

September 2001

**2001 Legislation Relating to
Local and Metropolitan Government**

This report describes legislation enacted in the 2001 regular and first special sessions relating to local and metropolitan government. It also briefly describes vetoed legislation. This report does *not* cover all legislation that affects local governments. It does not cover civil or criminal law, employment or pensions, health and human services, transportation, economic development, or environmental issues, with a few exceptions.

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All the citations in this report are to Laws 2001, Regular Session unless otherwise indicated. For information on laws enacted in 2001 that may affect local government that are not covered in this report, see the act summaries for:

Taxes	1 st Spec. Sess. ch. 5
Government Data Practices	Ch. 202
Public Safety, Judiciary, and Criminal Justice ..	1 st Spec. Sess. ch. 8, art. 4 to 12; 1 st Spec. Sess. ch. 9, art. 18 and 19
Jobs and Economic Development	1 st Spec. Sess., ch. 4
Public Pensions	1 st Spec. Sess., ch. 10, art. 3 to 17
Transportation	1 st Spec. Sess., ch. 8, art. 1 to 3
Capital Investment	1 st Spec. Sess., ch. 12
Election Law	1 st Spec. Sess., ch. 10, art. 18
Health and Human Services	1 st Spec. Sess., ch. 9, art. 1 to 17

Act summaries are available on the House Research web site (ww3.house.leg.state.mn.us/hrd/actsum.asp).

Local Government Generally

Land Use, Planning, Zoning

Aggregate Resources and Land Use Plans in Metropolitan Area

After August 1, 2001, when a land use plan is amended or adopted by a local government in the metropolitan area in relation to aggregate resources, or when the local government receives an application from a landowner for adoption or amendment of a land use plan relating to aggregate resources, the local government must include in the new or amended land use plan the local government's goals, intentions, and priorities concerning: aggregate and other natural resources, transportation infrastructure, land use compatibility, habitat, agricultural preservation, and other planning priorities.

1st spec. sess., ch. 8, art. 2, §§ 73 and 74, amending Minn. Stat. § 473.859, subd. 2 and adding subd. 2a

Nonconforming Uses

This law states the conditions under which a nonconforming use under a city's or town's zoning ordinance must be replaced with a conforming use. It provides that a nonconforming use may be continued, including through repair or maintenance, but that if the nonconforming use is discontinued for more than a year or if a nonconforming use is destroyed by more than 50 percent of its market value, subsequent use or occupancy must be conforming. It also restates that a city or town may regulate nonconforming uses to prevent or abate nuisances, protect the public health, safety and welfare, and enforce ordinances relating to adult-only business.

A similar provision already exists in the county planning and zoning statute.

Ch. 174, amending Minn. Stat. § 462.357, adding subd. 1e, effective August 1, 2001

Vote to Amend Zoning Ordinance

To amend a zoning ordinance a municipality now needs only a majority vote of its governing body instead of a two-thirds vote, except that changing all or part of an existing classification from residential to commercial or industrial still requires a two-thirds majority of the governing body. The special procedures for amending a zoning ordinance in a city of the first class (Minneapolis, St. Paul, or Duluth) now apply only to proposed amendments to change a classification from residential to commercial or industrial. Adoption or amendment of a local comprehensive plan still requires a two-thirds vote.

Ch. 207, §§ 13 and 14, amending Minn. Stat. § 462.357, subs. 2 and 5, effective May 30, 2001

Judicial Review of Need for Road Takings

Courts may now review whether a condemnation of land by a county or town for a road is for a public purpose. Prior law allowed for appeal to the courts on the amount of compensation for the taking but not on the need for the taking itself. A recent state court of appeals decision held that this shortcoming rendered the prior law unconstitutional.

Ch. 139, amending Minn. Stat. §§ 163.12, subd. 2, and adding subs. 1a and 1b; 164.07, subs. 1, 2, 7, and 10, effective May 22, 2001

Inclusionary Housing Study

The 2001 Legislature directed the Minnesota Housing Finance Agency and Minnesota Planning to conduct a study of inclusionary housing statutes and ordinances throughout the country and report back by January 15, 2002. The agencies are also to consult with municipalities and local zoning and planning officials, as well as builders, developers, realtors, and housing advocates, to recommend approaches to encourage residential developments including housing for a range of income.

Many municipalities and regions around the country have adopted or are considering ordinances that require residential developments over a certain number of units to include a minimum percentage of units with rents or sale prices affordable to households with moderate or low incomes.

1st spec. sess., ch. 4, art. 4, § 37, effective July 1, 2001

Platted Land Market Valuation

The phase-in of the increase in market value from the value of unplatted land to platted land is extended from three years to seven years in counties outside of the seven-county metropolitan area. This allows rural communities a longer time in which to develop land before it is subject to the generally higher taxes associated with platted land.

1st spec. sess., ch. 5, art. 3, § 26, amending Minn. Stat. § 273.11 by adding subd. 14b, effective for land platted after July 31, 2001

Governmental Powers and Duties

**Cities and Counties:
Payment by Electronic
Funds Transfers and
Credit Cards**

Cities and counties may now make and accept payments by various means, such as with credit cards and electronic funds transfers. The legislature gave Hennepin County similar authority in 2000. The city or county must adopt policies and procedures to accept payment by these methods. If accepting payment by credit card, a city or county may add a service charge to the amount due for accepting payment by one of these methods. Payment of property taxes by credit card is governed by [section 276.02](#).

Finally, a city or county may use electronic approvals to authenticate and validate a city or county administrative action. The city or county must adopt policies and procedures to ensure validity of electronic approvals.

Ch. 13, §§ 1 and 2, amending Minn. Stat. § 471.38, subd. 1, and adding Minn. Stat. § 471.381, effective August 1, 2001

**Cities and Towns:
Credit Card Use**

A city council or town board may authorize the use of a credit card by an officer or employee when making purchases on behalf of the city or town. The officer or employee is personally liable for the amount of unauthorized purchases. All laws and policies applicable to city or town purchasing apply to purchases made with a credit card. The 2000 Legislature provided counties the same authority. [Minn. Stat. § 375.171](#).

Ch. 13, § 3, adding Minn. Stat. § 471.382, effective April 7, 2001

**Official Newspapers
for Small Communities**

A smaller newspaper may now serve as the qualified newspaper for smaller communities. For any political subdivision with a population under 1,300, if the qualified newspaper receives no public subsidy, the newspaper can:

- < have a printed space of 800 square inches instead of 1,000 square inches, and
- < have a minimum circulation of 250 instead of 500.

Ch. 38, amending Minn. Stat. § 331A.02, subd. 1, effective August 1, 2001

Uniform Municipal Contracting

The 2000 Legislature increased the thresholds for contracts requiring sealed bids and for contracts that can be entered into by direct negotiation under the uniform municipal contracting law.

The 2001 Legislature made conforming changes to related statutes. It increased the threshold for when the governing body of the city, town, or county must advertise for bids in the newspaper for the planned improvements from \$25,000 for all local governments to \$35,000 for local governments of less than 2,500 population and \$50,000 for all other local governments.

It also increased the maximum amount under which the governing body of the city, town, or county may (a) directly purchase the materials for the work and employ day labor, or (b) use day labor to complete or re-do an unreasonably delayed or improperly done project for which the governing body hired a contractor, from \$25,000 for all local governments to \$35,000 for local governments of less than 2,500 population, and \$50,000 for all other local governments. The threshold for total cost of a project, materials and day labor, was increased from \$10,000 to \$25,000, for work done by day labor that must be supervised by a registered engineer. A similar change was also made for Housing and Redevelopment Authorities. (See page 43.)

Ch. 5, amending Minn. Stat. § 429.041, subds. 1 and 2, effective March 3, 2001

Gift Ban Exception

In general, an interested person may not give a gift or request another to give a gift to a local official, and a local official may not accept a gift from an interested person. A “local official” means an elected or appointed official of a county or city or of an agency, authority, or instrumentality of a county or city.

The ban against gifts to local officials has been modified to allow local officials attending certain conferences to accept gifts of food or beverage. Specifically, the prohibition does not apply when the gift is:

- < from a national or multistate organization of government organizations or public officials, if a majority of dues to the organization are paid from public funds,

- < given to attendees at a conference sponsored by that organization, and
- < food or a beverage given at a reception or meal and an equivalent gift is given or offered to all other attendees.

This exception is comparable to what the campaign finance and public disclosure board has determined applies to public officials (e.g., legislators) in its advisory opinion number 273.

Ch. 93, amending Minn. Stat. § 471.895, subd. 3, effective May 15, 2001

Conflict of Interest Law Exceptions

In general, a public officer who is authorized to take part in making a sale, lease, or contract in an official capacity must not have a personal financial interest in that sale, lease, or contract or personally benefit financially therefrom. A public officer who violates this provision is guilty of a gross misdemeanor.

Two exceptions to this general prohibition were added in 2001. First, a governing body may apply for and accept a state or federal grant for housing, community, or economic development that may benefit a public official, if that person abstains from voting on measures related to the grant. The second exception applies to a city with a population of 5,000 or less in St. Louis County administering a loan or grant program with community development block grant funds or federal economic development administration funds for property owners in the city. Such a city may make a grant or loan from those funds to a public officer of the city as long as the officer discloses that the officer has applied and abstains from voting on the grant or loan.

Ch. 132, amending Minn. Stat. § 471.88, by adding subs. 17 and 18, effective August 1, 2001

Surety Bonds

This law involves surety bonds required by the state or local governmental units in connection with government construction contracts. Surety bonds involve a surety or insurance company providing a bond guaranteeing the government that the contractor is qualified to perform the work. This law prohibits a practice known as “directed surety.” It prohibits the state and local governments from requiring that surety bonds required of contractors on government construction projects be obtained from a particular company or agent. The governmental unit may set other requirements for surety bonds.

Ch. 76, adding Minn. Stat. § 574.39, effective August 1, 2001

Performance Bonds The dollar value of a contract for which a public body must obtain a performance bond and a payment bond from the contractor is increased from \$10,000 to \$75,000. “Public body” includes municipal corporations and other public bodies.

1st spec. sess., ch. 10, art. 2, § 83, amending Minn. Stat. § 574.26, effective July 1, 2001

Train Quiet Zones Cities, counties, and towns may establish “quiet zones” in which the sounding of railroad horns, whistles, and other audible warnings is regulated or prohibited. Quiet zones must be at least one-half mile long. Quiet zone ordinances and regulations must conform to federal law and regulation.

Under recent rules of the federal railroad administration, localities are allowed to regulate train whistles only if they establish quiet zones where all rail-highway grade crossings have protective measures, including crossing gates, that “fully compensate for the absence of the audible warning provided by the locomotive horn.”

1st spec. sess., ch. 8, art. 2, § 59, adding Minn. Stat. § 219.166, effective July 1, 2001

Residential Roadways In order to set a lower speed limit for a longer stretch of a street in a residential area, “residential roadway” is redefined to mean a street or portion of a street that is less than one-half mile in length and is functionally classified as a local street by the road authority having jurisdiction. Previously, the length was less than one-quarter mile. The speed limit for a residential roadway is 25 miles per hour, if adopted by the road authority.

Ch. 119, amending Minn. Stat. § 169.01, subd. 81, effective August 1, 2001

Armories Under prior law, if a local governmental unit donated a building site to the state or armory building commissions (ABC) for an armory or maintenance shop, and the state or the ABC did not build the armory or maintenance shop within a ten year period, the local government could notify the state in writing of its withdrawal of the donation. If the site remained unused for armory purposes for one year following such notice, the state or the ABC had to reconvey the site back to the donating unit of government. Now, the adjutant may reconvey the land back to the donating unit sooner than ten years if the state has no further interest in the property.

1st spec. sess., ch. 10, art. 2, § 65, amending Minn. Stat. § 193.144, subd. 6, effective July 1, 2001

Fire Training and Ash Disposal

Local governments may now conduct fire training exercises involving the live burning of a structure and dispose of the ash as demolition debris. The ash may be disposed in any permit-by-rule land disposal facility authorized under Pollution Control Agency rules or any permitted demolition land disposal facility, with the consent of the disposal facility operator, if a person certified by a Minnesota state college or university fire safety center certifies in writing in advance to the commissioner that the structure has been adequately prepared for such a training exercise. The local government must take into account all applicable safety concerns and regulations, including Pollution Control Agency guidelines regarding the removal of hazardous materials from training-burn structures before the training event. Previously, local governments were having to choose between this kind of fire training and expensive ash disposal costs. The new law balances those concerns, allowing additional training, but lower disposal costs.

Ch. 67, amending Minn. Stat. § 116.07 by adding subd. 12, effective May 3, 2001

Open Meeting Law

Governing bodies of local public pension plans are subject to the open meeting law.

1st spec. sess., ch. 10, art. 4, amending Minn. Stat. § 13D.01, subd. 1, effective July 1, 2001

State Funding and Regulation

Sustainable Building Guidelines

Any building project funded with state bond proceeds after January 1, 2004, must comply with the sustainable building design guidelines to be developed by the Departments of Administration and Commerce by January 15, 2003. The guidelines are to ensure that public buildings initially exceed existing energy code by at least 30 percent, with the lowest possible lifetime cost for new buildings, allowing for changes in the guidelines that encourage continual energy conservation improvements in the buildings.

Ch. 212, art. 1, § 2, adding Minn. Stat. § 16B.325, effective August 1, 2001

State Building Code Enforcement

The 2001 Legislature enacted many provisions intended to streamline the development process. This summary covers provisions of the law affecting local governments. See generally, [ch. 207](#), and [1st spec. sess., ch. 10, art. 2, §§ 26 to 31](#).

Enforcement. All towns, not just urban towns, are now included in the sections concerning the enforcement of the state building code.

1st spec. sess., ch. 10, art. 2, § 26, amending Minn. Stat. § 16B.60, subd. 3, effective July 1, 2001

Designation of a building official. By January 1, 2002, all local governments that have adopted the state building code must designate a building official responsible for administering the code. A designated person must be certified as a building official by the Department of Administration. The Department of Administration must form an oversight committee to evaluate complaints against municipal building officials and recommend sanctions if deemed appropriate, including fines and suspensions or revocations of certification. If a municipality does not designate a building official by January 1, 2002, or if the position remains vacant for over 15 days after that date, the state building official may furnish state employees to administer the code in that municipality and the municipality must pay the state for the cost of the state employee's services.

1st spec. sess., ch 10, art. 2, § 30, amending Minn. Stat. 16B.65, effective July 1, 2001

Plan review fees. The Commissioner of Administration must develop rules governing fees assessed by a local government for the review of plans for a building that is similar to a building for which a plan review has already been performed, requiring that such additional plan review fees must be commensurate with the direct and indirect costs of the service. The new rules will apply to similar buildings without significant modifications, and must include provisions for modularly constructed components.

