacture, sale, or distribution of class B firefighting foams containing intentionally added PFAS chemicals or their use in emergency firefighting/fire prevention activities. The Commissioner of the Pollution Control Agency has enforcement authority, along with the commissioners of health and commerce.

Ch. 47, § 2, adding [Minn. Stat. § 325F.072](#), effective August 1, 2019.

## **Information technology, user acceptance testing**

A state agency implementing a new information technology business software application or functionality that significantly impacts the operations of a primary user, must give the primary user the opportunity to test it, with an exception. This does not apply to routine software upgrades or changes to comply with federal law, rules, or regulations.

A primary user is an employee or agent of a state agency or local government that uses the software for an official function. Local government does not include a school district.

Ch. 62, adding [Minn. Stat. § 16E.031](#), effective August 1, 2019.

### **Local speed limits**

Cities and towns may adopt a speed limit of 25 miles per hour on residential roadways without a traffic engineering study and approval by MnDOT. "Residential roadway" is now defined to mean an area zoned exclusively for housing that is not a collector or arterial street, as well as a city street or town road that is less than one-half mile in total length.

1st spec. sess., ch. 3, art. 3, § 32, amending [Minn. Stat. § 169.011](#), subd. 64, effective July 1, 2019.

### **Airport zoning**

The 2019 Legislature amended the airport statutes relating to safety zoning and land uses. Among other things, the law establishes two general approaches to airport safety zoning. One is a process for notice and adoption of airport zoning regulations using standards prescribed by the commissioner of transportation. The other provides an alternative process to allow custom regulations.

1st spec. sess., ch. 3, art. 3, §§ 89 to 91, 93 to 103, § 140, paragraph (a), amending or repealing various provisions of [Minn. Stat. §§ 360.013](#) to 360.305; §§ 104 to 107, amending various provisions of [Minn. Stat. ch. 394](#) (county planning and zoning), and §§ 108 to 111, amending various provisions of [Minn. Stat. ch. 462](#) (city and town planning and zoning). Effective August 1, 2019, and applies to airport sponsors that make or plan to make changes to runway lengths or configurations on or after that date. These sections do not apply to airports that: (1) have airport safety zoning ordinances approved by the commissioner in effect on August 1, 2019; (2) have not made and are not planning to make changes to runway lengths or configurations; and (3) are not required to update airport safety zoning ordinances.

### **Mississippi Headwaters Board**

All zoning authorities within the Mississippi headwaters area are subject to the land use and certification requirements governed by the Mississippi Headwaters Board, not just the counties. The board was established in 1980 as an alternative to the designation of the river under the federal Wild and Scenic Rivers Act, and a joint powers agreement among eight counties established a comprehensive land use plan to protect and enhance the Mississippi River and related shoreland areas situated within the counties. The counties were required to adopt the plan and its standards.

1st spec. sess., ch. 4, art. 3, §§ 78 to 84, amending [Minn. Stat. §§ 103F.361](#), subd. 2; [103F.363](#), subd. 1; [103F.365](#) by adding subd. 5; [103F.371](#); [103F.373](#), subds. 1, 3, and 4; effective July 1, 2019.

### **Silica sand mining, model ordinance**

The Commissioner of Natural Resources must develop a model local ordinance relating to reclamation of silica sand mines, instead of adopting rules.

1st spec. sess., ch. 4, art. 3, § 108, amending [Laws 2013, ch. 114](#), art. 4, § 105, as amended by [Laws 2017, ch. 93](#), art. 2, § 148, effective July 1, 2019.

## Clean Water Legacy Act

The 2019 Legislature updated and modified the state's Clean Water Legacy Act and related provisions. The Clean Water Legacy Act was originally passed in 2006 and established a framework for assessing and improving the state's waters as required under the federal Clean Water Act. The 2019 changes include:

- expanding the types of financial assistance the Board of Water and Soil Resources (BWSR) can provide by allowing watershed-based, program-based, or other financial assistance in addition to performance-based as provided under current law;
- allowing BWSR to establish local match requirements and enter into certain intergovernmental agreements;
- allowing BWSR to develop and use eligibility criteria to award base amounts of state funding to local governments;
- adding drinking water source restoration, protection, and preservation to the list of items to be included in a comprehensive local watershed management plan;
- allowing the Pollution Control Agency (PCA) to submit a comprehensive watershed management plan or comprehensive local water management plan as an alternative to a total maximum daily load (TMDL) in certain circumstances; and
- allowing certain projects, practices, and programs for water quality improvement or protection to be considered as contributing to the requirements of a storm water pollution prevention program for purposes of municipal separate storm sewer system (MS4) permits unless already documented as contributing.

[1st spec. sess., ch. 4](#), art. 5, amending various provisions of [Minn. Stat. §§ 103B.3369, 103B.801, 114D.15, 114D.20, 114D.26, and 114D.35](#), and adding [§ 114D.47](#), effective July 1, 2019.

## Rideshare data

All government entities are now covered by the private or nonpublic classification of rideshare data collected. The data classified as private or nonpublic now includes place of employment, photograph, biographical information, and type of rideshare service information requested. Previously, only the Department of Transportation and the Metropolitan Council were covered by the law and the data protected only included the residential address and telephone number, beginning and ending work hours, and the current mode of commuting to and from work.

[1st spec. sess., ch. 5](#), art. 2, § 2, amending [Minn. Stat. § 13.201](#), effective May 31, 2019.

## Driver's license reinstatement diversion program

A city or county may establish a license reinstatement diversion program for individuals charged with driving after suspension or driving after revocation. This is a permanent program to replace an existing pilot program.

[1st spec. sess., ch. 5](#), art. 6, § 5, adding [Minn. Stat. § 171.2405](#), effective July 1, 2019. A city or county participating in the pilot program could accept individuals until June 30, 2019, and disperse fees under the prior law until that time. The diversion pilot program ends when the permanent program becomes effective but individuals enrolled in the pilot program may transfer to the permanent program.

## Sales tax exemption for construction of certain government facilities

The 2019 Legislature provided a sales tax exemption for construction materials and supplies and equipment purchased for the following local government projects:

- Monticello fire station for purchases between January 31, 2019, to January 1, 2022
- Inver Grove Heights fire station for purchases from June 30, 2018, to January 1, 2021
- a Minnetonka fire and police station for purchases between May 23, 2019, to January 1, 2021
- Mendota Heights fire station for purchases between December 31, 2018, and January 1, 2021
- Dakota County SMART center for purchases after June 30, 2019, and before July 1, 2021

For all projects, the tax is paid at the time of purchase and the local government must apply for the refund. The refund for the Minnetonka project is limited to a total of \$850,000. The contractor, sub-contractor, or builder is required to provide the local government with the information needed for the refund application.

[1st spec. sess., ch. 6](#), art. 3, §§ 13 to 15, amending [Minn. Stat. § 297A.71](#) by adding subd. 52, effective May 31, 2019, and applies retroactively to purchases made during the time periods listed for each project, and [§ 297A.75](#), subds. 1 and 2; effective May 31, 2019.

## Watershed districts

A watershed district's construction or implementation fund may receive loans or grants from the state or federal government. Under previous law, the funds could only receive loans from the state Pollution Control Agency under the Clean Water Partnership program or the federal government. A watershed district also may levy for projects that receive any grants or loans appropriated by law, and a district may levy for repayment of bonds or interest associated with any bonds. Previously they could only levy for projects that receive grants or loans from the Clean Water Partnership.

[1st spec. sess., ch. 6](#), art. 4, §§ 1 and 2, amending [Minn. Stat. §103D.905](#), subds. 5 and 9; effective beginning with taxes payable in 2020 and thereafter.

## Metropolitan agricultural preserves

The 2019 Legislature amended the metropolitan agricultural preserve law to:

- authorize a state agency or governmental unit to initiate expiration of an agricultural preserve;
- provide that an agricultural preserve expires immediately when the public entity purchases the property or acquires an easement for purposes of a trail or park<sup>1</sup> and require the public entity to notify the preserve authority accordingly; and
- allow for early termination upon request by the landowner, and approval by a majority vote of the authority (defined as the unit of government exercising planning and zoning authority over the land). To be eligible, the land must be enrolled in the

<sup>1</sup> The expiration would apply only to the portion of the preserve used for trail or park purposes. The remaining portion of the agricultural preserve remains an agricultural preserve, even if the trail or park lowers the total acreage to less than 40 acres.

program for at least eight years, and the landowner must provide notice to the authority that contains a description of the property for which termination is desired, and the date of termination.

1st spec. sess., ch. 6, art. 4, §§ 27 to 30, amending [Minn. Stat. § 473H.08](#), subds. 1 and 4 and adding subd. 3a, and [473H.09](#), by adding subd. 3, effective May 31, 2019, and applies to any agricultural preserve where the previously required eight-year termination period has not expired.

## Grants to local government in the omnibus tax act

The omnibus tax act includes a number of grants from the state general fund to local governments for a variety of purposes: human services, highway construction, police and fire retirement aid, fire damage repair, utility relocation, etc. Many of these started as provisions allocating dollars out of a general aid program (county program aid, local government aid), but lawmakers moved them to a separate appropriation in the final act.

1st spec. sess., ch. 6, art. 5, § 10, effective May 31, 2019.

## Local sales taxes

Since 1997, state statute has required a local government to follow specific procedures when it seeks a special law to impose a local sales tax. The 2019 Legislature modified this law to:

- allow a local government to spend money to disseminate information on a resolution to seek local sales tax authority, but only if the information includes the extra detail required in the new, more detailed, resolution;
- require a more detailed resolution outlining and limiting the specific projects to be funded to no more than five, providing more project specific costs, and documentation of a project's regional significance;
- require that the resolution and underlying documentation be submitted to the chairs of the House and Senate tax committees by January 31 of the year in which the authority is sought;
- require the voter approval be sought only after the authority is granted and require the voters to approve each project to be funded in a separate question with a reduction in the authority for any project that fails at the election; and
- allow a city that passed a referendum at the 2018 general election to seek sales tax authority next session without a second referendum if (1) it meets the new resolution requirement and (2) the projects listed in the resolution are consistent with the 2018 referendum.

1st spec. sess., ch. 6, art. 6, §§ 1 to 4, amending [Minn. Stat. § 297A.99](#), subd. 1 and adding subd. 1a, effective May 31, 2019; and amending [Minn. Stat. § 297A.99](#), subds. 2 and 3, effective May 31, 2019, and applies to all local sales taxes not authorized before July 1, 2019.

## Municipal bankruptcy petition

The 2019 Legislature updated the reference to the United States Bankruptcy Code to reflect amendments made since 1996 and to adopt future amendments in federal law authorizing municipalities to file for bankruptcy.

1st spec. sess., ch. 6, art. 8, § 7, amending [Minn. Stat. § 471.831](#), effective July 1, 2019.

## Tax-exempt Bond Allocation Act

A district heating project owned by a for-profit entity now qualifies for an allocation of tax-exempt bonding under the Minnesota Bond Allocation Act as a public facilities project. Under the old law, these projects had to be owned by a governmental entity or a nonprofit organization to qualify for an allocation of tax-exempt bonding as a public facilities project.

1st spec. sess., ch. 6, art. 8, § 8, amending [Minn. Stat. § 474A.02](#), subd. 22b, effective July 1, 2019.

## Taconite aids

The 2019 Legislature made a number of changes to taconite production tax distributions and the taconite municipal aid program including:

- guaranteeing the production tax distributions allocated to the Taconite Municipal Aid Account at 100 percent of the 1983 distribution and eliminating the decrease in the distribution when production falls below 42 million taxable tons (This change may reduce the amounts distributed to the Taconite Environmental Protection Fund and the Douglas J. Johnson Economic Protection Trust Fund);
- indexing to inflation the amount of the distribution to the Taconite Municipal Aid Account;
- providing that the city of Iron Junction shall receive \$5,000 annually from Taconite Railroad Aid; and
- providing that Breitung Township shall receive \$15,000 annually from the Taconite Municipal Aid Account.

1st spec. sess., ch. 6, art. 11, §§ 9 to 12, amending [Minn. Stat. §§ 298.225](#), subd. 1, 298.28, subsd. 3 and 11, and [298.282](#), subd. 1, effective for distributions in 2020 and thereafter.

## Fire state aid and police state aid

In response to a Department of Revenue proposal, the legislature recodified these aid programs to make Minnesota's fire and police state aid laws more understandable by separating disparate administration and compliance provisions currently contained in one chapter of law, [Minnesota Statutes, chapter 69](#), into two new chapters—chapters [477B](#) and [477C](#). The law repeals prior provisions effective July 1, 2019, and corrects cross-references to these programs in other parts of the statutes.

1st spec. sess., ch. 6, arts. 19, 20, and 21, effective July 1, 2019.

## Airport Infrastructure Grant Program established

The legislature created a program to make grants to counties, airport authorities, or cities to provide up to 50 percent of the capital costs of redevelopment of an existing facility or construction of a new facility; and for public or private infrastructure costs, including broadband infrastructure costs, necessary for an eligible airport infrastructure renewal economic development project. Eligible projects are for (1) manufacturing; (2) technology; (3) warehousing and distribution; or (4) research and development. Retail and office space projects are not eligible. The program is structured like the Greater Minnesota Business Development Public Infrastructure Grant Program.

1st spec. sess., ch. 7, art. 2, § 1, adding [Minn. Stat. § 116J.439](#), effective July 1, 2019.

## Minnesota Investment Fund (MIF)

If a local government has uncommitted MIF loan repayment money, in exchange for transferring 20 percent of the uncommitted funds to the state general fund before June 30, 2020, the local government can spend the remainder for any lawful purpose. A local government that exercises this option must report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds by February 15, 2021.

The Minnesota Investment Fund (MIF) is a loan program and available to businesses engaged in manufacturing, warehousing, distribution, technology-related industries, and other activities that could be located generally anywhere yet still serve the same market and customers. It is designed to generate new income or wealth to the state that would not be generated by local market demand conditions. Funds are awarded to local units of government who provide loans to assist expanding businesses. Cities, counties, townships, certain development authorities, and recognized Indian tribal governments are eligible for this fund. [Minn. Stat. § 116J.8731](#).

[1st spec. sess., ch. 7, art. 2, § 7](#), effective July 1, 2019.

## Retainage

There are new specific requirements for a public contracting agency using retainage in public building and construction contracts for public improvements. “Public contracting agency” means the state or any political subdivision. Retainage is the amount the public contracting agency keeps while waiting for the work to be completed. The law previously capped the amount that could be held back at 5 percent. The new requirements and prohibitions on public construction contracts related to retainage include the following:

- prohibiting retainage for warranties or for warranty work
- requiring the final payment to be released to the contractor within 60 days of the owner being able to occupy or use the improvement, and limiting the amount a public contracting agency can withhold when there is a defect or incomplete work
- requiring contractors to reduce retainage for any subcontractor when the agency contracting reduces retainage
- requiring subcontractors to be paid within ten days of a contractor receiving payment from a public contracting agency
- requiring the public contracting agency to provide payment information to a subcontractor upon request so the subcontractor is aware of payments made to the prime contractor
- allowing public contracting agencies to defer payments for projects funded by state and federal aid if they have not yet received the funding

[1st spec. sess., ch. 7, art. 9, § 1](#), amending [Minn. Stat. § 15.72](#), subd. 2, effective July 1, 2019, and applies to agreements entered into on or after August 1, 2019.

## Public building accessibility

The 2019 Legislature clarified the state building code provision that requires new public buildings and remodeled portions of existing buildings to be accessible to and usable by persons with disabilities.

[1st spec. sess., ch. 7](#), art. 9, § 8, amending [Minn. Stat. § 326B.106](#), subd. 9, effective July 1, 2019.

### **Property-Assessed Clean Energy (PACE) financing**

The PACE program authority was originally enacted in 2010. It allows a local government to finance energy improvements on private property at the request of the owner, and collect repayment through the special assessment procedures. This year the legislature modified the law related to commercial PACE financing. First, it allows commercial properties to use the program for new construction as well as renovation. It also increased the maximum principal amount allowed under a commercial PACE loan to 20 percent of the real property's appraised or assessed value, whichever is greater, provided that value is less than the cost of installing the energy improvements. Finally, a cost-effective energy improvement on commercial property financed under a PACE loan program, including all equipment purchased in whole or in part with loan proceeds under a loan program, is deemed real property or a fixture attached to the real property.

[1st spec. sess., ch. 7](#), art. 11, §§ 7 to 10, amending [Minn. Stat. §§ 216C.435](#), subds. 3a, 8, [216C.436](#), subd. 4, and by adding subd. 10, effective July 1, 2019.