Ch. 207, § 1, amending Minn. Stat. § 16B.61, subd. 1, effective August 1, 2001

State building code preemption. Municipalities may not adopt an ordinance or include a provision in a development agreement that is different from a comparable provision of the state building code, except that municipalities may enact a stricter ordinance where warranted by local geological conditions. Such an ordinance must be approved by the state building official, and municipalities may appeal a disapproval by the state building official to the Commissioner of Administration.

Ch. 207, § 3, amending Minn. Stat. § 16B.62, subd. 1, effective August 1, 2001

Code interpretation. The state building official, under the jurisdiction of the Commissioner of Administration, has final interpretative authority relating to all component codes of the state building code except the plumbing code and electrical code, which are enforced by the Commissioner of Health and state board of electricity, respectively. A final interpretation may be appealed to the Commissioner of Administration within 30 days of issuance. Final interpretations must be published within ten business days of issuance, and municipal building officials must administer all final interpretations until the final interpretations are considered for adoption as part of the state building code.

Ch. 207, § 4, amending Minn. Stat. § 16B.63, adding subd. 5, effective August 1, 2001

Local fees limited. Municipalities may not charge a fee exceeding \$15 or 5 percent of the cost of the improvement, whichever is greater, for the improvement, installation, or replacement of a residential fixture or appliance not affecting electric or gas service, costing \$500 or less, and done by the home owner or a licensed contractor.

Ch. 207, § 5, adding Minn. Stat. § 16B.665, effective January 1, 2002

Reporting on fees. Municipalities must report annually to the Department of Administration starting April 1, 2003, all construction- and development-related fees collected, including information on: the number and valuation of the units for which fees were paid; the amount of permit fees, plan review fees, administrative fees, engineering fees, infrastructure fees, and other related fees; and the expenses associated with the municipal activities for which the fees were collected.

Ch. 207, § 6, adding Minn. Stat. § 16B.685, effective August 1, 2001

Local licensing of contractors limited. Political subdivisions may not require persons licensed as residential contractors by the state also to be licensed or pay a registration fee related to licensure under any local ordinance. Local licenses for persons installing on-site sewage treatment systems are allowed.

Ch. 207, § 7, amending Minn. Stat. § 326.90, subd. 1, effective August 1, 2001

Fees must be reasonable and fair. Municipal permit and plan review fees must be fair, reasonable, and proportionate to the actual cost of the service for which the fee is imposed, and may only be used for the purposes for which they were collected. A disputed fee must be deposited and held in escrow until the Commissioner of Administration rules on an appeal by the aggrieved person. Meanwhile, an approved application may proceed as if the fee had been paid.

Ch. 207, § 11, amending Minn. Stat. § 462.353, subd. 4, effective January 1, 2002

Waivers of rights of appeal. A waiver of rights of appeal is effective only for the amount of a special assessment estimated or agreed to in a development agreement. A waiver of rights of appeal may provide that certain increases cannot be appealed if the increases are approved by developers or result from developer requests.

Ch. 207, § 12, adding Minn. Stat. § 462.3531, effective August 1, 2001, and applicable to contract entered into on or after that date

**Optional Local Review
of Electric Generating
Facilities Siting or
Transmission Routing**

Applicants for permits to site or route certain electric generation or transmission facilities projects, may ask the local government with jurisdiction over the site or route for approval, in place of the Environmental Quality Board. A local government that has been asked to issue a permit may request the EQB to assume jurisdiction. Eligible projects include: small generation facilities; natural gas peaking generation facilities; transmission lines between 100 and 200 kilovolts; and transmission lines of between 200 and 300 kilovolts less than 10 miles in length.

Ch. 212, art. 7, § 15, adding Minn. Stat. § 116C.576, effective for certificates of need and route and site permits applied for on or after August 1, 2001

**Conservation
Improvement Plan**

Municipal utilities and cooperative electric associations must evaluate their energy and capacity conservation programs, develop plans for future programs, and report their findings and plans to the legislature by June 1, 2002. The evaluation must develop program and performance goals that recognize customer class, demographics, costs, economic indicators, and utility load shape. The utility or association may deduct the cost of the evaluation from its conservation spending obligation.

Ch. 212, art. 8, § 11, effective August 1, 2001

State Boards and Per Diem

In the past there have been different standards for payment of per diem to public employees serving on different types of state boards and advisory groups. This law makes the standards consistent. Under these standards, public employees, including employees of political subdivisions, will not receive the \$55 per diem payments for activities that occur during working hours for which they are compensated by the public employer, unless the employee uses vacation time. The law also requires each board and council to adopt internal standards prescribing conditions under which any member may receive per diem.

Ch. 61, amending Minn. Stat. §§ 15.0575, subd. 3; 15.059, subd. 3; and 214.09, subd. 3, effective July 1, 2001, and applying to service on or after that date

Sales Taxes Exemptions

Ambulance supplies, parts, and equipment. A sale to a licensed ambulance service for supplies and equipment used to provide medical care and repair and replacement parts for the ambulances is exempt from sales tax. The exemption for supplies and equipment used to provide medical care by an ambulance service owned and operated by a political subdivision is eliminated because it is superseded by the new general exemption.

1st spec. sess., ch. 5, art. 12, §§ 43 and 58, amending Minn. Stat. §§ 297A.67, by adding subd. 28, 297A.70, subd. 3, effective for sales and purchases made after July 31, 2001

Petroleum products. Ambulance services and transit services receiving Medical Assistance transportation payments are exempt from paying the motor fuels tax or the sales tax on fuel purchases.

1st spec. sess., ch. 5, art. 12, § 52, amending Minn. Stat. § 297A.68, subd. 19, and art. 13, §§ 5 and 6, amending Minn. Stat. §§ 296A.07, subd. 4, 296A.08, subd. 3, effective for sales and purchases made after July 31, 2001

Administrative Rules

The 2001 Legislature made a number of changes in the administrative rulemaking process that may be of interest to local governments. Among the changes are:

- < Creation of a new process relating to variances from agency rules;
- < Authority for legislative committees to delay effective date of proposed rules;
- < Creation of a new process for a person or entity (i.e., a local government) to challenge agency attempts to enforce policies without going through rulemaking; and
- < Establishment of a new process that agencies may use to repeal obsolete rules.

It also repealed the sunset on the governor's rule veto authority, and modified some of the rule veto procedures. In 1999, the legislature gave the governor temporary veto power over administrative rules. This authority was to expire June 30, 2001. The 2001 Legislature made the governor's authority to veto rules permanent law. In addition, the governor was given additional time to decide whether to veto adopted rules. The governor now has 14 days after a rule is final in which to *submit* the veto notice to the State Register, rather than 14 days in which to have the notice published in the State Register.

Ch. 179, amending Minn. Stat. § 14.05, subd. 6, and repealing Laws 1999, ch. 129, § 6, and adding Minn. Stat. §§ 14.055, 14.056, 14.126, 14.381, 14.3895, effective July 1, 2002, except that the authority to adopt rules under § 14.055, subd. 5, is effective May 26, 2001, and providing for expiration of Minn. Stat. § 14.05, subd. 4, effective July 1, 2002

Local Road Program Study

The Commissioner of Transportation must study and report to the governor and the legislature by February 15, 2002, on alternative methods of establishing a local road improvement program to distribute appropriations for local road improvements other than through the county and municipal state-aid funds. The commissioner must consult with local government, local highway engineers, and highway users.

1st spec. sess., ch. 8, art. 1, § 2, subd. 6, ¶ (c), effective July 1, 2001

Seasonal Gross Weight Restrictions for Roads

Carrots. The seasonable gross weight limit for transportation of carrots from harvest to first unloading is increased to be the same as that for sugar beets and potatoes.

Ch. 156, amending Minn. Stat. § 169.825, subd. 11, effective August 1, 2001

Freezing index. The dates for the 10 percent gross weight seasonal increase will be set by the Commissioner of Transportation based on a freezing index model each winter, instead of fixed dates in statute.

Ch. 213, § 10, amending Minn. Stat. § 169.825, subd. 11, effective August 1, 2001

Pay Equity Study

The Commissioner of Employee Relations must convene a work group to examine practices and progress of the local government pay equity act, and to report findings to the legislature by January 15, 2002.

1st spec. sess., ch. 10, art. 2, § 92, effective July 1, 2001

Camp Coldwater Springs

Metropolitan agencies, political subdivisions, and the state are prohibited from taking any action that may diminish the flow of water to or from Camp Coldwater Springs. All projects must be reviewed under the Minnesota Historic Sites Act and the Minnesota Field Archaeology Act with regard to the flow of water to or from Camp Coldwater Springs.

Ch. 101, § 1, effective May 16, 2001

Emergency Medical Services

The Emergency Medical Services Regulatory Board may grant temporary variances from the staffing requirements for basic life support ambulances to allow an ambulance to be staffed by one EMT and one first responder, instead of one EMT and one EMT, registered nurse, or physician assistant. This applies to an ambulance service whose primary service area is located outside the seven-county metropolitan area and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud; or to an ambulance service based in a community with a population of less than 1,000.

Ch. 74, § 1, amending Minn. Stat. § 144E.101, subd. 6, effective August 1, 2001

Organ Donation Leave

The state, counties, cities, towns, school districts, and other political subdivisions employing 20 or more employees must grant paid leaves of absence to an employee who works 20 or more hours per week and who seeks to donate an organ or partial organ to another person. The combined length of the leaves may not exceed 40 hours per donation, unless the employer agrees to provide additional leave time.

1st spec. sess., ch. 4, art. 2, § 9, adding Minn. Stat. § 181.9455, effective August 1, 2001, and expiring June 30, 2004

Elections

Election Law Changes

A number of changes were made to Minnesota election law in the 2001 first special session. For an overview of all the changes, see the act summary for 1st Spec. Sess., ch. 10, art. 18. Changes that are specific to towns are summarized on page [41](#).

**Petition Requirements
for Ballot Questions**

Where a statute authorizes or requires putting a question to the voters when a specified number of individuals have signed a petition, and the statute specifies the number in terms of a percentage of those who voted in a previous election, the statute must be construed to mean that signers must be persons currently eligible to vote rather than only being persons who were eligible to vote, or who did vote, at the last election.

1st spec. sess., ch. 10, art. 18, § 6, adding Minn. Stat. § 200.039, effective January 1, 2002

**Government Meetings
on Precinct Caucus or
Election Days**

Special taxing districts are now included in the law that limits governmental units from conducting public business after 6 p.m. on precinct caucus day or between 6 p.m. and 8 p.m. on election day. Special taxing districts are those listed in Minnesota Statutes, section 275.066, including watershed districts, sanitary districts, park districts, metropolitan agencies, economic development authorities, port authorities, and others.

1st spec. sess., ch. 10, art. 18, §§ 9 and 27, amending Minn. Stat. §§ 202A.19, subd. 1, 204C.03, subd. 1, effective January 1, 2002

Unofficial Ballots

The county auditor or municipal clerk must prepare unofficial ballots if official ballots are not ready when the time for absentee balloting starts or if ballots have run out before absentee voting ends.

1st spec. sess., ch. 10, art. 18, § 12, amending Minn. Stat. § 203B.06, by adding subd. 3a, effective January 1, 2002

**Voting Equipment
Grants**

An account is created in the state treasury from which the Commissioner of Administration will make grants to political subdivisions that could not otherwise afford optical scan equipment. The 2001 Legislature appropriated \$1.9 million for deposit in the account. Grants are to be made upon recommendation of the secretary of state. A grantee must provide a one-to-one match consisting of nonstate, nonfederal funds.

1st spec. sess., ch. 10, art. 1, § 12, subd. 7, and art. 18, § 26, adding Minn. Stat. § 204B.48, effective July 1, 2001

Required Recounts

The local office automatic recount statute was amended. The sliding scale based on the total number of votes cast was eliminated. Instead, a recount may be requested (and must be granted) if the difference is less than one-half of 1 percent of the total vote cast, except that when 400 or fewer votes are cast, the margin for triggering a recount would be ten votes rather than one-half percent. In a case where two or more seats are being filled from among all the candidates, the one-half percent is measured as the difference between the elected candidate with the fewest votes and the candidate with the most votes from among those who were not elected.

1st spec. sess., ch. 10, art. 18, §§ 29 and 30, amending Minn. Stat. § 204C.36, subs. 1 and 3, effective January 1, 2002

Ballot Preparation

Example ballots. The secretary of state must give the county auditors an example ballot for the primary and general elections every June 1. County auditors must distribute the samples to municipal and school district clerks who have elections that year.

1st spec. sess., ch. 10, art. 18, § 32, amending Minn. Stat. § 204D.09, effective January 1, 2002

The secretary of state must give town clerks with March elections a copy of an example ballot at least 30 days before absentee ballots must be prepared. The example ballot must illustrate the format for general election ballots that year.

1st spec. sess., ch. 10, art. 18, § 36, amending Minn. Stat. § 205.17, by adding subd. 7, effective January 1, 2002

Special federal white ballot. County auditors must prepare and furnish the ballot for military and overseas voters in accordance with the federal law on this subject.

1st spec. sess., ch. 10, art. 18, § 33, amending Minn. Stat. § 204D.11, subd. 4, effective January 1, 2002

Canvass of Returns

The general election canvass is to be carried out by the governing body of either a city conducting any election or a town that conducted the general election.

1st spec. sess., ch. 10, art. 18, § 37, amending Minn. Stat. § 205.185, subd. 3, effective January 1, 2002

**Campaign
Advertisements;
Disclaimer**

The required disclaimer for political advertisements in the print media must be in a legible text size and font. (As under prior law, the disclaimer must read “PAID ADVERTISEMENT” and must be at the beginning or end of the advertisement.)

Ch. 143, amending Minn. Stat. § 211B.05, subd. 1, effective August 1, 2001

Municipal Tort Liability

**Recreational Motor
Vehicle in Right-of-
Way**

The 2000 Legislature provided the state limited liability from tort claims arising out of the use or operation of a recreational motor vehicle (e.g., snowmobile, ATV) in highway right-of-ways. While many thought that the 2000 law also provided the same protection to political subdivisions, it was later determined that it did not.

The 2001 Legislature gave political subdivisions the same limited liability protection against claims arising out of the use or operation of a recreational motor vehicle (e.g., snowmobile, ATV) along city, county, and town road rights-of-way.

1st spec. sess., ch. 8, art. 2, § 68, amending Minn. Stat. § 466.03 by adding subd. 22, effective July 1, 2001

Tax Increment Financing (TIF)

Special Laws

For specific TIF authority granted to individual local governments, see Special Legislation, page 45.

Overview

The 2001 Legislature made a large number of minor policy and technical changes in various TIF and abatement laws. In addition, money was appropriated for a grant program to make up TIF deficits resulting from the class rate reductions and the state takeover of the general education levy.

Property Tax Reform

A number of changes were made to TIF laws that relate to the property tax reform legislation reducing class rates and providing for the state takeover of the general education levy.