### **Energy utility diversity stakeholder group; report**

The Public Utilities Commission must convene a stakeholder group to submit a report to the legislature by January 15, 2020, "to examine the challenges and opportunities for Minnesota's energy utilities to attract a diverse workforce with the skills needed to advance a 21st century industry and to increase the supplier diversity of energy utilities." The stakeholder group must include stakeholders representative of public utilities, municipal electric or gas utilities, and electric or gas cooperative associations.

[1st spec. sess., ch. 7](#), art. 11, § 13, effective July 1, 2019.

### **Phased-retirement option**

In 2009, the legislature authorized eligible members of the Public Employees Retirement Association (PERA) to begin to collect their retirement annuity while continuing to work at reduced hours, subject to the approval of the governing body of the governmental entity. This authority was to expire June 30, 2019, for any new arrangements under the law.

The 2019 Legislature repealed the expiration of the law, renamed it from postretirement option to phased-retirement option, added reporting requirements, and increased the maximum amount of time a person can exercise the option from one year to a combined total of up to five years.

[1st spec. sess., ch. 8](#), art. 2, §§ 4 to 10, 13, amending [Minn. Stat. § 353.371](#), subds. 1 to 7; repealing [§ 353.371](#), subd. 8, effective July 1, 2019.

### **Water service connection fee increase**

The annual service connection fee assessed by the Commissioner of Health for every service connection to a public water supply owned or operated by a city or town, is increased from \$6.36 to \$9.72.

[1st spec. sess., ch. 9](#), art. 11, § 21, amending [Minn. Stat. § 144.3831](#), subd. 1, effective January 1, 2020.

## Vaping

A statutory or home rule charter city or county may enact and enforce measures more stringent than the state Clean Indoor Air Act to protect individuals from involuntary exposure to aerosol or vapor from electronic delivery devices—e-cigarettes. Previously, the law only addressed smoke.

[1st spec. sess., ch. 9](#), art. 11, § 31, amending [Minn. Stat. § 144.417](#), subd. 4, effective July 1, 2019.

## Legislative Commission on Housing Affordability

The legislature established the Legislative Commission on Housing Affordability to define affordability, study the issues, and make recommendations to the legislature on how to make housing more affordable to all. Among the specified topics the commission must study are construction costs, government regulations and market forces impacting housing affordability, and emerging issues.

[1st spec. sess., ch. 10](#), art. 2, § 2, adding [Minn. Stat. § 3.8845](#), effective May 31, 2019, and expiring June 30, 2023.

## Joint powers

Service Cooperatives were added to the definition of governmental unit for the purposes of joint powers. Service Cooperatives are made up of “governmental units” as defined in the joint powers act. Service Cooperatives are a type of joint powers established by statute and operating under Minnesota Statutes, sections 123A.21 and 471.59.

[1st spec. sess., ch. 11](#), art. 6, § 5, amending [Minn. Stat. § 471.59](#), subd. 1, effective July 1, 2019.

## Cities

### Written estimate of consultant fees

A city, if asked, must provide a written estimate of fees to be paid by an applicant for a permit, license, or other approval relating to real estate. The fees are those the city would pay to a consultant to assist with reviewing the application. If an applicant asks for an estimate, the application is not complete until the city has provided it to the applicant, received the required application fee, received a signed acceptance of the fee estimate from the applicant, and received a signed statement that the applicant has not relied on the estimate of fees in its decision to proceed.

[Ch. 27](#), adding [Minn. Stat. § 471.462](#), effective August 1, 2019.

### Housing Improvement Areas (HIA)

The act adds manufactured home park to the definitions in the HIA statute to allow owners of manufactured homes in a manufactured home park to petition the city to establish an HIA. If established, the city would finance the improvements and charge the manufactured home owners fees to recover the amount financed. Under current law, an HIA helps finance housing improvements in condominium or townhome complexes. Fees to repay the city can be imposed on the basis of the tax capacity (value) of the housing unit, total square footage of the housing unit, or a method determined by the city and specified in the city resolution to establish the HIA.

[1st spec. sess., ch. 1](#), art. 6, §§ 18 and 19, amending [Minn. Stat. § 428A.11](#), subds. 4 and 6, effective July 1, 2019.

### **Workforce and affordable homeownership development program**

Cities and tribal governments are now eligible for grants under the program. The program awards grants to eligible entities to develop projects to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota.

[1st spec. sess., ch. 1](#), art. 6, § 28, amending [Minn. Stat. 462A.38](#), subd. 1, effective July 1, 2019.

### **Speed limits on city streets**

A city may establish different speed limits for city streets under the city's jurisdiction than the standard limits in statute without conducting an engineering and traffic investigation. The city must erect appropriate signs to display the speed limit. The city must develop procedures to set speed limits based on the city's safety, engineering, and traffic analysis. At a minimum, the safety, engineering, and traffic analysis must consider national urban speed limit guidance and studies, local traffic crashes, and methods to effectively communicate the change to the public.

[1st spec. sess., ch. 3](#), art. 3, § 35, amending [Minn. Stat. § 169.14](#), by adding subd. 5h, effective July 1, 2019.

### **Historical society tax levy**

A city may now fund its own historical society from its property tax levy. Previously it could only levy to fund the county's historical society.

[1st spec. sess., ch. 6](#), art. 4, § 3, amending [Minn. Stat. § 138.053](#), effective May 31, 2019.

### **Annual border city enterprise zone allocations**

The act provides an annual appropriation of \$750,000 to be allocated by the Department of Revenue on a per capita basis to cities with border city enterprise zones. Cities may use the funds for tax reductions currently allowed for the border cities enterprise zones. Previously this program was funded on an irregular basis depending on how much of the previous allocation had been spent. The act also clarifies language regarding which properties can qualify for tax reductions under this program.

[1st spec. sess., ch. 6](#), art. 5, §§ 3 and 4, amending [Minn. Stat. §§ 469.169](#) by adding subd. 21, effective July 1, 2020, and [469.171](#), subd. 4, effective May 31, 2019.

### **Local government aid (LGA)**

The city LGA appropriation is increased by \$26 million for aids payable in 2020 with an additional \$4 million beginning in 2021. The aid appropriation is \$564,398,012 for aids payable in 2021 and thereafter. This returns the appropriation to its formerly highest level in calendar year 2002. The law also guarantees that for calendar year 2020 only, no city's aid amount will be less than its aid in 2019.

[1st spec. sess., ch. 6](#), art. 5, §§ 5 and 6, amending [Minn. Stat. §§ 477A.013](#), subd. 9, and [477A.03](#), subd. 2a, effective for aids payable in calendar year 2020 and thereafter.

## **Additional resolution requirements (certain cities, local sales taxes)**

Certain cities granted new sales tax authority must pass a new resolution before imposing or increasing a local sales tax. The resolution must list each specific project and dollar amount of each project to be funded with the sales tax revenue. The act defines what qualifies as a “specific project.” The city must file an affidavit of compliance along with the required resolution with the Commissioner of Revenue before the tax is imposed, and the resolution must be posted on the city website for the duration of the tax. Only projects listed in the new resolution may be funded with the sales tax revenues. The local sales tax authority expires January 1, 2021, if the city has not complied by the last business day before December 31, 2020. Cities subject to this new resolution requirement are Avon, Cambridge, Glenwood, International Falls, Two Harbors, and Worthington.

[1st spec. sess., ch. 6](#), art. 6, § 34, effective May 31, 2019.

## **Energy storage system pilot projects**

A public utility may petition the Public Utilities Commission to recover costs of an energy storage system pilot project approved by the commission through an adjustment of charges.

[1st spec. sess., ch. 7](#), art. 11, § 2, amending [Minn. Stat. § 216B.16](#), by adding subd. 7e, effective May 31, 2019.

# **Counties**

## **County agricultural societies; sales tax exemption at county fairs**

The act provides a sales tax exemption for all sales by the county agricultural society on the county fairgrounds during its regularly scheduled county fair. Revenue equal to the savings from this exemption must be used for maintaining, improving, and expanding the society-owned fairground buildings and facilities. If the fairgrounds are owned by another entity (i.e., the county), the amount must be transferred to the owner of the fairgrounds to be used for that same purpose.

[1st spec. sess., ch. 6](#), art. 3, §§ 1 and 10, amending [Minn. Stat. § 38.27](#) by adding subd. 4, effective July 1, 2019, and [§ 297A.70](#) by adding subd. 21; effective for sales and purchases made after July 1, 2019.

## **Agricultural homesteads; business and trust ownership**

The 2019 Legislature made changes that allow more business-entity owned and trust-held property to qualify for agricultural homestead status. The changes include the following:

- allowing agricultural homestead classification for properties owned by one business entity and operated by a separate business entity, if the following requirements are met:
  - the shareholder, member, or partner residing on and actively engaged in farming the land is a shareholder, member, or partner of the business entity that is operating the farm
  - more than half of the shareholders, members, or partners of each entity are qualifying relatives;
- allowing trust-held property to qualify for homestead property tax treatment if a farm divided into multiple parcels with different owners or having multiple owners, are owned by some combination of the individual owner, the individual’s spouse or surviving spouse, or a

trust or trusts, the grantor of which is the individual, spouse, surviving spouse, or deceased spouse;

- clarifying that the current rule including noncontiguous parcels located within four townships or cities in the homestead also applies in the case of the new trust-held ownership qualification

[1st spec. sess., ch. 6](#), art. 4, §§ 10 to 12, amending [Minn. Stat. § 273.124](#), subds. 8, 14, and 21; effective beginning with assessment year 2019, for taxes payable beginning in 2020.

### **Data sharing; county veteran service officers and assessors**

County veterans' service officers and county and local assessors may share certain data with each other for the purposes of making eligibility determinations under the disabled veterans' homestead exclusion.

[1st spec. sess., ch. 6](#), art. 4, §§ 4 and 14, amending [Minn. Stat. §§ 197.603](#), subd. 2, and [273.1245](#), subd. 2; effective May 31, 2019.

### **Certificates of real estate values; filing requirements**

The act changes the threshold for filing with the county auditor a Certificate of Real Estate Value from a sales price in excess of \$1,000 to a sales price in excess of \$3,000. This certificate is used in calculating the deed tax.

[1st spec. sess., ch. 6](#), art. 4, § 8, amending [Minn. Stat. § 272.115](#), subd. 1, effective for certificates of value filed after December 31, 2019.

### **Deed tax**

The act changes the minimum sales price for real property, used to trigger payment of the deed tax, from \$500 or less to \$3,000 or less.

[1st spec. sess., ch. 6](#), art. 4, § 24, amending [Minn. Stat. § 287.21](#), subd. 1, effective for deeds recorded after December 31, 2019.

### **Distribution of penalties, interest, and costs of wind production taxes**

All penalties, interest, and costs collected on the wind energy production tax and the solar energy production tax must be distributed to the same local taxing jurisdictions in the same percentage as is required for the original tax distribution: 80 percent to counties and 20 percent to cities and townships.

[1st spec. sess., ch. 6](#), art. 4, § 22, amending [Minn. Stat. § 276.131](#), effective for penalties, interest, and costs collected on taxes payable in 2020 and thereafter.

### **Deed for tax-forfeited land sales**

The commissioner of revenue must issue a deed for land sold at a tax-forfeiture sale if the county auditor has written confirmation from a closing agent that the purchase money for the deed is held in escrow.

[1st spec. sess., ch. 6](#), art. 4, § 23, amending [Minn. Stat. § 282.01](#), subd. 6, effective for conveyances issued by the commissioner of revenue after December 31, 2019.

## Filing date changes

**Homestead of disabled veteran or family caregiver.** This change moves the application deadline for the disabled veterans' homestead exclusion from July 1 to December 15, and eliminates the eight-year limit on the spousal benefit.

[1st spec. sess., ch. 6](#), art. 4, § 16, amending Minn. Stat. § 273.13, subd. 24, effective for assessments beginning in 2019, for taxes payable in 2020 and thereafter.

**Senior deferral program.** This change moves the application date for the senior deferral program from July 1 to November 1.

[1st spec. sess., ch. 6](#), art. 4, § 26, amending [Minn. Stat. § 290B.04](#), subd. 1, effective beginning with applications submitted in 2019.

## Fractional homesteads; calculations

County assessors must calculate fractional ownership of agricultural homesteads owned by tenants in common based on the ownership percentage that each owner has as per the county land records.

[1st spec. sess., ch. 6](#), art. 4, § 13, amending [Minn. Stat. § 273.124](#) by adding subd. 23, effective for assessments beginning in 2019 unless the county assessor determines that a county is unable to comply with this requirement, in which case the county must implement this section beginning with assessment year 2020.

## Natural gas pipeline; state levy abatement

A county must abate the state general levy on personal property that is part of certain natural gas pipelines. To qualify for the abatement, construction of the intrastate natural gas transportation or distribution pipeline system must have commenced after January 1, 2018, and must provide service to an area outside the seven-county metropolitan area in which more than half of households or businesses lacked access to natural gas distribution systems as of January 1, 2018. The abatement is limited to 12 taxable years, provided that once a property no longer qualifies for the abatement, it may not subsequently qualify.

[1st spec. sess., ch. 6](#), art. 4, § 21, amending [Minn. Stat. § 275.025](#), by adding subd. 6, effective beginning with taxes payable in 2021.

## Veterans homestead special refund provision

A veteran who received a disability rating of 70 percent or more in 2016 or 2017 may apply for a refund of taxes paid in 2017 or 2018. The refund is equal to the difference between the tax paid and the tax that the veteran would have paid had they qualified for the exclusion in one or both of those years.

[1st spec. sess., ch. 6](#), art. 4, § 38, effective for refund applications received in 2019, for refunds of tax paid in 2017 and 2018.

## County program aid

The law increases county program aid by \$26 million for aids payable in 2020 with an additional \$4 million added for aids payable beginning in 2021. The increase is split evenly between the two parts—need aid and tax base equalization aid.

1st spec. sess., ch. 6, art. 5, §§ 5 and 7, amending [Minn. Stat. §§ 447A.013](#), subd. 9, and [477A.03](#), subd. 2b, effective for aids payable in calendar year 2020 and thereafter.

## Drainage liens; maximum interest rates

The maximum interest rate that counties can charge on drainage lien principal is changed to the greater of the rate set by the State Court Administrator or 6 percent. Previously the limit was the rate set by the state court administrator for interest on court judgments, a floating interest rate pegged to the rate on one-year U.S. Treasury securities.

1st spec. sess., ch. 6, art. 8, § 2, amending [Minn. Stat. § 103E.611](#), subd. 2, effective July 1, 2019.

## County transportation sales taxes

The legislature made a number of clarifying changes including:

- that any county may impose a transportation sales and use tax under current law, as all counties are now defined as being outside the “metropolitan transportation area” due to the disbanding of CTIB;
- that a county may issue transportation sales tax bonds for multiple projects, and requires a public hearing on new enumerated projects; and
- that a county may issue bonds secured by the transportation sales and use tax. Bond issuance is subject to a public hearing, and the projects funded with the bonds must be included in a county’s capital improvement plan.

1st spec. sess., ch. 6, art. 8, §§ 4 to 6, amending [Minn. Stat. § 297A.993](#), subds. 1 and 2, and adding subd. 4; effective July 1, 2019.

## County offices

Under general law in [Minnesota Statutes, chapter 375A](#), a county may make the offices of auditor, treasurer, auditor-treasurer, and recorder appointed positions if approved by a referendum. Now, a county also has the option to make any of these offices an appointed position subject to reverse referendum. The new law spells out the procedures and conditions for changing an office to an appointed position and for reverting back. Over the years, more than half of the counties have been authorized to make one or more of these changes by special law, under substantially the same conditions, although not all have implemented the change.

1st spec. sess., ch. 10, art. 2, §§ 17 to 22, amending [Minn. Stat. §§ 375.08](#), [375A.10](#), subd. 5, [375A.12](#), subd. 2, [382.01](#), [382.02](#); adding [Minn. Stat. § 375A.1205](#); effective July 1, 2019.

## Towns

### Storm water

A township with a population under 5,000 does not have to implement Municipal Separate Storm Sewer System (MS4) permit requirements across the entire township until the Pollution Control Agency amends storm water rules. The requirements would still apply to the portions of the township that are urbanized areas as defined by the most recent decennial census.

[1st spec. sess., ch. 4](#), art. 3, § 109, effective July 1, 2019.

### Historical society tax levy

A town may fund its own historical society from its property tax levy. Previously it could only levy to fund the county's historical society.