State property tax. The new statewide property tax on commercial-industrial and seasonal recreational property does not generate tax increment. Attached machinery of electric generation systems is exempted from the new state property tax and growth in the tax is dedicated to an education reserve account.

1st spec. sess., ch. 5, art. 15, § 18, amending Minn. Stat. § 469.177, by adding subd. 1b, effective July 1, 2001, for all TIF districts and geographic expansions of TIF districts, regardless of the date of the request for certification; 1st spec. sess., ch. 5, art. 3, § 46, adding Minn. Stat. § 275.025, effective for taxes payable in 2002 and after

Deficit authority. An authority with a preexisting district may uncap the original tax rate or change the fiscal disparities option to Option A in order to reduce increment shortfalls resulting from class rate compression or the general education takeover.

1st spec. sess., ch. 5, art. 15, § 22, adding Minn. Stat. § 469.1792, effective for all districts for which the request for certification was made after July 31, 1979

State auditor enforcement. The Commissioner of Revenue must adjust the percentage of tax increments dedicated to the state auditor for enforcement to retain the current level of funding after the property tax reform changes. The state auditor's scope of enforcement is extended to cover the special district taxing authority to eliminate deficits and the new provisions related to property tax reform changes.

1st spec. sess., ch. 5, art. 15, §§ 19 and 20, amending Minn. Stat. §§ 469.177, subd. 11, effective for taxes payable in 2002 and after, and 469.1771, subd. 1, effective for violations occurring after July 1, 2001

Pooling for deficits. Districts for which certification was requested before August 1, 2001, may pool increments to cover deficits resulting from class rate compression or the general education takeover.

1st spec. sess., ch. 5, art. 15, § 16, amending Minn. Stat. § 469.1763, subd. 6, effective January 2, 2002 and after

State aid offsets. Both state aid offsets for new districts and extensions of district duration limits are repealed effective for taxes payable in 2002. With the state takeover of the education levy, the state aid impact of TIF is minimal. Developer obligations to reimburse a municipality for its state aid offset are continued, however.

1st spec. sess., ch. 5, art. 15, §§ 23 and 41, adding Minn. Stat. § 469.1793, effective July 1, 2001, for all districts for which certification was requested after April 30, 1990, and repealing Minn. Stat. § 469.1399, effective January 1, 2002

Grant program. The legislature created a grant program to make payments to municipalities for deficits caused by property tax reform changes and appropriated \$91 million in fiscal year 2002 and \$38 million for fiscal years thereafter.

1st spec. sess., ch. 5, art. 15, § 24, subs. 1 and 3, adding Minn. Stat. § 469.1799, subs. 1 and 3, effective July 1, 2001

General education levy abatements. School districts that granted abatements of the general education levy, pledged to the payment of bonds or binding contracts, may levy to make up the loss as a result of the repeal of the general education levy.

1st spec. sess., ch. 5, art. 15, § 24, subd. 2, adding Minn. Stat. § 469.1799, subd. 2, effective July 1, 2001

Abatement make-up levies. Political subdivisions may increase their abatement make-up levies to make up shortfalls due to rate compression.

1st spec. sess., ch. 5, art. 15, § 27, amending Minn. Stat. § 469.1814 by adding subd. 6, effective for abatement levies payable in 2002 and after

Duration Limits

A number of changes were made to TIF laws that affected duration limits for some types of districts.

Waiver of increments. The shorter duration limits for districts that waive increments are repealed. (The authority to waive increments for redevelopment, housing, and hazardous substance subdistricts is also repealed.)

1st spec. sess., ch. 5, art. 15, §§ 10 and 11, amending Minn. Stat. § 469.176, subs. 1b and 1e, effective for districts for which the request for certification is made after July 31, 2001

Hazardous substance subdistricts. Receipt of an increment by a hazardous substance subdistrict does not start the duration limit running on the overlying TIF district itself.

1st spec. sess., ch. 5, art. 15, § 10, amending Minn. Stat. § 469.176, subd. 1b, effective for districts for which the request for certification is made after July 31, 2001

Early decertification. The Commissioner of Revenue is required to approve requests for early decertification if the district requested certification before August 1, 2001, and there are pre-existing obligations outstanding secured by other districts in the municipality.

1st spec. sess., ch. 5, art. 15, § 12, amending Minn. Stat. § 469.176, by adding subd. 1h, effective July 1, 2001

Miscellaneous

A number of other changes were made to TIF laws.

Repayment of other city funds. Cities are authorized to repay loans from other city funds with tax increments.

1st spec. sess., ch. 5, art. 15, §§ 3 and 21, amending Minn. Stat. §§ 469.174, subd. 3 and 469.178, by adding subd. 7, effective for loans and advances made after July 1, 2001, and to districts with requests for certification made after July 31, 1979. Interfund loans and advances made before August 1, 2001, are ratified and approved subject to restrictions.

Occupancy test. The legislature clarified that gardens, lawns, landscaping, farm fields, and similar items do not meet the occupancy test within the blight test for redevelopment and renewal and renovation districts.

1st spec. sess., ch. 5, art. 15, §§ 4 and 5, amending Minn. Stat. § 469.174, subd. 10, effective for districts for which the request for certification is made after July 31, 2001, and subd. 10a, effective for districts for which the requests for certification are made after June 30, 1997, except the provision requiring parcels to be occupied by structures is effective for districts for which the request for certification is made after July 31, 2001

Economic development districts. The prohibition on creating an economic development district if it could qualify as another type of district is eliminated.

1st spec. sess., ch. 5, art. 15, § 6, amending Minn. Stat. § 469.174, subd. 12, effective for districts for which the request for certification is made after July 31, 2001

Waiver of increments. The authority to waive increments for redevelopment, housing, and hazardous substance subdistricts is repealed.

1st spec. sess., ch. 5, art. 15, § 7, amending Minn. Stat. § 469.175, subd. 1, effective for requests for certification received after July 31, 2001

Filing TIF plans. The requirement that copies of the TIF plan and amendments to the plan must be filed with the Commissioner of Revenue is reinstated.

1st spec. sess., ch. 5, art. 15, § 8, amending Minn. Stat. § 469.175, by adding subd. 4a, effective for plans and amendments approved after July 1, 2001

Administrative expenses. The limitation on administrative expenses for new districts is modified to make the limit calculated relative to increments from the district rather than expenditures for the project.

1st spec. sess., ch. 5, art. 15, § 13, amending Minn. Stat. § 469.176, subd. 3, effective July 1, 2001, and applies to all districts regardless of when the request for certification was made

Social and recreational facilities. Municipalities no longer need to approve operating and management policies for social and recreational facilities financed with increments.

1st spec. sess., ch. 5, art. 15, § 14, amending Minn. Stat. § 469.176, subd. 4g, effective for expenditures of increment made after July 31, 2001

Pooling. The permitted uses of pooling are expanded to include binding contracts (e.g., “pay as you go” agreements), and coverage of deficits resulting from property tax reform changes (see above under **Property Tax Reform**).

1st spec. sess., ch. 5, art. 15, § 16, amending Minn. Stat. § 469.1763, subd. 6, effective January 2, 2002 and after

Exempt property. The development authority is allowed to exclude improvements the authority makes to exempt property from original net tax capacity when the exempt property becomes taxable.

1st spec. sess., ch. 5, art. 15, § 17, amending Minn. Stat. § 469.177, subd. 1, effective for parcels that become taxable after July 31, 2001, and applies to districts regardless of when the request for certification was made

Abatements in towns. The legislature clarified that a town board of supervisors is the governing body authorized to approve abatements.

1st spec. sess., ch. 5, art. 15, § 25, amending Minn. Stat. § 469.1812, subd. 2, effective retroactively to May 26, 1999

Abatement extensions. The legislature clarified that duration extensions apply to both of two political subdivisions that approved the abatement.

1st spec. sess., ch. 5, art. 15, § 26, amending Minn. Stat. § 469.1813, subd. 6, effective for abatements approved after July 1, 2001

Grant program for 1997-99 compression. The TIF grant program for deficits caused by the 1997-99 rate compression is extended for one additional year.

1st spec. sess., ch. 5, art. 15, § 29, amending Laws 1997, ch. 231, art. 1, § 19, subd. 3, as amended by Laws 1999, ch. 243, art. 10, § 17, effective July 1, 2001

Expenditures on low-income housing. The ability to spend a share of increments on low-income housing outside of the district is extended to all post-1982 districts.

1st spec. sess., ch. 5, art. 15, § 31, amending Laws 2000, ch. 490, art. 11, § 26, effective July 1, 2001

Municipal Bonding

Ballot Question

Local government bond issuers may provide information on the revenues pledged to the bonds in ballot questions for referendum approval of the bonds.

Ch. 214, § 3, amending Minn. Stat. § 275.60, effective May 30, 2001

Cities, counties, and towns may submit ballot questions that combine or allow separate votes on individual bond issuance projects.

Ch. 214, § 44, amending Minn. Stat. § 475.59, effective August 1, 2001

Minimum Principal Payments

The minimum amount of principal of a bond issue that must be paid in each year for longer maturity bond issues is now more flexible. Previously, a “five times rule” applied. This prohibited payment of more principal in any year than five times the smallest amount of principal paid in a prior year (other than one of the first three years). Now, a “six times rule” applies for issues with maturities of 25 years or more.

Ch. 214, § 42, amending Minn. Stat. § 475.54, subd. 1, effective May 30, 2001

Referendum Exemption for Abatement Bonds

The referendum exemption for abatement bonds is limited, so that approval by voters in a referendum would be required in order to use abatement bonds for buildings primarily used to conduct the business of a unit of government.

1st spec. sess., ch. 5, art. 15, § 28, amending Minn. Stat. § 475.58, subd. 1, as amended by Laws 2001, ch. 214, § 43, effective for bonds issued or sold after July 1, 2001

Property Taxes and Aids

Levy Limits

Levy limits are re-imposed on all counties and on cities with a population greater than 2,500, for taxes levied in 2001 and 2002, payable in 2002 and 2003. Levy limits had expired after taxes levied in 1999, payable in 2000.

There are two alternatives for calculating a local government's levy limit for taxes levied in 2001. The limit will be based on the greater of: (1) its 1999 (pay 2000) levy limit base, increased by two years of growth in the allowed growth factors; or (2) the sum of its 2000 (pay 2001) levy for nonspecial levy purposes plus 2001 aids, increased by one year of growth in the allowed growth factors. For taxes levied in 2002, the levy limit is based on the 2001 levy limit base, increased by one year of growth in the allowed growth factors.

The allowed growth factors for calculating levy limits are: (1) the increase in the implicit price deflator for state and local government purchases; (2) the increase in number of households; and (3) 50 percent of the increase in tax base due to new commercial and industrial property.

Adjustments to levy limits are made for the state assumption of financing certain functions such as transit, courts, and a portion of out-of-home placement costs.

Since the levy limit base includes levy plus aid, the aid payments for the taxable year are subtracted from the adjusted levy limit base each year to get a final levy limit authority. This means that the any city experiencing an aid loss in calendar year 2002 due to the loss of HACA and the change in LGA will automatically be allowed to levy to make up the loss. Any gains in aid will automatically reduce the city's levy authority.

Local governments will be able to levy outside of limits (special levy) for long-term debt, market-value based referenda, increases in matching funds requirements above 2001 levels, natural disasters, certification errors, economic development abatements, increases in PERA employer contribution rates, costs of mandated jail operating expenses, operation of a lake improvement district, loan repayments for certain transportation projects, \$1 per capita for redistricting costs, and mandated court administrative costs.

1st spec. sess., ch. 5, art. 16, amending Minn. Stat. §§ 275.16 and 275.70, and adding Minn. Stat. §§ 275.71 to 275.74, effective July 1, 2001

**Elimination of
Noncounty Homestead
and Agricultural
Credit Aid (HACA)**

As part of the 2001 general property tax reform, HACA payments to cities, towns, school districts, and special taxing districts are eliminated, beginning with aids paid in calendar year 2002. Counties will continue to receive HACA payments, although these will be reduced in future years due to the state assumption of court and out-of-home placement costs.

1st spec. sess., ch. 5, art. 3, §§ 40 to 43, amending Minn. Stat. §§ 273.1398 by adding subd. 2e (effective for aids payable in 2002 and after), 273.166, subs. 2 and 3 (effective for aids payable in 2002 and after), and subd. 5 (effective for fiscal year 2003 and after)

**Rental Housing Tax
Base Replacement Aid**

Aid will be paid to counties and cities in 2003 and subsequent years based on the reduction in tax capacity resulting from rental housing class rate reductions for taxes payable in 2003 and 2004. The aid is equal to: (a) the jurisdiction's reduction in tax capacity in excess of 0.4 percent of the jurisdiction's total net tax capacity, times (b) the jurisdiction's local tax rate for the previous year. The aid to counties is eventually added to its HACA payment while the aid to cities is eventually added to the "grandfathered" portion of its LGA payment.

1st spec. sess., ch. 5, art. 3, § 79, adding Minn. Stat. § 477A.07, effective for aids payable in 2003 and after

**Class 4d (Low-Income
Housing Property)**

The property tax reform eliminates class 4d for property taxes beginning in payable 2004. Property that qualifies for 4d classification in payable 2002 is automatically qualified for 4d in payable 2003 without filing an application although the income and rent restrictions remain in place. The 4d aid to cities sunsets after calendar year 2003.

1st spec. sess., ch. 5, art. 3, § 94, effective July 1, 2001, and § 96, ¶ (d), repealing Minn. Stat. §§ 273.126 and 462A.071, effective for property taxes payable in 2004 and after

**Payment In Lieu of
Taxes (PILT) for
Certain Wetlands**

PILT payments will now be made for land that is acquired from a private owner by MnDOT for the purpose of replacing wetland losses caused by transportation projects, if the county contains more than 500 acres of this type of land at the time the certification is made. The county will receive the same per-acre payment for this land as they currently receive for "acquired natural resource land." For payments in 2001, that amount was \$3.56 per acre. The county must include these amounts in its distribution so that organized towns where this property is located receive additional aid.

1st spec. sess., ch. 5, art. 3, §§ 80 and 81, amending Minn. Stat. §§ 477A.12 and 477A.14, effective for aids payable in 2002 and after

**State Aid Certification
Delay**

The Commissioner of Revenue has until September 1, 2001, to certify state aid payable amounts, for aids payable in 2002 only.

1st spec. sess., ch. 5, art. 3, § 93, effective July 1, 2001

**Truth-in-Taxation
(TnT) Notices and
Hearings**

General changes. There were several changes made to the existing TnT requirements. First, a local government is not required to hold a hearing if the percentage growth in its proposed levy compared to its levy from the previous year does not exceed the rate of inflation. Also, the notice sent to taxpayers must now contain a telephone number that the taxpayer may call for questions. In addition, public advertisement must now show the current local tax rate, the proposed tax rate if no levy increase is adopted, and the proposed tax rate if the proposed levy is adopted.

1st spec. sess., ch. 5, art. 3, §§ 47 to 49, amending Minn. Stat. § 275.065, subd. 3 (effective for notices required in 2001 for pay 2002 and after), subd. 5a (effective for public advertisements required in 2001 for pay 2002 and after), and subd. 6 (for hearings required in 2001 for pay 2002 and after)

Specific changes for payable 2002 only. Because of the delay in passing the tax bill, the requirement for holding public TnT hearings for taxes levied in 2001, payable in 2002 is suspended. A local government still has the option of holding a hearing if it desires. Also, the requirement for what is contained in TnT notices sent to individual taxpayers is simplified only for 2002 because the county systems used to send out notices must be modified to reflect the new changes from the property tax reform. Finally, the Commissioner of Revenue has the authority to further modify or waive the TnT notices or other deadlines or procedures related to administering the property tax in a county if it will not materially prejudice the rights of taxpayers in the county.

1st spec. sess., ch. 5, art. 3, § 91, effective only for hearings in 2001 and parcel-specific notices and property tax administrative procedures and deadlines related only to levy 2001, pay 2002

**Conversion of Market
Value Referenda**

Counties, cities, and towns have an opportunity to permanently convert existing market value referenda levies to tax capacity levies provided that:

- < at least 10 percent of its taxable market value in 2001 is agricultural or noncommercial seasonal recreational property, since those classes of property were exempted from market value levies under the property tax reform; and

< they notify the county auditor of their intent to convert by October 1, 2001.

1st spec. sess., ch. 5, art. 3, § 53, amending Minn. Stat. § 275.61, effective for taxes payable in 2002 and after

Local Government Reports

Counties and cities with a population of 2,500 are currently required to file a report on property tax levies by purpose. The breakdown of purposes was based on the special levies allowed under levy limits in 2002. The required breakdown in 2001 and future years is changed to include social services levies, and the amount levied for each special purpose listed under the current levy limit law.

1st spec. sess., ch. 5, art. 3, § 54, amending Minn. Stat. § 275.62, subd. 1, effective July 1, 2001

Greater Minnesota Transit Aid

A Greater Minnesota transit fund is established, which is funded by allocation of 1.25 percent of the motor vehicle sales tax revenues. This money is to be used to provide property tax replacement aid to transit systems in Greater Minnesota in calendar years 2002 and 2003. The aid is based on the amount of property tax revenue raised by each transit system in pay 2001, prorated so total payments do not exceed the amount in the fund. Since it is “replacement aid” it is allowed to be counted as part of the transit system’s “local source” contribution toward operating revenues. Aid received under this program is a reduction in a local government’s levy limit. By January 1, 2003, the Commissioner of Revenue must report to the legislature recommending how the existing transit assistance grant program and this program should be integrated in future years.

1st spec. sess., ch. 5, art. 3, § 2, subd. 1, adding Minn. Stat. § 16A.88, subd. 1, effective July 1, 2002; § 9, amending Minn. Stat. § 174.24, subd. 3b, effective for service contracts for calendar 2002 and after; § 10, adding Minn. Stat. § 174.242, effective July 1, 2001; and 65 (part), amending Minn. Stat. § 297B.09, subd. 1, effective July 1, 2002 (see also, 1st spec. sess., ch. 8, §§ 51 and 64)

Cities

Local Consent for State Highway Projects

This act provides a new method for resolving disputes between the Department of Transportation and cities over trunk highway projects located in cities.

Process; plan submission to city. Before proceeding with a construction, reconstruction, or improvement project on a trunk highway within a city, MnDOT must submit final layout for the location and proposed design of the project to the city.

City hearing. The city must hold a hearing on the final layout within 60 days of receiving it from MnDOT. MnDOT may proceed with the project if the city approves the plans or fails to disapprove them within 90 days of the hearing.

Appeal process. If the city disapproves the final layout, MnDOT may make changes requested by the city, abandon the project, or refer the final layout to an appeal board. The appeal board consists of one member appointed by the city, one member appointed by MnDOT, and a third member appointed by the other two. The third member must be appointed by the chief justice if the two members cannot agree on a third.

The appeal board must hear an appeal within 30 days and allow both MnDOT and the city to present their cases. Within 60 days of the hearing, the appeal board must recommend approval, disapproval, or approval with modifications.

On interstate highways the appeal board's recommendation for approval with modification or disapproval of the project's final layout is advisory, and MnDOT is allowed to proceed with the project after notifying the city of its intent.

On other highways, if the appeal board disapproves the plan, or approves it with modifications, MnDOT must either modify the plans or submit a new plan to the city to start the approval process over.

Final construction plans issued. MnDOT must send a complete set of final plans to the city at least 45 days before bids for the project contract are opened. If the final construction plans contain changes in access, traffic capacity, or right-of-way acquisition compared to the submitted plans, MnDOT must resubmit the plans to the city.

The act does not limit MnDOT's authority to install traffic control devices and other safety measures on trunk highways in cities. The act does not limit MnDOT's discretion to determine priority and programming of trunk highway projects.

Ch. 191, amending Minn. Stat. §§ 160.85, subd. 3, 161.1245, subd. 4; adding §§ 161.162 to 161.167; repealing §§ 161.17, 161.171, 161.172, 161.173, 161.174, 161.175, 161.176, 161.177, 473.181, subd. 1, effective May 25, 2001, and applicable to projects for which municipal approval is sought after that date

Municipal Utilities, Joint Ventures

In 1996 and 1997, the legislature authorized the Willmar municipal utilities commission to enter into a joint venture with the Kandiyohi cooperative electric power association, and the Jackson municipal utilities commission to enter into a joint venture with the Federated Rural Electric Association. The joint ventures were for providing utilities, including retail electric service, within the boundaries of the utilities' exclusive electric service territory. [Laws 1996, ch. 300](#), as amended by [Laws 1997, ch. 232](#).

Based on experience under these two special laws, the 2001 Legislature enacted general law authority for municipal utilities to enter into joint ventures with other municipal utilities, municipal power agencies, cooperative associations, or investor-owned utilities, to provide utility services.

Ch. 212, art. 2, § 1, adding Minn. Stat. § 452.25, effective May 30, 2001

Maintenance Facility Bonds

A city may issue bonds, secured by a revolving loan fund under the special assessment law, to construct maintenance facilities for streets, sewer, water, and storm sewer systems. If these facilities are also used for other purposes, only the portion of the costs allocated to uses for streets and sewer, water, and storm sewer systems may be financed.

Ch. 214, § 11, amending Minn. Stat. § 429.091, subd. 7a, effective May 30, 2001

Police Civil Service Exams

A notice of examinations may state that other examinations may be administered during the life of the eligible register, without additional publication or notice, to applicants meeting threshold requirements.

If this initial notice states that such additional examinations may be given, additional examinations may be administered to applicants meeting threshold requirements without additional publication or notice. Applicants passing a later examination must be added to the eligible register in the order of their standing relative to the remaining applicants on the register.

Ch. 87, amending Minn. Stat. § 419.10, effective August 1, 2001 (Minn. Stat. ch. 419 authorizes cities, except cities of the first class, to establish police civil service commissions)

**City Council Members
Acting as Peace
Officers Repealed**

The law that empowered council members from certain cities to act as peace officers to suppress riotous or disorderly conduct is repealed. Also, the obsolete provision that authorizes a city council to appoint a council member or peace officer as the town constable is repealed. There are no longer town constables; the term is archaic.

Ch. 135, § 3, repealing Minn. Stat. § 412.101, effective August 1, 2001

**Housing Assistance for
Public Safety
Personnel**

After the attorney general advised the legislature that statutory cities did not have authority to provide housing assistance to public safety personnel, the legislature enacted a law that allows a statutory city to use public funds to acquire or lease residential property for housing, or otherwise provide housing assistance, in the city for one or more volunteer firefighters or ambulance personnel. A city can only spend money for this purpose to attract and retain such personnel to ensure that the city has timely public safety service and after establishing the need and approving the expenditure at a public hearing. A home rule charter city can provide housing assistance as authorized in its charter or, if the charter is silent on the matter, it can exercise the authority granted to statutory cities in this law.

Ch. 19, adding Minn. Stat. § 412.153, effective April 12, 2001

**Border Cities
Additional Enterprise
Zone Allocations**

The commissioner of the Department of Trade and Economic Development (DTED) must allocate \$1.5 million for additional border city enterprise zone credits for cities along the western border. These credits are to be allocated among the qualifying cities on a per capita basis. Based on 1999 population, the \$1.5 million would be allocated approximately as follows:

Breckenridge	\$108,705
Dilworth	\$88,882
East Grand Forks	\$243,245
Moorhead	\$998,553
Ortonville	\$60,613

These enterprise zone credits can be used for a variety of tax reductions under present law.

A “but-for” type finding is required to award the tax reductions (i.e., the city must find that the reductions are needed to attract or retain the business). The allocation may also be used for reductions under the border city development zone law. Authority is granted to re-allocate any unused amount at the end of the biennium if requested by a city that expended its allocation.

1st spec. sess., ch. 5, art. 15, § 2, amending Minn. Stat. § 469.169, by adding subd. 15, effective July 1, 2001

**Local Government Aid
(LGA)**

Funding for city LGA is increased from \$411.5 million in 2001 to \$563.8 million in 2002. Increases in future years will be based on this higher amount and continue to be determined by changes in the implicit price deflator for state and local government purchases.

The increased appropriation required that the limits on aid increases to individual cities be changed for 2002 as well. For 2002 only, the increase in LGA to a city of the first class is limited to 102.5 percent of its 2001 LGA plus HACA. For all other cities, the 2002 LGA increase is limited to 40 percent of the sum of each city’s 2001 levy plus HACA amount.

The tax effort rate, used as a measure of “ability to pay” in the current formula, is increased to reflect the elimination of city HACA payments in 2002 and the increased reliance of cities on property taxes under the tax reform.

Finally, the “grandfathered” or guaranteed portion of LGA is permanently increased beginning in 2002 for cities with a population of 10,000 or more that are located outside of the metropolitan area. The increase for each city is equal to the maximum of :

- < \$60 times the city’s population in excess of 5,000; or
- < \$2.5 million

A local government aid account is established in the general fund; \$14 million is appropriated annually to the fund beginning in fiscal year 2003, and increased by 2.5 percent of the fund balance beginning in fiscal year 2004. Amounts in the fund must be spent on reforming local government aids.

1st spec. sess., ch. 5, art. 3, § 1, adding Minn. Stat. § 16A.1523, effective July 1, 2001, and § 75, clause (o), §§ 77 and 78, amending Minn. Stat. §§ 477A.011, subd. 36, 477A.013, subd. 9, and 477A.03, subd. 2, effective for aids payable in 2002 and after

Counties

County Levies for Water Management

Property taxes levied by counties for functions normally carried out by a watershed district (i.e., water management, planning, and regulation) must not be included in a county's levy but instead listed as a special taxing district levy for TnT notices and property tax statements. Although listed as a special taxing district levy on the TnT notice, no adjustment is made in the county levy limit.

1st spec. sess., ch. 5, art. 3, §§ 3, 50 (part), and 51, adding Minn. Stat. § 103B.253, amending Minn. Stat. §§ 275.066 and 275.07, subd. 1, effective for taxes levied in 2001, payable in 2002 and after

Petitions of Property Valuation, Assessment, and Taxation

The circumstances under which a property taxpayer may file an appeal of property valuation, assessment, and taxation, in the small claims division of tax court is expanded.

The new law allows the following to be heard in the small claims division without first appealing to the local board of review for:

- < all denials of a current year homestead classification;
- < all cases involving a single homesteaded parcel; and
- < all other properties where the assessor's estimated market value is less than \$300,000.

The old law only allowed use of the small claims division under three circumstances:

- < a denial for current year homestead credit application, provided that the taxpayer had already appealed through the local boards of review;

- < if the property involved was nonhomestead property with an estimated market value less than \$100,000, provided that the taxpayer had already appealed through the local boards of review; or
- < any other case in which the amount in controversy did not exceed \$5,000 including penalty and interest.

1st spec. sess., ch. 5, art. 3, § 15, amending Minn. Stat. § 271.21, subd. 2, effective for 2002 assessment and thereafter

County Road and Bridge Bonds

County road and bridge bonds must be general obligations of the county. (It is likely that this law was intended to allow these bonds to be general obligations, since it exempts the bonds from the referendum requirement. If the bonds were revenue bonds, they would not be subject to the referendum requirement and an exemption would be unnecessary.)

Ch. 214, § 2, amending Minn. Stat. § 165.10, subd. 2, effective May 30, 2001

State Guaranty of County Bonds

This law clarifies that the state guaranty of county bonds (enacted in 2000) is not state general obligation debt. The law contains an open and standing appropriation to pay amounts under the guaranty. The state constitution requires spending to be made pursuant to an appropriation by law. Under judicial interpretations of this requirement, a future legislature could repeal or limit this open and standing appropriation.

Ch. 214, § 4, amending Minn. Stat. § 373.45, subd. 3, effective May 30, 2001

County Hospitals

Hospital board. County hospital board membership requirements have been modified, striking a requirement that board members must be county residents and landowners. Now, 80 percent of the board must be county residents; all board members must be residents of the hospital's service area; and county commissioners may serve on the board. The county board may lease hospital grounds and buildings to a nonprofit or governmental organization.

Ch. 214, § 5, amending Minn. Stat. § 376.06, subd. 1, effective May 30, 2001

Hospital projects, no referendum. The county board may spend money for hospital additions, remodeling, or equipment without voter approval. Financing for the projects is governed by other laws, which, depending on the financing method, may or may not require voter approval.

Ch. 214, § 6, amending Minn. Stat. § 376.07, effective May 30, 2001; § 49, ¶ (b), repealing Minn. Stat. § 376.03, effective August 1, 2001

County funding for hospitals in county. The law that allows a county to appropriate up to \$65,000 of its general fund money for hospitals in the county was clarified to state that this includes public or nonprofit hospitals that are not county hospitals.

Ch. 214, § 7, amending Minn. Stat. § 376.08, subd. 1, effective May 30, 2001

Aid to hospitals in counties having no county hospital. A county board may appropriate money from its general fund for the maintenance and operation of a nonprofit or public hospital in the county, in counties where a county hospital is leased to a nonprofit or governmental hospital organization.

Ch. 214, § 9, amending Minn. Stat. § 376.09, effective May 30, 2001

Remodeling or additions. If a county hospital has been leased to another entity, the board of directors of the leasing entity is the body that may vote to add onto the facility, remodel it, or acquire equipment for it without complying with dollar limitations (\$65,000). This subdivision now specifically applies to projects funded through bonds issued to finance the acquisition or improvement of a hospital.

Ch. 214, § 8, amending Minn. Stat. § 376.08, subd. 2, effective May 30, 2001

County Capital Improvement Bonds

The July 1, 2003, sunset of the law that allows a county to issue general obligation bonds for specified projects that are included in an adopted capital improvement plan for the county, subject to approval by a super-majority of the county board, public notice, and reverse referendum, is repealed.