[1st spec. sess., ch. 6](#), art. 4, § 3, amending [Minn. Stat. § 138.053](#), effective May 31, 2019.

### Capital improvement bonds

Modifies the definition of “municipality” for purposes of capital improvement bonds so that any town can issue these bonds, regardless of population. This will permit a town board for the added towns to issue capital improvement bonds without holding a town meeting.

[1st spec. sess., ch. 6](#), art. 8, § 9, amending [Minn. Stat. § 475.521](#), subd. 1, effective July 1, 2019.

## Special Legislation

The legislature enacted a number of laws that affect specific local government entities. Notes: (1) “TIF” means tax increment financing. (2) “Local approval” requires the governing body of the local government(s) to adopt a resolution approving the special law and to file the resolution with the certificate of local approval with the secretary of state before the beginning of the next biennium.

### Alexandria

Provides a three-year extension of the five-year rule, to a total of eight years, for the TIF District No. 50 in the city of Alexandria.

[1st spec. sess., ch. 6](#), art. 7, § 4, effective June 21, 2019, the day after the certificate of local approval was filed with the secretary of state.

### Anoka

Provides a three-year extension of the five-year rule, to a total of 11 years, for the Commuter Rail Transit Village TIF district in the city of Anoka.

[1st spec. sess., ch. 6](#), art. 7, § 5, effective upon local approval.

## Anoka County Regional Railroad Authority

The Anoka County Regional Railroad Authority may use reserve funds that are available as of June 30, 2019, to pay operating and maintenance costs of the Northstar Commuter Rail.

[1st spec. sess., ch. 3](#), art. 3, § 128, effective July 1, 2019, and expiring January 1, 2022.

## Austin

The city of Austin may continue to allocate fire pension aid between its volunteer firefighter relief association and its municipal firefighter pension without penalty, similar to what it did under a repealed general law.

[1st spec. sess., ch. 6](#), art. 5, § 8, effective June 26, 2019, the day after the certificate of local approval was filed with the secretary of state, and expires when a general law allowing this allocation is enacted.

## Avon

The city of Avon may impose a local sales tax of up to one-half of 1 percent to raise \$1.5 million plus associated bond costs for transportation improvement projects in the city, based on approval by the voters in the 2018 general election. The law requires the city to pass an additional resolution before imposing the tax (see **Additional resolution requirements** under **Cities**). The law also allows the city to issue up to \$1.5 million in bonds for the projects without additional voter approval. The tax expires at the earlier of December 31, 2045, or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 13, effective July 6, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Bloomington

Modifies a 2008 special law for the city of Bloomington, which provided special rules for the city's Bloomington Central Station TIF district by extending the five-year rule an additional six years to 21 years total.

[1st spec. sess., ch. 6](#), art. 7, § 2, amending [Laws 2008, ch. 366](#), art. 5, § 26, as amended by [Laws 2013, ch. 143](#), art. 9, § 11, effective upon local approval.

## Blue Earth

The city of Blue Earth may impose a local sales tax of one-half of 1 percent to finance \$5 million plus associated bond costs for sewer plant improvements, street reconstruction projects, and recreational amenities. The law requires the city to pass an additional resolution before imposing the tax (see **Additional resolution requirements** under **Cities**). The law also allows the city to issue up to \$5 million in bonds for the projects without additional voter approval. The tax expires at the earlier of 25 years or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 14, effective June 21, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Burnsville

The city of Burnsville may by ordinance restrict or prohibit the use of an engine brake on motor vehicles along Highway 13, between Nicollet Avenue and Portland Avenue. "Engine brake" means a device that uses the engine and transmission to slow a motor vehicle (instead of friction on the wheels) and is sometimes called "Jake braking."

[1st spec. sess., ch. 3](#), art. 3, § 124, effective May 31, 2019.

## Cambridge

The city of Cambridge may impose a local sales tax of up to one-half of 1 percent to finance \$8 million plus associated bond costs, for a new library facility, and \$14 million for street improvements. The law requires the city to pass an additional resolution before imposing the tax (see **Additional resolution requirements** under **Cities**) and allows the city to issue up to \$22 million in bonds for the projects without additional voter approval. The tax expires at the earlier of December 31, 2043, or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 15, effective June 7, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Central Iron Range Sanitary Sewer District Board

The law governing the membership of the Central Iron Range Sanitary Sewer District Board was updated to change "Ironworld" to its current name—"Minnesota Discovery Center," strike the town of Balkan from the members listed, and allow members of the governing bodies in the district to be appointed to the sewer board, effective retroactively from 2003 when the district was created. All board appointments made since are deemed ratified and confirmed.

[1st spec. sess., ch. 6](#), art. 11, §§ 15 and 16, amending [Laws 2009, ch. 122](#), § 3, subds. 1 and 2, effective upon local approval by each municipality in the district.

## Champlin

The city of Champlin's Mississippi Crossings TIF district has an additional five years to undertake the activities, and the district's duration may be extended by five years.

[1st spec. sess., ch. 6](#), art. 7, § 6, effective local approval.

## Cloquet

The city of Cloquet may reallocate some of the \$5.8 million of local sales tax revenue currently earmarked for property development along Highway 33 and Interstate Highway 35 to the other projects that the city may already fund with its sales tax revenue (various park improvements, or other sewer and water infrastructure improvements identified in the city comprehensive land use plan.) The total amount the city may raise from its local sales tax does not change.

[1st spec. sess., ch. 6](#), art. 6, § 12, amending [Laws 2011, 1st spec. sess., ch. 7](#), art. 4, § 10, subd. 3, effective June 27, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Cloquet Area Fire and Ambulance District

The law changes the name to the Cloquet Area Fire and Ambulance Special Taxing District. It clarifies that (1) the district may levy within its area for fire services or ambulance services or both, and (2) that the district may incur debt by designating the district as a municipality for purposes of applying [Minnesota Statutes, chapter 475](#) (municipal debt) and by allowing the district to issue equipment bonds under [Minnesota Statutes, section 412.301](#). Lastly, the law provides that a debt levy in a municipality that wishes to withdraw from the district remains in effect until the obligations outstanding on the date of withdrawal are satisfied.

[1st spec. sess., ch. 6](#), art. 4, §§ 32 to 36, amending [Laws 2009, ch. 88](#), art. 2, § 46, subds. 1 to 5, effective June 25, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Dakota County

The county is granted a refundable sales tax exemption for construction of law enforcement collaboration center (see [Sales tax exemption for construction of certain government facilities](#), under [Local Government Generally](#)).

## Detroit Lakes

The city of Detroit Lakes may impose a local sales tax of one-half of 1 percent to finance \$6.7 million plus associated bond costs for a new police department facility. The law allows the city to issue up to \$6.7 million in bonds for the project without additional voter approval. The tax expires at the earlier of ten years or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 16, effective June 25, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Duluth

**Portorama.** Repeals sections of law that protect the use of the word “Portorama” against its use for profit by any person or entity that is not authorized to do so by the Duluth Jaycees. “Portorama” refers to a major annual community festival held in Duluth decades ago, sponsored by the Duluth Jaycees; the height of the festival’s popularity was in the 1960s. The legislature enacted a law protecting use of the festival’s name in 1967. This law effectively permits use of the word “Portorama” for other purposes, without state penalty. The law does not waive or modify trademark or other rights that may apply to use of the word under federal law. The legislature has enacted similar trademark protections in law for the Minnesota Zoo and the Minneapolis Aquatennial festival, and laws that protect distinctive marks and brands more generally. Those protections are unchanged by this law.

[Ch. 43](#), repealing [Minn. Stat. §§ 333.50; 333.51; 333.52](#), effective May 23, 2019.

**TIF district.** The city of Duluth or the Duluth Economic Development Authority may create one redevelopment TIF district within a project area in the Duluth harbor area. Eligible expenditures include repair and reconstruction of the seawalls and pier facings. The established redevelopment district does not have to meet the statutorily required blight findings for establishing a redevelopment district and increments from the established district would not be required to be spent on correction of blight conditions, as required by statute for redevelopment districts.

[1st spec. sess., ch. 6](#), art. 7, § 7, effective upon local approval.