Originally enacted in 1988, every five years the legislature has had to decide to either let the sunset take place or re-authorize the law and extend the date of the sunset. The original sunset date was July 1, 1993. In 1992, the sunset was extended to July 1, 1998. In 1997, it was extended to July 1, 2003.

A “capital improvement” means “acquisition or betterment of public lands, development rights in the form of conservation easements under chapter 84C, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, and roads and bridges. An improvement must have an expected useful life of five years or more to qualify. “Capital improvement” does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.”

Ch. 214, § 49, repealing Minn. Stat. § 373.40, subd. 7, effective August 1, 2001

Creation of a New County

In 2000, residents in Pine County petitioned to split the county, following Minnesota Statutes, chapter 370. The referendum failed, but it brought to light gaps in the law governing creation of new counties and the 2001 Legislature amended the law to fill in those gaps.

Minimum taxable market value and population in existing and new counties. The required minimum market value of a proposed new county must be at least 35 percent of the total taxable market value of the existing county or counties affected by the proposal. Also, the proposed new county must have at least 4,000 population. An existing county’s taxable market value and population must not be reduced below the same threshold as required for the new county. Under prior law, a new county had to have at least 2,000 population and a market value of at least \$17 million and the remaining county had to have a market value of at least \$17 million (or \$10 million for a county of more than 3,500 and less than 6,000 square miles).

Petition and proposed county seat. A petition to establish a new county must be signed by a number of registered voters equal to at least one-fourth of those who voted in the last general election in both the area that would be the new county and in the area remaining. Under prior law, the petition needed only to be signed by one-fourth of those voting in the last general election in the county (so all the signatures could be from only one part of the county).

Also, the petition must state not only what the county seat would be for the new county (as under prior law) but also what the county seat would be for the remainder of the existing county if not the current county seat. (In Pine County's case, the proposed new county would have taken the current county seat and there was no provision for establishing a county seat for the remainder of the existing county.)

Petition signatures. The secretary of state must certify that the signatures on the petition are registered voters of the affected county. The affidavits of the persons who collected the signatures are no longer prima facie evidence that those who signed are registered voters.

Vote required. A majority vote will be needed in both the area forming the new county and in the remaining portion of the existing county.

Filling vacancy in commissioner district caused by change of boundaries. Rather than the governor appointing county commissioners to fill vacancies created by a county split, a special election would be held with the person elected to serve at large.

Ch. 198, amending §§ 370.01, 370.02, 370.03, 370.07, 370.10, 370.12, 370.13, and repealing § 370.11, effective August 1, 2001

Feedlots; Modified Level One Feedlot Inventory

A county that manages the state feedlot program for feedlots under 1,000 animal units within the county (a "delegated county" — about 52 counties currently) that has completed a modified level one inventory that includes facility location, approximate number of animal units, and whether the facility is an open lot or confinement operation, may report that information to the agency in aggregate. A feedlot that is included in an inventory meeting these criteria has satisfied registration requirements under the Pollution Control Agency's rule, and the feedlot owner does not have to register with the agency individually.

For a feedlot having 1,000 animal units or greater or a feedlot meeting the definition of a concentrated animal feeding operation (CAFO) (as defined in federal regulations), a county must submit to the Pollution Control Agency the complete feedlot registration information. The MPCA continues to permit and manage such feedlots and the owners must register with the agency individually.

Ch. 128, § 3, adding Minn. Stat. § 116.0712, effective May 19, 2001

For appropriations for grants to counties to administer the feedlot program, see first special session, chapter 2, section 2, subd. 2, effective July 1, 2001.

County Assessors

Appointments. The Commissioner of Revenue may approve the appointment of a county assessor for a two-year probationary period. Previously, the Commissioner of Revenue had to approve the appointment of a county assessor for the entire four-year term.

1st spec. sess., ch. 5, art. 7, § 14, amending Minn. Stat. § 273.061, subd. 1, effective July 1, 2001

Vacancies. Counties now have 90 days rather than 30 days to fill a vacancy in the office of county assessor. They will be allowed more discretion in terminating an assessor before the end of that assessor's four-year term.

1st spec. sess., ch. 5, art. 7, § 15, amending Minn. Stat. § 273.061, subd. 2, effective July 1, 2001

Joint powers agreements. The Commissioner of Revenue is not required to approve joint powers agreements that provide for the county assessor to assess property within a city or town.

1st spec. sess., ch. 5, art. 7, § 16, amending Minn. Stat. § 273.072, subd. 1, effective July 1, 2001

Training and certification. All accredited or Senior Accredited Minnesota assessors will now have to complete a week-long course on property tax laws every four years. Also, counties will now have to have at least one staff person who is certified by the Commissioner of Revenue to do sales ratio calculations, tax calculations, and prepare abstracts of assessments and tax lists.

1st spec. sess., ch. 5, art. 7, § 17, adding Minn. Stat. § 273.0755, effective July 1, 2001

Local and county boards of review and equalization. The local board of review and the county boards of equalization are to be referred to as the board of appeal and equalization. Counties are no longer required to have Saturday informational meetings if 25 percent or more of the tax base for a city or town within the county is noncommercial seasonal recreational residential property.

1st spec. sess., ch. 5, art. 7, §§ 21, 22, amending Minn. Stat. § 274.01, subd. 1, § 274.13, subd. 1, effective January 1, 2002

Tax-forfeited Lands

Public sale. The threshold amount, over which a county must offer the lease of tax-forfeited land at a public sale, was increased from \$1,500 to \$12,000 per year. (This provision does not apply to a lease by the county to an organized subdivision of the state.)

Ch. 164, § 1, amending Minn. Stat. § 282.04, subd. 1, ¶ (d), effective May 25, 2001

Private easements. A county may convey a road easement across unsold tax-forfeited land to an individual requesting it for access to land-locked private property if the easement will not significantly adversely impact environmental or natural resource management. The individual must pay the appraised value of the easement, and the easement must revert to the state in trust for the taxing district if it is not used.

Ch. 164, § 2, amending Minn. Stat. § 282.04, by adding subd. 4a, effective May 25, 2001

Application to acquire by a city or town. If a town or city fails to submit an application to acquire tax-forfeited property within the holding period (six months), the county may offer the property for sale upon expiration of the holding period.

1st spec. sess., ch. 5, art. 3, § 59, amending Minn. Stat. § 282.01, subd. 1, effective July 1, 2001

Conveyance provisions. If after three years from the date of the conveyance, a governmental subdivision to which tax-forfeited land was conveyed for a specific public use, fails to put the land to that use, the governing body may, with the approval of the county board, purchase the property at the present appraised value, as determined by the county board. In that case, the commissioner must issue an appropriate deed to the governmental subdivision free of a use restriction and reverter. If the governmental subdivision chooses not to purchase the property at the end of the three-year period, the property reverts to the county. However, the governmental subdivision can repeat the process of requesting county board approval for a new public use deed. These changes do not apply to deeds of conveyance issued on property in targeted neighborhoods.

1st spec. sess., ch. 5, art. 3, §§ 60 to 63, amending Minn. Stat. §§ 282.01, subds. 1b, 1c, and 1e, effective for deeds issued on or after August 1, 2001, and subd. 1d, effective August 1, 2001, and for deeds existing on August 1, 2001, the three-year limit begins August 1, 2001, except that no deed issued before then has a limit of less than five years

Alternative computation of repurchase price for certain tax-forfeited homesteads. County boards, by resolution, now may establish an alternative method for computing the repurchase amount for homestead property which has been in tax forfeiture for more than ten years. The repurchase price may be based on tax, penalty, and interest calculated using the average of the market value of the property at the time of forfeiture and the current market value, the class rates under current law and the current tax, penalty, and interest rates. Unpaid special assessments, penalties, and interest would be added to this amount.

1st spec. sess., ch. 5, art. 3, § 64, amending Minn. Stat. § 282.241, effective July 1, 2001

Lakeshore Lots

Exchange of county lakeshore land. A county board proposing an exchange of county land for state-owned lakeshore lots in the county (permanent school fund lands) that are not listed as necessary for public preservation and that are leased to private entities now may include fee land administered by another county in the proposal, in addition to tax-forfeited land administered by another county, with the consent of that county.

Ch. 164, § 3, amending Laws 1998, ch. 389, art. 16, § 31, subd. 2, as amended by Laws 1999, ch. 180, § 1, and Laws 2000, ch. 488, art. 3, § 31, effective May 25, 2001

County sale. The 2001 Legislature clarified that lakeshore lots acquired by a county through an exchange with the state are exempt from payment to the state general fund of 3 percent of the property's sales price. The attorney general wrote a letter to some legislators stating that because these lands are not tax-forfeited lands they do not fall under the provision imposing this tax.

Ch. 164, § 4, amending Laws 1998, ch. 389, art. 16, § 31, subd. 3, as amended by Laws 1999, ch. 180, § 2, effective May 25, 2001

County environmental trust fund. A county may withhold from deposit into the environmental trust fund the costs of appraisal, abstracts, and surveys, money received from a sale which is attributable to land owned by a county in fee, amounts paid to lessees for improvements, amounts paid to acquire land which is included in a county plan for exchange and is conveyed to the state in the exchange, and costs of sale to lessees or other parties, including advertising, realtors, and closing services.

Ch. 164, § 5, amending Laws 1998, ch. 389, art. 16, § 31, subd. 4, as amended by Laws 1999, ch. 180, § 3, effective May 25, 2001

**Aggregate Material
(Gravel) Taxes**

Rates. All counties may now impose the gravel tax at a rate of *up to* 10 cents per cubic yard, or *up to* 7 cents per ton. Previously counties that were authorized to impose a gravel tax had to set the tax at 10 cents per cubic yard or 7 cents per ton. This change would authorize lower rates at the discretion of the county. The distribution of the revenues remains unchanged (i.e., 60 percent to county roads and bridges; 30 percent to town/city roads and bridges; and 10 percent to restore abandoned pits/quarries).

1st spec. sess., ch. 5, art. 6, § 36, amending Minn. Stat. § 298.75, subd. 2, effective for aggregate material sold, imported, transported, or used from a stockpile after July 31, 2001

General authority to impose the tax. Any county that has not been given special authority to impose the tax, may now do so by a vote of the county board. The board must hold a public hearing prior to voting on the issue, and must notify the Commissioner of Revenue that the board voted to impose the tax. Eliminates “building stone” and adds “borrow” transported on a public road, street, or highway to the list of materials subject to the aggregate materials tax.

1st spec. sess., ch. 5, art. 6, § 35, amending Minn. Stat. § 298.75, subd. 1, effective August 1, 2001

**Licensing of Hawkers
and Peddlers**

County authority to license hawkers and peddlers is repealed. Cities and towns still have authority to license them.

Ch. 53, repealing Minn. Stat. §§ 329.02, 329.03, 329.04, 329.05, 329.06, 329.07, 329.08, 329.09, effective August 1, 2001

Dangerous Dogs

Registration, fee, and microchip ID. The dangerous dog statute was amended to require a \$500 annual fee for registering a dangerous dog. Even if another entity is acting as the animal control authority, the fee goes to the county. The animal control authority may require the dog to be sterilized. Also, a dangerous or potentially dangerous dog must have a microchip implant for identification. If the owner moves, the dog must be registered in the new jurisdiction. A tenant must notify the landlord if the tenant’s dog is a dangerous dog. If the owner sells the dog, the owner must inform the purchaser of the dog’s status.

Review of designation. The owner of a dangerous dog may seek a review of the designation after six months to prove that the dog is no longer dangerous. An owner can challenge the designation once a year to try and get the designation rescinded.

Penalty. In addition to existing penalties, it is now a misdemeanor to remove a microchip ID from a dangerous or potentially dangerous dog and to sign a false affidavit about a dog's death or removal from the jurisdiction. An animal control authority may destroy a dog that inflicts substantial bodily harm on a human being without provocation. The owner may appeal the decision to an impartial decisionmaker before the dog is destroyed.

1st spec. sess., ch. 8, art. 8, §§ 14 to 22, amending Minn. Stat. § 347.50, subd. 1, adding subd. 6a, §§ 347.51, subds. 2, 9, adding subd. 3a, adding 347.515, 347.52, 347.55, 347.56, and repealing 347.51, subd. 6, effective August 1, 2001

**State Takeover of
District Court
Administration and
Mandated Court
Services Costs**

The state takeover of costs of district court administration and mandated court services are scheduled to be completed by July 1, 2005, in the judicial districts not yet taken over. The court administration costs will be transferred to the state on the following schedule for the 32 counties:

- < July 1, 2003, for the second and fourth districts;
- < July 1, 2004, for the first and third districts; and
- < July 1, 2005, for the sixth and tenth districts.

Mandated services were transferred effective July 1, 2001, for all remaining districts.

The takeover is funded similarly to the past takeovers in other districts, by a combination of the transfer of fine and fee revenue to the state and reductions in county HACA payments. The county HACA is reduced by 75 percent of net costs in the first year of takeover and the remaining 25 percent in the following year.

A major difference from the past is that because the takeover is delayed for several years, the law provides that the counties maintain a certain mandated funding level for courts during the intervening period. The state will also provide temporary aid to the counties for counties not taken over until 2004 and 2005 to help fund this maintenance of effort requirement.

The **first district** consists of counties south of Minneapolis/St. Paul: Carver, Dakota, Goodhue, LeSueur, McLeod, Scott, and Sibley

The **second district** is Ramsey County.

The **third district** consists of counties in southeastern Minnesota: Dodge, Fillmore, Freeborn, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Waseca, and Winona.

The **fourth district** is Hennepin County.

The **sixth district** consists of counties in the Arrowhead region: Carlton, Cook, Lake, and St. Louis.

The **tenth district** consists of counties north of Minneapolis/St. Paul: Anoka, Chisago, Isanti, Kanabec, Pine, Sherburne, Washington, and Wright.

1st spec. sess., ch. 5, art. 5, §§ 1 to 7, 9, 10, 13 to 22, amending Minn. Stat. §§ 97A.065, subd. 2, 179A.101, subd. 1, 179A.102, subd. 6, 179A.103, subd. 1, 273.1398, subd. 4a, and adding subs. 4b and 4c, 299D.03, subd. 5, 357.021, subd. 1a, 480.181, subd. 1, 487.33, subd. 5, 488A.03, by adding subd. 14, 488A.20 by adding subd. 8, 574.34, subd. 1, and adding §§ 480.1811, 480.183, 484.77

Out-of-Home Placement Aid

Counties will be reimbursed a percentage of nonfederal out-of-home placement cost to counties beginning with aids in 2003. This reimbursement is only paid if the commissioners of human services and corrections certify that accurate data is available to calculate the payment. The reimbursements are funded by a HACA reduction in the first year of the program.

1st spec. sess., ch. 5, art. 5, §§ 8, 11, and 12, amending Minn. Stat. §§ 273.1398 by adding subd. 4d, 477A.03, subd. 2, and adding 477A.0123

Limited Market Value Extension and Phase- in

The limited market value system, which was to expire after the 2001 assessment for taxes payable in 2002, has now been extended and will be phased-out over a six-year time period. Beginning in assessment year 2007 for taxes payable in 2008, homesteads, cabins, and farms will pay property taxes on the full estimated market value of the property. In addition, timberland is added to the property eligible for this program, effective with the 2001 assessment.

1st spec. sess., ch. 5, art. 3, § 23, amending Minn. Stat. § 273.11, subd. 1a, effective July 1, 2001, and for timberland effective beginning with assessments in 2001

Towns

Local Government Aid (LGA) LGA payments to towns are permanently eliminated beginning with aids payable in 2002.

1st spec. sess., ch. 5, art. 3, § 76, amending Minn. Stat. § 477A.013, subd. 1, effective for aids payable in 2002 and after

Expenditures From Town Bridge Account Eligibility of certain high-cost town bridge projects for money in the town bridge account (an account for town bridge replacement that comes from dedicated highway user taxes) is expanded. Previously, the account could pay the cost of approach work that exceeded \$10,000 or the cost of replacement culverts that exceeded \$20,000. Now, 100 percent of engineering costs exceeding \$10,000, or in the case of towns with a net tax capacity of less than \$200,000, 100 percent of engineering costs, are also eligible.

1st spec. sess., ch. 8, art. 2, § 14, amending Minn. Stat. § 161.082, subd. 2a, effective July 1, 2001

Election Law There were a number of Minnesota election law changes in the 2001 First Special Session that affect townships. For an overview of all the election law changes, see the act summary for 1st Special Session, chapter 10, article 18.

Legal advice required for town ballot. A township no longer has to get legal advice about preparing ballots before printing except as to rotation of names on the ballot.

1st spec. sess., ch. 10, art. 18, § 31, amending Minn. Stat. § 204D.04, subd. 2, effective January 1, 2002

Town officer filing period. The filing period for all town officers is now the same as it is for cities and for towns with a November election—not more than 70 days and not less than 56 days before the general election.

1st spec. sess., ch. 10, art. 18, § 35, amending Minn. Stat. § 205.13, subd. 1a, effective January 1, 2002

Vacancies in town office. In general, the town board appoints a person to fill a vacancy and the appointed person serves until the next annual town election. However, if the vacancy in a town office occurs on or after the 14th day before filings open, and more than a year remains in the term, the appointed individual serves until the election that occurs a year later, when a successor will be elected to complete the term.

1st spec. sess., ch. 10, art. 18, § 42, amending Minn. Stat. § 367.03, subd. 6, effective January 1, 2002

State Building Code Enforcement

The 2001 Legislature enacted many provisions intended to streamline the development process. See pages 7 to 10 for provisions of the law affecting local governments generally.

All towns, not just urban towns, are now included in the section concerning the enforcement of the state building code.

1st spec. sess., ch. 10, art. 2, § 26, amending Minn. Stat. § 16B.60, subd. 3, effective July 1, 2001

Data Practices

Urban towns in the seven-county metropolitan area are now subject to the Government Data Practices Act.

Ch. 202, § 1, amending Minn. Stat. § 13.02, subd. 11, effective August 1, 2001

Health, Social, Recreational Services

The electors of a town may allow their town board to contract with nonprofit organizations for health, social, and recreational services. The 2001 Legislature increased the maximum amount for such contracts from \$5,000 per year (set in 1984 when this provision was originally enacted) to \$10,000 per year.

Ch. 11, amending Minn. Stat. § 365.10, subd. 14, effective August 1, 2001

Breachy Animals

An old statutory section (originating in the late 19th century or early 20th century) that established penalties and imposed duties on town officials relating to certain male animals or breachy cattle was repealed. “Breachy cattle” are cattle apt to crawl under, over, or through fences or break out of their own pasture into the neighboring pasture.

Among other things, the repealed law set a fine of \$5 per day (payable to the town) for allowing a stallion over one year old, a bull over nine months old, a boar or ram over three months old, or any breachy cattle to run at large. The repealed statute also required a town board chair to “cause the [animal] to be taken up and castrated in the usual manner” if the owner allowed the animal to continue to run at large. A chair who refused to perform the duties in this was guilty of a misdemeanor.

Ch. 21, repealing Minn. Stat. § 346.19, effective August 1, 2001

Development Authorities and Special Districts

Lake Improvement Districts (LIDs), Financing Powers

LIDs may act as cities under the special assessment and waterworks financing laws. This will enable LIDs to assess benefitted properties, levy charges for water and sewer services, issue special assessment bonds or other bonds. A LID’s exercise of this power would require specific county board approval.

Ch. 214, § 1, amending Minn. Stat. § 103B.555 by adding subd. 4, effective May 30, 2001

Housing and Redevelopment Authority (HRA) Bid Thresholds

This act makes changes in the bid and performance bond thresholds for HRAs that parallel changes made by the 2000 Legislature to the uniform municipal contracting law. See pages 3 and 4. It increases the threshold for awarding contracts for construction work and related equipment from \$25,000 to \$35,000 for an HRA whose area of operation has a population under 2,500, and \$50,000 for all other HRAs. It increases the cost range for emergency purchases not requiring bids to include purchases costing in excess of \$50,000 but not more than \$75,000. (The prior range included purchases costing in excess of \$25,000 but not exceeding \$50,000.) It increases the threshold for requiring performance and payment bonds from contractors from \$25,000 to \$35,000 for an HRA whose area of operation has a population under 2,500, and \$50,000 for all other HRAs. Finally, it increases the limit for projects on which an HRA may accept a certified check or cashier’s check in lieu of a performance bond from \$25,000 to \$50,000.

Ch. 140, amending Minn. Stat. § 469.015, subs. 1, 2, 3, and 5, effective August 1, 2001

**Watershed Districts
Levy Authority**

Beginning with taxes payable in 2002, the levy limit for watershed districts is doubled. The old limit allowed a watershed to levy the lesser of \$125,000 or 0.02418 percent of taxable market value. Now they will be allowed to levy the lesser of \$250,000 or 0.048 percent of taxable market value. Special laws allowing levies in excess of the old general law limits are repealed.

Watersheds are currently allowed to levy an additional 0.00798 percent of market value annually for up to 15 years to pay for projects initiated by petition of a municipality. The new law extends that same authority to pay for projects initiated by petition of any other political subdivision within the watershed district or projects initiated by petition of at least 50 resident owners of property within the district. The requirement was set at 50 resident landowners since that is the number needed to establish a watershed under section 103D.205, subdivision 3, clause (4).

1st spec. sess., ch. 5, art. 3, § 4, amending Minn. Stat. § 103D.905, subd. 3, and § 96 ¶ (b), repealing several special laws, effective for taxes levied in 2001, payable in 2002 and after

**Emergency Medical
Services Special
Taxing Districts**

Two or more political subdivisions, or parts of subdivisions, may establish by resolution a special taxing district for emergency medical services. The areas participating do not have to be contiguous. The taxing district is allowed to levy an amount equal to the lesser of 0.048 percent of taxable market value in the district or \$250,000. The district is not allowed to incur debt. The revenues must be used to provide out-of-hospital emergency medical services such as ambulances or rescue squads.

These districts may levy only in 2002, payable in 2003 through taxes levied in 2007, payable in 2008. Each district established must file a report on revenues and expenditures with the Commissioner of Revenue and the chairs of the House and Senate tax committees by March 15 of 2005 and 2007.

1st spec. sess., ch. 5, art. 3, §§ 8 and 50 (part), adding Minn. Stat. §§ 144F.01, amending 275.066, effective for taxes levied in 2002, payable in 2003 through taxes levied in 2007, payable in 2008

Special Legislation

- Pass-through Grants and Loans** A number of appropriations were made to provide grants and loans to individual local governments for specific projects. For information on these individual appropriations, see the various omnibus finance bills.
- Anoka** The city of Anoka may transfer before January 1, 2002, the balance of the city's library fund to the Anoka County Historical Society.
Ch. 4, art. 2, § 36, effective July 1, 2001
- Benton County** Benton County may convey a specified parcel of land to the county historical society for no or nominal consideration. The land involved was previously conveyed but the project was not completed before the date by which the land reverted to the county. The project is now complete and conveyance is needed to clear title.
Ch. 164, § 8, effective May 25, 2001
- Blaine Liquor Licenses** Blaine may issue six additional on-sale intoxicating liquor licenses.
Ch. 193, § 5, effective August 1, 2001
- Brainerd** Jurisdiction of legislative routes No. 305 and No. 322 may be transferred to the city of Brainerd from MnDOT.
Ch. 213, § 29, ¶¶ (c) and (d), repealing Minn. Stat. § 161.115, subds. 236 and 253, effective on the date of the transfer (when the agreement has been signed by the Commissioner of Transportation and the mayor of the city of Brainerd and filed in the office of the commissioner)
- Breckenridge** Breckenridge will receive additional border city enterprise zone credits. See page 28.
- Carver County HRA** The Carver County HRA may exercise the powers of an economic development authority (EDA) to the extent the county board grants the HRA those powers.

The provision prohibiting the county from exercising its jurisdiction in a municipality with a municipal HRA is repealed.

The Carver County HRA may exercise any powers of an EDA that are granted to it by resolution of the county board, except for the authority contained in statute for a local jurisdiction to levy a tax of up to 0.01813 percent of taxable market value on behalf of an EDA. The maximum amount the county may levy as a special tax on behalf of the HRA is increased from 0.0144 percent of taxable market value to 0.01813 percent of taxable market value.

The county may offer tax-forfeited property to the county HRA before making it available to the city.

Ch. 214, § 46, amending Laws 1980, ch. 482, effective after local approval

Cass County

Cass County may change the positions of county auditor-treasurer and recorder from elected to appointed. Elected incumbents must be allowed to complete their terms of office. In order to change either position from elected to appointed, the county board must approve the change by an 80 percent vote. Before voting on the change, the county board must publish notice of its intent to consider changing the positions from elected to appointed and then provide an opportunity at its next regular meeting for public comment. The change is subject to a reverse referendum.

Ch. 105, § 2, effective after local approval

Chaska

The “grandfathered” or guaranteed portion of LGA is increased permanently by \$50,000, beginning in 2002.

1st spec. sess., ch. 5, art. 3, § 75, clause (p), amending Minn. Stat. § 477A.011, subd. 36, clause (p), effective for aids payable in 2002 and after

Chisago City and Wyoming Township

The city of Chisago and township of Wyoming may determine the timing and amounts of the city’s reimbursement to the township for annexed property (commercial and business park) as part of a joint powers agreement. Under current law, an orderly annexation agreement may provide for reimbursement in equal payments over a period of not less than two but not more than six years ([Minn. Stat. § 414.036](#)).

1st spec. sess., ch. 5, art. 3, § 88, effective July 1, 2002

**Chisago Lakes Joint
Sewage Treatment
Commission**

The Chisago Lakes Joint Sewage Treatment Commission, a joint powers board created to own and operate a wastewater treatment facility by Chisago County and the cities of Lindstrom, Chisago City, and Center City, may issue and sell general obligation bonds to acquire land for, construct, expand, furnish, equip, and modify its facilities. The bonds would be backed by the taxing authority of the governmental units that are members of the joint powers board.

Each member governmental unit of the joint powers board must adopt a resolution authorizing the joint powers board to issue and sell the bonds.

Ch. 214, § 47, effective May 30, 2001, without local approval

Chisholm

Chisholm is grandfathered in (until June 30, 2004) as a city with a population of 5,000 for the purposes of municipal state aid for streets. Its 2000 population is 4,960 and in 1990, it was 5,290. Under the state constitution, 62 percent of the highway user tax distribution fund goes to the Trunk Highway Fund, which pays for construction, maintenance, and administration of state trunk highways. Another 29 percent goes to the County State-Aid Fund for the county state-aid highway system. The remaining 9 percent goes to the Municipal State-Aid Fund for state-aid streets in cities with populations of 5,000 or more.

1st spec. sess., ch. 8, art. 2, § 6, effective July 1, 2001

Crow Wing County

Jurisdiction of legislative route No. 233 may be transferred to Crow Wing County from MnDOT.

Ch. 213, § 29, ¶ (a), repealing Minn. Stat. § 161.115, subd. 164, effective on the date of the transfer (when the agreement has been signed by the Commissioner of Transportation and the chair of Crow Wing county board and filed in the office of the commissioner)

Dakota County

Agricultural society. Full-time employees of the Dakota County Agricultural Society are now included in the public employees retirement association.

1st spec. sess., ch. 10, art. 10, §§ 1, 3, and 7, amending Minn. Stat. § 353.01, subds. 2a, 6, effective after local approval

Dakota County may provide financial and accounting services, including payroll management and records, to the Dakota County Agricultural Society. Dakota County may cover agricultural society employees in county insurance plans.

1st spec. sess., ch. 10, art. 10, § 5, adding Minn. Stat. § 353D.49, effective after local approval

Metropolitan inter-county association (MICA). Dakota County may provide financial and accounting services, including payroll management and records, to MICA. MICA employees are not county employees.

1st spec. sess., ch. 10, art. 10, § 4, adding Minn. Stat. § 353D.48, effective after local approval

Conveyance of tax-forfeited land. If special school district No. 6 conveys land in South St. Paul to the state, then the Commissioner of Revenue must reconvey that land to the school district at no cost. The school district may use or sell the land for other than a public use and the state does not retain a reversionary interest and must convey the land free of the trust in favor of the school district. Under current law, when a taxing district obtains tax-forfeited land, the land must be used for a public use.

1st spec. sess., ch. 5, art. 3, § 83, effective July 1, 2001

Dilworth

Dilworth will receive additional border city enterprise zone credits. See page 28.

Duluth Transit Authority

Duluth is no longer in a separate funding category for purposes of determining maximum local share of total operating costs. Under prior law, the Duluth Transit Authority had to provide 50 percent of its total operating costs (from fares and local property taxes). Under the new law, Duluth is treated the same as other greater Minnesota urban systems, which means it must provide 40 percent of its total operating costs. (Total operating costs for the Duluth Transit Authority do not include costs related to the contract with Superior, Wisconsin, and the contract to provide school transportation in Duluth.)

1st spec. sess., ch. 8, art. 2, §§ 51 and 76, amending Minn. Stat. § 174.24, subd. 3b and repealing § 174.22, subd. 9, effective July 1, 2001; see also 1st spec. sess., ch. 5, art. 3, § 9, amending Minn. Stat. § 174.24, subd. 3b, effective for contracts for service for calendar year 2002 and after

East Grand Forks

East Grand Forks will receive additional border city enterprise zone credits. See page 28.