**Duluth regional exchange district.** Establishes a regional exchange district in the city of Duluth and provides state funding to help pay for specific public infrastructure costs, mainly parking, road, utility, and site improvements for development related to the two medical centers in the city. The state share is limited to \$3.66 million in fiscal year 2022 and up to \$8.1 million annually for fiscal years 2023 to 2055. At the city's request the commissioner of management and budget may issue up to \$97.72 million in state appropriation bonds to fund the projects. The law also requires city funding for these projects through the city utility fund, increased local sales tax revenues, and shared parking revenue.

[1st spec. sess., ch. 6](#), art. 10, adding [Minn. Stat. §§ 16A.968](#) and [469.50](#) to 469.54, effective July 6, 2019, the day after the certificate of local approval was filed with the secretary of state, and amending [Laws 1980, ch. 511](#), § 1, subd. 1, effective June 15, 2019, the day after the certificate of local approval was filed with the secretary of state.

### **Duluth Seaway Port Authority**

The Duluth Seaway Port Authority may conduct its meetings by telephone or other electronic means under Minnesota Statutes, section 13D.015.

[1st spec. sess., ch. 7](#), art. 2, § 3, amending [Minn. Stat. § 469.074](#), by adding subd. 3, effective May 31, 2019.

### **Edina**

The law amends a 2014 special law granting special TIF authority for the Southeast Edina Redevelopment Project Area by increasing the period in which the city may create TIF districts within the project area by two years—until December 31, 2021.

[1st spec. sess., ch. 6](#), art. 7, § 3, amending [Laws 2014, ch. 308](#), art. 6, § 8, subd. 1, as amended by [Laws 2017, 1st spec. sess., ch. 1](#), art. 6, § 11, effective July 6, 2019, the day after the certificate of local approval was filed with the secretary of state.

### **Elk River**

The city of Elk River may impose a local sales tax of one-half of 1 percent to finance \$35 million plus associated bond costs for a number of specified park and recreational facilities, and dredging of Lake Orono. The law allows the city to issue up to \$35 million in bonds for the project without additional voter approval. The tax expires at the earlier of 25 years or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 17, effective June 8, 2019, the day after the certificate of local approval was filed with the secretary of state.

### **Excelsior**

The city of Excelsior may impose a local sales tax of one-half of 1 percent. The tax may be used to finance \$7 million plus associated bond costs for capital and administrative costs of improvements to the city commons as indicated in the Commons Master Plan adopted November 20, 2017. The tax expires at the earlier of 25 years after being imposed or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 18, June 5, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Floodwood

Under a 1994 law, \$150,000 in trunk highway money was appropriated to remodel the old Burlington Northern train depot in Floodwood into a safety information center and rest area and phase out the wayside rest area at Trunk Highways 2 and 73. The city of Floodwood was required to operate and maintain the trunk highway rest area after it was conveyed to the city. As of the end of the 2019 first special session, the rest area has not been conveyed to the city. The requirement to maintain the rest area was eliminated.

[1st spec. sess., ch. 3](#), art. 3, § 117, amending [Laws 1994, ch. 643](#), § 15, subd. 8, effective July 1, 2019.

## Glenwood

The city of Glenwood may impose a local sales tax of up to one-half of 1 percent to finance \$2.8 million plus associated bond costs for streets, park and recreational facility and trail improvements, and city municipal building. The law requires the city to pass an additional resolution before imposing the tax (see **Additional resolution requirements** under **Cities**). The city may issue up to \$2.8 million in bonds for the projects without additional voter approval. The tax expires at the earlier of 20 years or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 19, effective upon local approval.

## Hopkins

The 2019 law modifies pooling authority granted under a 2003 special law for the city of Hopkins by authorizing the city to pool increment for redevelopment (blight) activities, in addition to current law administrative expenses and housing activities. It also limits the total amount of pooling authorized for the district to 25 percent.

[1st spec. sess., ch. 6](#), art. 7, § 1, amending [Laws 2003, ch. 127](#), art. 10, § 31, subd. 1, as amended by [Laws 2008, ch. 366](#), art. 5, § 21, effective June 28, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Hennepin County

The law provides that the Hennepin County library director must be qualified by experience and education, eliminating the specific requirement that the director have a graduate school degree from a school accredited by the American Library Association. It establishes a preference for candidates with library experience.

[Ch. 48](#), amending [Minn. Stat. § 383B.241](#), effective August 1, 2019.

## International Falls

The city of International Falls may impose a local sales tax of up to 1 percent to raise \$30 million plus associated bond costs for transportation and other public infrastructure projects in the city. The law requires the city to pass an additional resolution before imposing the tax—see **Additional resolution requirements** under **Cities**. The city may issue up to \$30 million in bonds for the projects without additional voter approval. The tax expires at the earlier of 30 years or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 20, effective July 3, 2019, the day after the certificate of local approval was filed with the secretary of state.

## **Itasca County**

Itasca County may regulate by ordinance license fee increases that may be imposed on a homeowner by the owner or licensor of the underlying land on which the house is located. The law specifies the regulations if the county adopts an ordinance. It defines “license fee” and provides for the ordinance to apply only to fees imposed pursuant to license agreements entered into or renewed on or after the effective date.

[1st spec. sess., ch. 1](#), art. 6, § 60, effective May 31, 2019.

## **La Crescent**

The city of La Crescent may impose an extra 2 percent local lodging tax in addition to the 3 percent lodging tax allowed under general law. The total tax under this law and general law is limited to 5 percent. The city previously did not impose the 3 percent lodging tax under current law because it had no lodging within the city limits. A new convention center/hotel complex opened in May 2019.

[1st spec. sess., ch. 6](#), art. 6, § 21, effective June 15, 2019, the day after the certificate of local approval was filed with the secretary of state.

## **Lake County**

Lake County may impose up to a 4 percent lodging tax in the county with three-fourths of the money going for countywide marketing and one-fourth for promoting community events and festivals. The tax is in addition to any existing lodging tax imposed by a city, town, or the county in an unorganized territory under the general lodging tax statute; however, no city or town may impose a new local lodging tax under the general authority while the county tax is in effect.

[1st spec. sess., ch. 6](#), art. 6, § 22, effective upon local approval.

## **Lake Minnetonka Conservation District**

The Lake Minnetonka Conservation District’s authority is restricted to areas below the ordinary high-water mark and does not apply to land-based marina activities, including storage facilities. Land-based activities and structures are the responsibility of the local governments bordering the lake.

[1st spec. sess., ch. 4](#), art. 3, § 75, amending [Minn. Stat. § 103B.611](#), subd. 3, effective July 1, 2019.

## **Mazeppa**

The law provides a refundable sales tax exemption for taxes paid on materials, supplies, and equipment for buildings and equipment destroyed in the March 11, 2018, fire in the city of Mazeppa. The law includes durable equipment used in a restaurant for food preparation, storage, and serving in the definition of capital equipment exempt under this provision.

[1st spec. sess., ch. 6](#), art. 3, § 12, amending [Minn. Stat. § 297A.71](#) by adding subd. 51; effective retroactively from March 11, 2018, and applies to sales and purchases made after March 11, 2018, and before January 1, 2022.

## Melrose

Both the sales tax exemption and the remediation grants related to the September 8, 2016, fire in the city of Melrose are extended.

**Sales tax exemption.** The effective date for the sales tax exemption related to the fire in the city of Melrose is retroactively extended until January 1, 2023. This exemption originally expired December 31, 2018. The law requires that for the period between January 1, 2019, and July 1, 2019, the sales tax must be paid on exempt construction materials and refunded to the property owners in the same manner as was required for the time period from September 30, 2016, to July 1, 2017.

[1st spec. sess., ch. 6](#), art. 3, §§ 11 and 18, amending [Minn. Stat. § 297A.71](#), subd. 50, and [Laws 2017, 1st spec. sess., ch. 1](#), art. 3, § 32, the effective date; effective retroactively from January 1, 2019.

**Appropriation of lapsed amounts; fire remediation.** The law appropriates \$634,729 for a grant to the city of Melrose for fire remediation. The amount of the appropriation is the amount of unused remediation grants from an appropriation in 2017 that had lapsed. The new appropriation is available until June 30, 2021.

[1st spec. sess., ch. 6](#), art. 5, § 11, effective May 31, 2019.

## Mendota

The city is granted a refundable sales tax exemption for construction of a fire station (see **Sales tax exemption for construction of certain government facilities** under **Local Governments Generally**).

## Minneapolis

**Engine braking.** The city of Minneapolis may by ordinance restrict or prohibit the use of an engine brake on motor vehicles along I-94, in the westbound lanes beginning at LaSalle Avenue and extending west to the Lowry Tunnel. "Engine brake" means a device that uses the engine and transmission to slow a motor vehicle (instead of friction on the wheels) and is sometimes called "Jake Braking."

[1st spec. sess., ch. 3](#), art. 3, § 125, effective May 31, 2019.

**Liquor, lodging, and restaurant taxes.** The law changes the cap on the lodging tax so that it only applies to the total city tax rate that may be imposed on lodging establishments of 50 or more rooms in the city of Minneapolis. The new cap is 6.5 percent. This eliminates reductions in this tax caused by increases in county and state tax rates.

[1st spec. sess., ch. 6](#), art. 6, § 5, amending [Laws 1986, ch. 396](#), § 5, as amended by [Laws 2001, 1st spec. sess., ch. 5](#), art. 12, § 87, and [Laws 2012, ch. 299](#), art. 3, § 3, effective for sales and purchases made after September 30, 2019.

**Rail safety meetings.** Minneapolis must host rail safety meetings at least annually during Southwest light rail transit project construction.

[1st spec. sess., ch. 3](#), art. 3, § 130, effective upon local approval.

**Upper Harbor Terminal redevelopment TIF district.** The city of Minneapolis may create redevelopment TIF districts in a project area in North Minneapolis (generally referred to as the Upper Harbor Terminal

area). Under this provision, the following special rules would apply to any redevelopment district created:

- The established redevelopment districts do not have to meet the statutorily required blight findings for establishing a redevelopment district
- Increments from the established districts would not be required to be spent on correction of blight conditions, as required by statute for redevelopment districts
- The five-year rule is extended to ten years
- The percentage pooling limitation on expenditures outside the district is increased to 35 percent so long as increment is spent within the project area described in the bill

[1st spec. sess., ch. 6](#), art. 7, § 8, effective July 16, 2019, the day after the certificate of local approval was filed with the secretary of state.

### **Minnetonka**

The city is granted a refundable sales tax exemption for construction of a fire station and police station (see **Sales tax exemption for construction of certain government facilities**, under **Local Governments Generally**). The refund is limited to \$850,000 of sales taxes.

### **Monticello**

The city is granted a refundable sales tax exemption for construction of a new fire station (see **Sales tax exemption for construction of certain government facilities**, under **Local Governments Generally**).

### **North Mankato**

The city of North Mankato may impose a food and beverage tax of up to 1 percent in the city. The tax also applies to retail on-sale of alcoholic beverages. Revenues from the tax must be used for operation, maintenance, and capital expenses for the Casewell Regional Sporting Complex, including paying associated bonds; and for costs related to regional tourism events. The law allows the city to enter into an agreement with the Commissioner of Revenue to collect the tax on the city's behalf.

[1st spec. sess., ch. 6](#), art. 6, § 23, effective upon local approval.

### **Northwest Minnesota Multicounty Housing and Redevelopment Authority**

The law extends the levy authority of the Northwest Minnesota Multicounty Housing and Redevelopment Authority to taxes payable in 2024.

[1st spec. sess., ch. 6](#), art. 4, § 31, amending [Laws 2008, ch. 366](#), art. 5, § 33, the effective date, as amended by [Laws 2013, ch. 143](#), art. 4, § 36, effective beginning with taxes payable in 2019.

### **Perham**

The city of Perham may impose a local sales tax of up to one-half of 1 percent to raise \$5.2 million plus associated bond costs for capital costs related to the Perham Area Community Center project. The law allows the city to issue up to \$5.2 million in bonds for the project without a separate referendum. The tax expires at the earlier of 20 years or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 24, effective upon local approval.

## **Plymouth**

The city of Plymouth may impose an extra 3 percent local lodging tax for ten years, in addition to the 3 percent lodging tax allowed under general law. Two-thirds of the revenues from this special tax must be used for capital improvements to public recreational facilities and for marketing and promotion and the remaining one-third must be used as required under general law—to fund a local convention or tourism bureau.

[1st spec. sess., ch. 6](#), art. 6, § 25, effective upon local approval.

## **Red Wing Port Authority**

The port authority of Red Wing may conduct its meetings by telephone or other electronic means under Minnesota Statutes, section 13D.015.

[1st spec. sess., ch. 7](#), art. 2, § 4, amending [Minn. Stat. § 469.081](#), by adding subd. 6, effective May 31, 2019.

## **Rogers**

The city may impose up to a 0.25 percent sales tax and a \$20 motor vehicle excise tax and issue up to \$16.5 million in bonds for trail and pedestrian facilities including I-94 crossing, County Road 144 pedestrian tunnel, and other new trails and trail connections; various aquatics facilities; and various community athletic facilities. The tax would terminate at the earlier of 20 years or when sufficient revenue to pay the bonds has been raised.

[1st spec. sess., ch. 6](#), art. 6, § 26, effective June 21, 2019, the day after the certificate of local approval was filed with the secretary of state.

## **Roseville**

The city of Roseville may use all increment collected within its Hazardous Substance Subdistrict No. 17A for the purpose of funding environmental remediation on parcels within the district. This includes increment generated but not expended within the district's first five years after certification.

[1st spec. sess., ch. 6](#), art. 7, § 9, effective June 25, 2019, the day after the certificate of local approval was filed with the secretary of state.

## **St. Louis County**

The law updates the special law governing St. Louis County civil service provisions, which was originally enacted in 1941. In general, throughout the act, “civil service director” is updated to “human resources director” and transition language from 1941 is deleted. The act makes other technical, substantive changes to update the law.

[Ch. 9](#), amending, adding to, and repealing various provisions of [Minn. Stat. ch. 383C](#); effective upon local approval.

## St. Paul

The city of St. Paul may increase the extra local lodging tax that applies to places with 50 or more rooms from 3 percent to 4 percent. Ninety-five percent of revenues from this lodging tax must be used to fund the convention bureau and to promote tourism and the city convention center. The total lodging tax rate for larger hotels in the city would be 7 percent in addition to all general state and local sales taxes.

[1st spec. sess., ch. 6](#), art. 6, § 6, amending [Laws 1986, ch. 462](#), § 31, as amended by [Laws 1991, ch. 291](#), art. 8, § 24, [Laws 2011, ch. 112](#), art. 4, § 6, and effective the first day of a calendar quarter beginning at least 30 days after local approval.

## Sartell

The city may impose a food and beverage tax of up to 1.5 percent for capital or operational costs for new and existing recreational facilities and amenities in the city if approved by the voters at a general or special election held by the November 3, 2020, general election.

[1st spec. sess., ch. 6](#), art. 6, § 27, effective July 18, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Sauk Centre

The city of Sauk Centre may impose a local sales tax of up to one-half of 1 percent and an excise tax of \$20 per motor vehicle sold commercially in the city. The city may use \$10 million in revenues plus associated bond costs from the taxes to fund city infrastructure projects, related to the reconstruction of Trunk Highway 71. Allows the city to issue up to \$10 million in bonds for the project without a separate referendum. The tax expires at the earlier of December 31, 2045, or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 28, effective upon local approval.

## Scanlon

The city may impose up to a 0.5 percent sales tax and issue up to \$400,000 in bonds for city street improvements and utility infrastructure, including storm sewer and sanitary sewer improvements. The tax would terminate at the earlier of ten years or when sufficient revenue to pay the bonds has been raised.

[1st spec. sess., ch. 6](#), art. 6, § 29, effective upon local approval.

## Two Harbors

**Sign pilot program.** In 2014, the legislature established a community destination sign pilot program for wayfinding within the city of Two Harbors and to destinations or attractions of interest to the traveling public. The city is required to pay for the signs. MnDOT and the city must evaluate the effectiveness of the program. The pilot program report was originally due to the legislature by January 15, 2021, and that report is now due January 15, 2025.

[1st spec. sess., ch. 3](#), art. 3, §§ 118, 119, amending [Laws 2014, ch. 312](#), art. 11, § 38, subds. 5 and 6, effective July 1, 2019. [Note: The 2014 law was never approved.]

**Lodging tax.** The law adjusts the cap on the lodging tax imposed in the city of Two Harbors from 3 percent to 5 percent to account for the new Lake County lodging tax. Under prior law, the city could impose a 1 percent lodging tax under special law but this tax combined with a tax imposed under the general lodging tax law could not exceed 3 percent. This change will allow the city to retain the tax under special law but not impose the tax under general law if the county imposes its 4 percent tax.