Elk River Liquor Licenses

Elk River may issue up to six additional on-sale intoxicating liquor licenses.

Ch. 193, § 6, effective August 1, 2001

Goodhue County

Goodhue County may change the positions of county auditor-treasurer and recorder from elected to appointed. The elected incumbent in the office of auditor-treasurer must be allowed to complete the term of office. In order to change either position from elected to appointed, the county board must approve the change by an 80 percent vote. Before voting on the change, the county board must publish notice of its intent to consider changing the positions from elected to appointed and then provide an opportunity at its next regular meeting for public comment. The change is subject to a reverse referendum.

Ch. 184, effective after local approval

Hassan Township Economic Development Authority (EDA)

After finding that Hassan township is located in an urbanized area and is the only town in Hennepin County, the 2001 Legislature authorized the township to establish an EDA. Under general law, only cities may establish EDAs. The Hassan township EDA would have all the powers available to EDAs established by a city under general law, including the authority to levy up to 0.01813 percent of taxable market value.

In addition, the Hassan township EDA would have broader authority to establish economic development districts. City EDAs are limited to establishing these districts in contiguous areas that meet the “blight test” for redevelopment districts under tax increment financing law. The township EDA could establish noncontiguous districts anywhere in the township, except that if a district is to be established within a city, the city council must approve the project.

Ch. 214, § 48, effective after local approval

Hennepin County

Financing multi-jurisdictional programs. Hennepin County may include multi-jurisdictional program activities for housing and redevelopment in its capital improvement program (CIP) and issue bonds for improvements related to the activities, whether or not the improvements would be owned by Hennepin County or another governmental entity. Issuance of the bonds would be subject to the same terms and conditions as other bonds issued for CIP purposes under section 373.40, which requires a two-thirds vote of the county board and public notice, and is subject to a reverse referendum.

The county may not use this authority to finance LRT, commuter rail, or any activity related to either of those, or to finance a sports facility building designed or used primarily for professional sports. Also, the funds appropriated may not be used to pay any operating expenses.

Ch. 214, § 10, amending Minn. Stat. § 383B.79, by adding subd. 5, effective August 1, 2001

Disaster Volunteer Leave. A Hennepin County employee who is a certified disaster service volunteer of the American Red Cross, Salvation Army, or an organization approved by the county board may be granted leave with half pay (but with benefits remaining unaffected) for up to 15 days per year to participate in specialized disaster relief services. The law provides for the request and approval process for leave. The county is not liable for workers' compensation claims arising out of work with the disaster relief organization. (Since 1994, state employees who are certified disaster service volunteers of the American Red Cross have had a substantially similar leave policy. Minn. Stat. § 43A.185)

Ch. 40, adding Minn. Stat. § 383B.389, effective after local approval

Hokah Township

The Hokah town board (Houston County) may adopt a resolution vacating a town road without a petition and authorization at the town meeting, where the vacation is made necessary because of road damage from a natural disaster. The vacation is subject to other provisions of town road vacation law.

The town board, upon petition by an owner whose property is left without access to a public road as a result of the vacation, may establish a cartway to give access to the affected property. The town board in such an instance must pay the costs that would normally fall on the landowner who petitions for such a cartway.

Ch. 17, effective after local approval

Hopkins

The "grandfathered" or guaranteed portion of LGA is increased permanently by \$50,000, beginning in 2002.

1st spec. sess., ch. 5, art. 3, § 75, clause (p), amending Minn. Stat. § 477A.011, subd. 36, clause (p), effective for aids payable in 2002 and after

Hubbard County

Hubbard County may change the positions of county auditor, treasurer, and recorder from elected to appointed. Elected incumbents must be allowed to complete their terms of office. In order to change either position from elected to appointed, the county board must approve the change by an 80 percent vote. Before voting on the change, the county board must publish notice of its intent to consider changing the positions from elected to appointed and then provide an opportunity at its next regular meeting for public comment. The change is subject to a reverse referendum.

Ch. 105, § 1, effective after local approval

Itasca County

An exemption granted by the Board of Government Innovation and Cooperation for Itasca County during calendar year 1996, allowing the county to implement a demonstration project to determine the feasibility of using a managed care model for financing chemical dependency treatment services, remains in effect until June 30, 2004.

Ch. 41, amending Minn. Stat. § 465.797, subd. 5a, effective August 1, 2001

Luverne

The city of Luverne may designate up to three areas of the city as border city development zones. Each area or zone is limited to no more than 100 acres. The general law rules for border city development zones apply to these zones. \$175,000 is allocated to the city to be used in providing tax reductions for the zones. This limit or cap on the zone tax reductions does not apply if the Commissioner of Revenue waives the limit.

1st spec. sess., ch. 5, art. 15, § 33, effective after local approval

Minneapolis

Liquor licenses. Minneapolis may issue on-sale wine and beer licenses to the Brave New Institute and the Loring Playhouse.

Ch. 193, § 1, amending Minn. Stat. § 340A.404, subd. 2, effective August 1, 2001

Minneapolis may issue an on-sale intoxicating liquor license to an establishment at 4415 Nicollet Avenue (Westrum's Tavern), notwithstanding local law or ordinance.

Ch. 193, § 9, effective August 1, 2001

Liquor, lodging, and restaurant taxes. By increasing the maximum combined rate of all sales taxes on this type of lodging from 12 percent to 13 percent, the city of Minneapolis may now levy the entire extra 3 percent tax on lodging in hotels or motels with more than 50 rooms. The revenue from this tax is to fund the city convention center. Previously, the cap limited the imposition of this tax to 2 percent because the combined rate of all the other sales taxes was 10 percent (6.5 percent general sales tax rate; 0.5 percent Minneapolis local sales tax rate; and 3.0 percent general Minneapolis lodging tax).

1st spec. sess., ch. 5, art. 12, § 87, amending Laws 1986, ch. 396, § 5, effective July 1, 2001

Hollman decree. The city may enter into an agreement with any city or county in the metropolitan area to exempt low-rent public housing built under the Hollman decree from all property taxes. The city must then make payments in lieu of property taxes, even if the properties are owned by an entity other than a housing and redevelopment authority. Under general state law, this exemption extends only to housing and redevelopment authorities. Federal law requires properties receiving federal public financial assistance to be exempt from property taxes. This same provision applies to the Metropolitan Council.

1st spec. sess., ch. 5, art. 15, § 32, effective in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, for any cooperation agreement entered into on or after November 1, 1997

Minnehaha Creek Watershed District

The Minnehaha Creek Watershed District is allowed to annually levy up to \$50,000, in addition to any other levies, for enforcing rules and permits.

1st spec. sess., ch. 5, art. 3, § 84, effective for taxes levied in 2001, payable in 2002 and after, without local approval

Moorhead

Liquor licenses. Moorhead may issue up to six additional on-sale intoxicating liquor licenses.

Ch. 193, § 7, effective August 1, 2001

Border city enterprise zone. Moorhead will receive additional border city enterprise zone credits. See page 28.

Newport

The “grandfathered” or guaranteed portion of LGA is increased by \$150,000, for payments in 2002 to 2011.

1st spec. sess., ch. 5, art. 3, § 75, clause (q), amending Minn. Stat. § 477A.011, subd. 36, clause (q), effective for aids payable in 2002 to 2011

Ortonville Ortonville will receive additional border city enterprise zone credits. See page 28.

Osseo The “grandfathered” or guaranteed portion of LGA is increased by \$50,000, for 2002 to 2011.

1st spec. sess., ch. 5, art. 3, § 75, clause (n), amending Minn. Stat. § 477A.011, subd. 36, clause (n), effective for aids payable in 2002 to 2011

Ramsey County **Employment.** Ramsey County may add points to the examination scores of St. Paul city employees who are applying for positions in joint city-county departments or programs.

Ch. 9, amending Minn. Stat. § 383A.288, subd. 3 and 4, effective March 17, 2001

Tax-forfeited lands. Ramsey County may sell tax-forfeited lands in the county to any governmental subdivision if the lands will be used for any of that subdivision’s authorized purposes. The county may determine the sale price and may sell tax-forfeited land for less than its appraised value if it will be used for housing purposes.

Lands sold at less than the appraised value may not be included in a TIF district and land conveyed for housing purposes but not used within three years for that purpose may revert back to the county. The county is required to report to the Commissioner of Revenue every three years on land sold for less than its appraised value.

The deed of conveyance for these lands to the governmental subdivision is conditioned on the continued use for the proposed purpose. If the governing body of the governmental subdivision determines that a different use should be made of the land, it must hold a public hearing, adopt a resolution, and file a copy of the resolution. This change would not require the approval of the county board or the Commissioner of Revenue as is required under general law. Permitted public uses for the land include: streets, storm water ponding, drainage, parks, watersheds, wetlands, libraries, fire and police stations, utility easements, and public facilities.

1st spec. sess., ch. 5, art. 3, § 66, adding Minn. Stat. § 383A.76, effective after local approval

Ramsey and Washington Counties Jurisdiction of legislative route No. 244 may be transferred to Ramsey and Washington counties from MnDOT.

Ch. 213, § 29, ¶ (b), repealing Minn. Stat. § 161.115, subd. 175, effective on the date of the transfer (when the agreement has been signed by the Commissioner of Transportation and the chairs of the Ramsey and Washington county boards and filed in the office of the commissioner)

**Red River Watershed
Management Board**

The Red River Watershed Management Board may compensate counties and townships for property tax revenue lost when land is acquired by the board for a flood damage reduction project. The payment amount cannot exceed the lesser of taxes payable to the county or city/township on the land in the last taxes payable year before the land was exempted or \$4 per acre, multiplied by 20. (The “20,” in effect, allows the payment to reimburse the local government for up to 20 years of lost taxes.)

1st spec. sess., ch. 5, art. 3, § 86, effective July 1, 2001

Scott County HRA

The Scott County HRA may exercise the powers of an economic development authority (EDA) to the extent the county board grants the HRA those powers.

The provision prohibiting the county from exercising its jurisdiction in a municipality with a municipal HRA is repealed.

The Scott County HRA may exercise any powers of an EDA that are granted to it by resolution of the county board, except for the authority contained in statute for a local jurisdiction to levy a tax of up to 0.01813 percent of taxable market value on behalf of an EDA. The maximum amount the county may levy as a special tax on behalf of the HRA is increased from 0.0144 percent of taxable market value to 0.01813 percent of taxable market value.

The county may offer tax-forfeited property to the county HRA before making it available to the city.

Ch. 214, § 45, amending Laws 1974, ch. 473, effective after local approval

**Spring Lake Park Fire
Department**

The Spring Lake Park fire department is included in the public employees retirement association.

1st spec. sess., ch. 10, art. 10, § 3, amending Minn. Stat. § 353.01, subd. 6, effective July 1, 2001

**Southwest Regional
Development
Commission (RDC)**

In accordance with a law enacted last year, the Southwest RDC sought and was given authority to incorporate, or authorize the incorporation of, a nonprofit corporation to operate programs and manage facilities of the Prairieland Exposition Center.

The corporation must have nine directors named by the Southwest RDC, up to five of which may be members of the commission. The directors will be unpaid, but may be reimbursed for expenses.

The corporation must be incorporated under and follow the provisions of [Minnesota Statutes, chapter 317A](#), which governs the creation and operation of nonprofit corporations.

The corporation employees are not public employees and must not participate in various public employee benefit plans.

The Southwest RDC may enter into contracts with the corporation.

Because Prairieland Expo has been funded with state bonds, any management contract or lease between the Southwest RDC and the corporation must comply with the law governing such contracts.

The corporation must comply with statutory provisions governing nonprofit corporations that were created by a political subdivision before May 31, 1997. These include the open meeting law, data practices, record retention, and others. The Southwest RDC will have to ratify the corporation every three years.

Ch. 81, effective August 1, 2001

St. Louis County

Purchasing laws. Special laws dating from 1943 governing purchasing by St. Louis County were repealed. With the repeal, the general law governing county purchasing in [Minnesota Statutes, chapter 375](#) and section [471.345](#) (uniform municipal contracting law) will apply to St. Louis County.

Ch. 150, effective July 1, 2001

Sale of tax-forfeited land. St. Louis County may sell certain tax-forfeited lands by private sale to one or more persons who were the owners at time of forfeiture for payment of taxes due, plus penalties, interest, and costs.

1st spec. sess., ch. 5, art. 3, § 85, effective July 1, 2001

St. Louis Park Liquor Licenses

St. Louis Park may issue up to 12 additional on-sale intoxicating liquor licenses.

Ch. 193, § 8, effective August 1, 2001

St. Paul Liquor Licenses

St. Paul may issue on-sale intoxicating liquor licenses to the Great American History Theatre and to the Brave New Workshop at the Palace Theatre.

Ch. 193, § 2, amending Minn. Stat. § 340A.404, subd. 2b, effective August 1, 2001

**Suburban Hennepin
Regional Park District**

The board of park commissioners for the suburban Hennepin regional park district may set the compensation of its members, which was previously set by statute at \$35 per meeting, not to exceed \$70 per month. The board's meetings must comply with the state open meeting law, and donations to the park district no longer require approval by the district court. The park district board may enter into a joint powers agreement with a simple majority vote, rather than a four-fifths vote. The law also updates statutory references to condemnation procedures and clarifies that the regional park district's boundaries include all of Hennepin county except the city of Minneapolis.

Ch. 44, amending Minn. Stat. §§ 383B.70, 383B.703, 398.06, 398.09; repealing §§ 383B.73, subd. 2, 383B.74, effective April 25, 2001

**Western Lake
Superior Sanitary
District**

The Western Lake Superior Sanitary District's set aside in the public facilities pool is reduced from \$5 million to \$3 million.

Ch. 214, § 29, amending Minn. Stat. § 474A.061, subd. 2c, effective May 30, 2001

Wright County

The Wright County board may change the office of recorder from an elected to an appointed office. The person appointed to fill a vacancy in the office may serve until the position is made appointed or a new recorder is elected. In order to make the change, the county board must approve the change by an 80 percent vote. Before voting on the change, the county board must publish notice of its intent to consider changing the positions from elected to appointed and then provide an opportunity at its next regular meeting for public comment. The change is subject to a reverse referendum.

Ch. 180, effective May 25, 2001

TIF Districts

Six cities were given special tax increment financing (TIF) authority in 2001.

Aurora. The city of Aurora may extend the duration of a pre-1979 TIF district through December 31, 2009. This will allow the city six additional years of increment. This district is scheduled to be decertified at the end of 2003. The district's increments may be spent on public redevelopment costs anywhere within the project area. General law prohibits use of increments from pre-1979 districts after April 1, 2001, except to pay for bonds issued before April 1, 1990 (or bonds issued to refund them).

1st spec. sess., ch. 5, art. 15, § 34, effective after local approval

Gaylord. The city of Gaylord may extend the duration of a pre-1979 TIF district. The extension may not extend beyond December 31, 2008. The 1997 Legislature authorized an extension of the duration of this district, but the city, county, and school district apparently failed to act. The authority to approve special legislation expires on the first day of the next biennial legislative session. Thus, the authority to approve this legislation expired in January 1999.