1st spec. sess., ch. 6, art. 6, § 7, amending [Laws 1994, ch. 587](#), art. 9, § 11, effective July 2, 2019, the day after the certificate of local approval was filed with the secretary of state.

**Sales tax.** The law allows the city of Two Harbors to impose an additional one-half of 1 percent sales tax based on voter approval at the 2018 general election. This is in addition to its existing one-half of 1 percent sales tax. The city is required to pass an additional resolution before imposing the tax increase (see **Additional resolution requirements** under **Cities**). The law updates an obsolete cross-reference. The city may issue \$30 million of bonds for the various infrastructure projects, and the tax terminates at the earlier of 25 years or when revenues are sufficient to pay for the projects plus associated bond costs.

1st spec. sess., ch. 6, art. 6, §§ 8 to 11, amending [Laws 1998, ch. 389](#), art. 8, § 45, as amended by [Laws 2008, ch. 366](#), art. 7, § 11, effective July 2, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Virginia

The city of Virginia may impose a local sales tax of up to 1 percent to fund \$30 million plus associated bond costs for renovation, reconstruction, expansion, and improvements of the Miner's Memorial recreation complex and convention center. Allows the city to issue up to \$30 million in bonds for the project without a separate referendum. The tax expires at the earlier of 20 years or when allowed revenues are raised.

1st spec. sess., ch. 6, art. 6, § 30, effective June 14, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Waubun

The Commissioner of Revenue may pay the second 2018 LGA and small city assistance aid payments to the city of Waubun by June 30, 2019, provided the city's 2017 financial reports are filed with the state auditor by May 31, 2019. The city lost half of its aid payments in 2018 because it had not filed the necessary reports.

1st spec. sess., ch. 6, art. 5, § 9, effective May 31, 2019.

## West St. Paul

The city may impose a 0.5 percent tax and issue up to \$28 million in bonds for rebuilding and repair of transportation corridors and related ancillary roads in the city. The tax would terminate at the earlier of 20 years or when sufficient revenue to pay the bonds has been raised.

1st spec. sess., ch. 6, art. 6, § 31, effective July 3, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Willmar

The city of Willmar may impose a local sales tax of up to one-half of 1 percent and up to a \$20 excise tax on commercial sales of motor vehicles made in the city to finance \$30 million plus associated bond costs, for replacement of a community center, a number of enumerated recreational facilities, and a storm water management project. Allows the city to issue up to \$30 million in bonds for the projects without a separate referendum. The tax expires at the earlier of 13 years or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 32, effective June 28, 2019, the day after the certificate of local approval was filed with the secretary of state.

## Winona Port Authority

The port authority of Winona may conduct its meetings by telephone or other electronic means under [Minnesota Statutes, section 13D.015](#).

[1st spec. sess., ch. 7](#), art. 2, § 5, amending [Minn. Stat. § 469.089](#), by adding subd. 12, effective May 31, 2019.

## Worthington

The city of Worthington may impose a local sales tax of one-half of 1 percent to finance \$25 million plus associated bond costs for various park and recreational facility improvements, lake quality improvements, and a street plaza. The law requires the city to pass an additional resolution before imposing the tax (see **Additional resolution requirements** under **Cities**). The law also allows the city to issue up to \$25 million in bonds for the projects without a separate referendum. The tax expires at the earlier of 15 years or when allowed revenues are raised.

[1st spec. sess., ch. 6](#), art. 6, § 33, effective upon local approval.

# Metropolitan Government

## Light rail transit drivers

The 2019 Legislature added drivers of light rail transit (LRT) vehicles to the law governing reckless or careless driving. Driving recklessly or carelessly is a misdemeanor, but if it results in great bodily harm or death to another, it is a gross misdemeanor.

[Ch. 10](#), amending [Minn. Stat. § 169.13](#), subs. 1 and 2, effective August 1, 2019.

## Budget narratives

In the budget submission to the legislature under [Minnesota Statutes, section 16A.11](#), for fiscal years 2022 and 2023, the Metropolitan Council must present budget narratives and the proposed appropriations, if any, for each of the following categories: Metro Mobility, contracted bus service, regular route bus service, light rail transit, commuter rail, transportation planning, and allocation to the regional administration.

[1st spec. sess., ch. 3](#), art. 1, § 10, effective July 1, 2019.

## **Metro Mobility data sharing**

In general, by law data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals and cannot be disclosed. A new 2019 law provides an exception to allow the Department of Human Services and the Metropolitan Council to share data in order to coordinate Metro Mobility services with services for people with disabilities and elderly individuals funded by or through the Department of Human Services, and to reimburse Metro Mobility when possible. The data that may be shared are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

[1st spec. sess., ch. 3](#), art. 3, §§ 3, 4, amending [Minn. Stat. § 13.46](#), subd. 2, [13.72](#), subd. 10, effective May 31, 2019.

## **Metro Mobility service area**

The Metro Mobility service area is expanded to include Lakeville.

[1st spec. sess., ch. 3](#), art. 3, § 112, amending [Minn. Stat. § 473.386](#), subd. 3, effective January 1, 2020.

## **Financial assistance; regional allocation**

Extends by two years (to state fiscal year 2021) a minimum level of regionally allocated motor vehicle sales tax revenue that the Metropolitan Council must provide to suburban transit providers.

[1st spec. sess., ch. 3](#), art. 3, § 113, amending [Minn. Stat. § 473.388](#), subd. 4a, effective May 31, 2019.

## **Transit capital bonding**

The Metropolitan Council may issue up to an additional \$92.3 million in bonds or similar forms of debt to finance capital expenditures as prescribed in the council's transit capital improvement program.

[1st spec. sess., ch. 3](#), art. 3, § 114, amending [Minn. Stat. § 473.39](#), by adding subd. 1v, effective July 1, 2019.

## **Use of debt to finance LRT**

In 2017, the legislature prohibited the Metropolitan Council from using any of its transit capital bond proceeds for LRT purposes. This year, the legislature limited this provision to the bonding authorized in 2017.

[1st spec. sess., ch. 3](#), art. 3, § 115, amending [Minn. Stat. § 473.36](#), subd. 6, effective May 31, 2019.

## **Southwest LRT dispute.**

The Office of Collaboration and Dispute Resolution must facilitate one or more meetings between the Metropolitan Council and the Calhoun Isles Condominium Association to discuss issues related to vibration impacts to the Calhoun Isles property in Minneapolis due to Southwest LRT project construction activities and operations. The council and the association must both be allowed to present any evidence or research on the issue. The goal of the meeting is to agree on how to avoid damage to the buildings due to the vibrations from the project.

[1st spec. sess., ch. 3](#), art. 3, § 122, effective July 1, 2019.

### **Transit financial activities review**

The 2019 Legislature repealed a law that requires the legislative auditor to conduct a quarterly review of the Metropolitan Council transit financial activities.

[1st spec. sess., ch. 3](#), art. 3, § 140, paragraph (d), repealing [Minn. Stat. § 3.972](#), subd. 4, effective July 1, 2019.

## Appendix: List of Major Omnibus Bills

All the citations in this report are to [Laws 2019](#), unless otherwise indicated. For other provisions that may affect local government, see the acts or House Research Department act summaries of the omnibus bills, and other major bills, enacted in 2019:

### 2019 Regular Session

Agriculture Policy .....	Chapter 38
Capital Investment.....	Chapter 2, First Special Session, Chapter 13
Higher Education.....	Chapter 64

### 2019 First Special Session

Agriculture and Housing Finance and Policy.....	First Special Session, Chapter 1
Education—K-12 .....	First Special Session, Chapter 11
Environment and Natural Resources, LCCMR.....	First Special Session, Chapter 4
Health and Human Services .....	First Special Session, Chapter 9
Jobs, Economic Development, and Energy.....	First Special Session, Chapter 7
Legacy—Outdoor Heritage Fund .....	First Special Session, Chapter 2
Pensions .....	First Special Session, Chapter 8
Public Safety, Corrections, Courts.....	First Special Session, Chapter 5
State Government and Veterans .....	First Special Session, Chapter 10
Taxes .....	First Special Session, Chapter 6
Transportation .....	First Special Session, Chapter 3

Acts are available on the Revisor of Statutes website (<https://www.revisor.mn.gov/laws/>). Act summaries are available on the House Research website (<http://www.house.mn/hrd/actsum.aspx>).



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