Because this is a pre-1979 district without pre-1990 bonds outstanding, this district was effectively decertified at the 2000 and, thus, will generate no increment in 2001. As a result, the bill would, in effect, revive the district in 2002. In addition, the section provides authority to spend increments during the extension period.

1st spec. sess., ch. 5, art. 15, § 35, effective after local approval by the city, county, and school district

Minneapolis. The 2001 Legislature extended the period of time for the city of Minneapolis, Hennepin County, and the school district to approve a 1998 special law allowing creation of a TIF district for the old Sears site. The authority to approve this special law expired in 1999.

1st spec. sess., ch. 5, art. 15, § 38, effective the day following final enactment

The city of Minneapolis may apply for a grant from the TIF grant fund for the Washburn Crosby historic mill project. This application will be based solely on the increments of the district and will not take into account other increments of the city. The authority will have until August 1, 2001, to enter binding contracts to issue bonds that qualify as preexisting obligations.

1st spec. sess., ch. 5, art. 15, § 39, effective the day following final enactment

North St. Paul. The Commissioner of Revenue must pay a \$12,800 grant to the city of North St. Paul. This grant is to be charged against the appropriation to make up TIF deficits caused by the 1997, 1998, and 1999 property tax class rate compressions. This grant is to compensate the city for a 1999 calendar year deficit determined on an accrual basis. The commissioner must pay the grant within 60 days after enactment—by September 1.

1st spec. sess., ch. 5, art. 15, § 36, effective July 1, 2001

Park Rapids. The 2001 Legislature extended the five-year rule by one year for a redevelopment district in Park Rapids.

The five-year rule requires the “in-district” portion of increments to be spent (or bonds to be issued) within five years after the TIF district is certified. The pooling rules require either 80 percent of increments (most districts) or 75 percent of increments (redevelopment districts) to be spent on activities actually located inside the TIF district. This percentage is the “in-district” percentage. After the end of the five-year period, the in-district portion of the increment must be spent only to pay obligations incurred to finance these activities completed during the first five years. When they are paid, the district must be decertified. The pooling percentage (i.e., the rest of the increments, either 20 percent or 25 percent) can continue to be spent on new activities after the end of the five-year period.

1st spec. sess., ch. 5, art. 15, § 37, effective after local approval

St. Louis Park. The city of St. Louis Park may qualify for a TIF grant for a special law district as if the local contribution option applied. This is a district that was subject to the state aid offset (at a reduced rate) and under the general law rules would have been subject to the higher deduction for the state aid offset from its grant.

1st spec. sess., ch. 5, art. 15, § 40, effective the day following final enactment

Metropolitan Government

Metropolitan Council Legislative Commission on Metropolitan Government. A Legislative Commission on Metropolitan Government is established to oversee the Metropolitan Council and make recommendations on appointments to the council and on the council's levies, budgets, and work program.

The commission consists of:

- < four senators appointed by the Senate subcommittee on committees of the committee on rules and administration;
- < three senators appointed by the Senate minority leader;
- < four representatives appointed by the speaker of the House; and
- < three representatives appointed by the House minority leader.

They must all be from the metropolitan area, appointed at the beginning of each biennium. The appointing authorities must ensure balanced geographic representation.

Members serve for two-year terms and vacancies must be filled in a manner that will preserve balanced geographic representation.

A chair is to be selected by and from among the commission members for a two-year term. The chair must alternate biennially between the House and the Senate.

Members may be reimbursed for reasonable expenses as legislators. Legislative staff will staff the commission. Meetings are at the call of the chair and action may be taken by a simple majority of members present if there is a quorum.

1st spec. sess., ch. 10, art. 2, §§ 13, 80, and 88, adding Minn. Stat. §§ 3.99 and 473.246, effective July 1, 2001

Transit capital bonding authority. The Metropolitan Council may issue debt up to \$45 million for capital expenditures for the council's regional transit master plan and transit capital improvement plan. None of the money may be used for computer software or construction, maintenance, or operation of light rail transit or commuter rail.

Ch. 214, § 12, amending Minn. Stat. § 473.39, adding subd. 1h, effective May 30, 2001

Transfer of vehicles. The Metropolitan Council may transfer former Metro Mobility vehicles to another special transportation provider or to a taxi provider. If it transfers such a vehicle to a taxi provider, it may do so only if the taxi provider is licensed in a city whose licensing ordinance provides for (1) criminal background checks and annual driving record checks for drivers, and (2) inspection of vehicles at least annually.

Ch. 112, amending Minn. Stat. §§ 221.011, subd. 49, and 473.386, by adding subd. 8, effective August 1, 2001

LRT vehicle and repair part sales tax exemption. The Metropolitan Council's purchase of vehicles and repair parts for LRT are exempt from the sales tax.

1st spec. sess., ch. 5, art. 12, § 57, amending Minn. Stat. § 297A.70, subd. 2, as modified by 1st spec. sess., ch. 8, art. 2, § 63, effective for sales and purchases made after July 31, 2001

Light rail transit (LRT) operating costs requests. In any budget submitted to the legislature or governor that requests operating funds for LRT, the Metropolitan Council must list those funds separately from any other request for transit operating assistance.

1st spec. sess., ch. 8, art. 2, § 69, amending Minn. Stat. § 473.13, by adding subd. 1b, effective July 1, 2001

Studies of commuter rail and LRT. The Metropolitan Council may not spend state funds to study LRT or commuter rail unless the funds are appropriated in a law that identifies the route to be studied, including origin and destination.

1st spec. sess., ch. 8, art. 2, § 71, amending Minn. Stat. § 473.399, by adding subd. 4, effective July 1, 2001

Transit taxes. Property taxes will no longer be levied to fund transit operations in the metropolitan area. Instead a metropolitan area transit fund, financed with 20.5 percent of the annual sales tax on motor vehicles is established. The money in this fund is directly appropriated to the Metropolitan Council to:

- < fund transit operating expenses in the metropolitan area;
- < provide financial assistance to other transit providers;
- < fund Metro Mobility; and
- < provide financial assistance to cities and towns to replace limited services provided by Metro Transit with services from another provider.

Beginning in fiscal year 2004, an additional 2 percent of the sales tax on motor vehicles is allocated to a metropolitan area transit appropriation account. This money also must be used for funding transit in the metro area, but subject to legislative appropriation.

An additional \$5 million is appropriated to the Metropolitan Council for fiscal year 2002 to facilitate the transition to the new funding mechanism.

The levy authority of cities that “opted out” of the metropolitan transit system also is eliminated, except to pay for debt service on transit capital expenditures. The Metropolitan Council must annually pay each opt-out city at least an amount equal to the financial assistance it received in 2001 or the amount it levied for transit operations in pay 2001, increased proportionately to the growth in the metropolitan transit fund and the growth in the city’s market value tax base relative to the growth in market value tax base in the entire metropolitan area.

To assure a guaranteed growth level for metropolitan area transit finance, a provision was enacted allowing the council to issue certificates of indebtedness if revenues to the metropolitan area transit fund do not grow by at least the same percentage as the consumer price index.

1st spec. sess., ch. 5, art. 3, § 2, subs. 2 and 3, adding Minn. Stat. § 16A.88, subs. 2 and 3, effective July 1, 2002; §§ 70 to 72, amending Minn. Stat. §§ 473.388, subs. 4 and 7, and 473.446, subd. 1, effective for taxes payable in 2002 and after; § 95, effective July 1, 2001; and 96 ¶ (a), repealing Minn. Stat. § § 473.3915, 473.446, subd. 1a, and 1b, effective for taxes payable 2002 and after

The omnibus tax bill also expanded the geographic area subject to metropolitan transit capital levies for existing and new debt to the entire metropolitan area. However, the later-enacted omnibus transportation finance bill prohibits the Metropolitan Council from levying property taxes for transit capital purposes in any city or town that was not in the transit taxing district on January 1, 2001, unless the council and the governing body of the city or town have agreed to a service expansion plan.

1st spec. sess., ch. 5, art. 3, § 72, amending Minn. Stat. § 473.446, subd. 1, as modified by 1st spec. sess., ch. 8, art. 2, § 72, adding Minn. Stat. § 473.4461, effective July 1, 2001

Performance-based funding for transit operators continued. In 1997, the legislature authorized the council to set annually the percentage of operating subsidies based on the transit provider's performance (subsidy per passenger trip) and available funds. This was authorized as a demonstration project, to sunset this year. The 2001 Legislature repealed the sunset. It also reduced the maximum percentage of total operating costs that transit providers may be required to pay from 100 percent to 41.5 percent.

1st spec. sess., ch. 8, art. 2, § 75, amending Laws 1997, ch. 159, art. 2, § 4, effective July 1, 2001

Busway location study. In 2001, the legislature appropriated \$6.3 million to the Metropolitan Council for bus transit ways. This law allows the council to study busways in the northwest LRT corridor in Hennepin County, and that part of the southwest LRT corridor in Hennepin County between Hopkins and Minneapolis. The study must consider alternative alignments including existing roads, highways, and transportation facilities.

1st spec. sess., ch. 8, art. 1, § 11, amending Laws 2000, ch. 479, art. 1, § 3, subd. 3, effective July 1, 2001

Restriction on making highway projects and funds conditional. The council and the TAB (and MnDOT) are prohibited from approving or disapproving the allocation of transportation funding on the grounds that a city or county in which the project is located (in part or in whole) has enacted or failed to enact a zoning ordinance, or failed to impose housing density requirements requested by the council. (This does not relate to local zoning ordinances or determinations that relate to trunk highway access.)

1st spec. sess., ch. 8, art. 2, § 4, effective July 1, 2001

Report on consultants. The annual budget for the Metropolitan Council must list, by contract or project, expenditures for consultants in the preceding and next year.

1st spec. sess., ch. 10, art. 2, § 79, amending Minn. Stat. § 473.13 by adding subd. 1c, effective July 1, 2001

Hollman decree. The Metropolitan Council may enter into an agreement with any city or county in the metropolitan area to exempt low-rent public housing built under the Hollman decree from all property taxes. The council must then make payments in lieu of property taxes, even if the properties are owned by an entity other than an HRA. Under general state law, this exemption extends only to HRAs. Federal law requires properties receiving federal public financial assistance to be exempt from property taxes. This same provision applies to the city of Minneapolis as well (see special legislation relating to Minneapolis).

1st spec. sess., ch. 5, art. 15, § 32, effective in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, for any cooperation agreement entered into on or after November 1, 1997

Metro HRA

The Metropolitan Council may establish a separate governing body for the Metro HRA, which is currently governed by the entire council. No fewer than 75 percent of the new governing body must be council members, and at least one member of the new governing body must be a resident directly assisted by the HRA. A recent federal regulation requires all HRAs to include at least one recipient of assistance to be on the HRA's governing body. In 2000, similar authority was provided to city, county, and multi-county HRAs in order to meet the federal regulations.

1st spec. sess., ch. 4, art. 2, § 25, amending Minn. Stat. § 473.195, by adding subd. 5, effective August 1, 2001

Transportation Advisory Board (TAB)

The TAB's membership is now spelled out in statute. The law is similar to the current membership of the TAB and includes:

- (1) the Commissioner of Transportation or the commissioner's designee;
- (2) the commissioner of the Pollution Control Agency or the commissioner's designee
- (3) one member of the Metropolitan Airports Commission appointed by the commission
- (4) one person appointed by the council to represent non-motorized transportation
- (5) one person appointed by the Commissioner of Transportation to represent the freight transportation industry;
- (6) two persons appointed by the council to represent public transit;

- (7) ten elected officials of cities within the metropolitan area, appointed by the association of metropolitan municipalities, with one each coming from Minneapolis and St. Paul;
- (8) a county board member from each of the seven metropolitan counties, appointed by the respective county boards;
- (9) eight citizens appointed by the council; and
- (10) one member of the council, appointed by the council.

The Metropolitan Council must appoint a chair from among the TAB members.

1st spec. sess., ch. 8, art. 2, § 70, amending Minn. Stat. § 473.146, subd. 4, effective July 1, 2001

Metropolitan Airports Commission (MAC)

Coldwater Springs property. The MAC may acquire about 27 acres of property in and around Coldwater Springs in Hennepin County from the federal government and convey it to the Commissioner of Natural Resources for park, green space, or similar use. The MAC may retain an easement for overflights and impose restrictions on use of the property to prevent use inconsistent with aviation.

1st spec. sess., ch. 13, § 17, amending Minn. Stat. § 473.608 by adding subd. 2a, effective July 1, 2001

Metropolitan agencies are prohibited from taking any action that may diminish the flow of water to or from Camp Coldwater Springs. All projects must be reviewed under the Minnesota Historic Sites Act and the Minnesota Field Archaeology Act with regard to the flow of water to or from Camp Coldwater Springs.

Ch. 101, § 1, effective May 16, 2001

800 MHz Public Safety Radio

The metropolitan radio board's expiration date has been extended from July 1, 2002, to July 1, 2004. In addition, the presumption that its duties would be transferred to the Metropolitan Council was changed to require future legislation to designate the agency that will take over from the board. Finally, the board must report to the legislature by February 1, 2002, a plan for the transition, including financial projections and recommendations on whether to transfer the board's duties to a specific state agency, maintain an independent agency, or establish an association of local governments.

Ch. 176, amending Laws 1995, ch. 195, art. 1, § 18, as amended by Laws 1999, ch. 238, art. 2, § 78, effective August 1, 2001

Vetoed Legislation

Edina

The governor vetoed a bill that would have allowed the city of Edina to restrict operation of recreational motor vehicles on property owned by the operator if the property is three or fewer acres in area. Vehicles covered by this authority were off-highway motorcycles, all-terrain vehicles, and other off-road vehicles (not snowmobiles).

Ch. 114 (S.F. 1528)

Exemption for Certain Local Government Construction Projects

This law would have allowed counties, cities, towns, and school districts to construct buildings estimated to cost less than \$50,000 without the planning, design, or supervision of an architect as long as the building met all requirements of the state building and fire code and is not used for assembly or institutional (hospitals, nursing homes, jails, etc.) purposes.

The law would have also directed the board of architects, engineers, surveyors, landscape architects, geoscientists, and interior designers (AESLAGID), in conjunction with groups representing local governments, to identify buildings costing up to \$150,000 which can be constructed without using an architect or engineer without endangering public safety. AESLAGID was also directed to develop and implement a program to educate local units of government on the requirements for using architects and engineers in constructing public buildings.

Ch. 172 (H.F. 1153)

Public Works Contracts; No Damages for Delay Clauses

This law would have forbidden clauses in public works contracts that limit the rights of a contractor to recover costs or damages caused by acts or omissions within the control of the contracting public entity.

Ch. 126 (S.F. 2031)