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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1020

02/18/2015 Authored by Erhardt, Torkelson, Gunther and Newton
The bill was read for the first time and referred to the Committee on Transportation Policy and Finance

1.1 A bill for an act
1.2 relating to local government; creating municipal street improvement districts;
1.3 proposing coding for new law in Minnesota Statutes, chapter 435.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. 435.39 MUNICIPAL STREET IMPROVEMENT DISTRICTS.

1.6 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms
1.7 have the meanings given in this subdivision.

1.8 (b) "Governing body" means the city council of a municipality.

1.9 (c) "Improvements" means construction, reconstruction, and facility upgrades
1.10 involving right-of-way acquisition; paving; curbs and gutters; bridges and culverts and
1.11 their repair; milling; overlaying; drainage and storm sewers; excavation; base work;
1.12 subgrade corrections; street lighting; traffic signals; signage; sidewalks; pavement
1.13 markings; boulevard and easement restoration; impact mitigation; connection and
1.14 reconnection of utilities; turn lanes; medians; street and alley returns; retaining walls;
1.15 fences; lane additions; or fixed transit infrastructure, trails, or pathways. "Fixed transit
1.16 infrastructure" does not include commuter rail rolling stock, light rail vehicles, or
1.17 transit way buses; capital costs for park-and-ride facilities; feasibility studies, planning,
1.18 alternative analyses, environmental studies, engineering, or construction of transit ways;
1.19 or operating assistance for transit ways.

1.20 (d) "Maintenance" means striping, seal coating, crack sealing, pavement repair,
1.21 sidewalk maintenance, signal maintenance, street light maintenance, and signage.

1.22 (e) "Municipal street" means a street, alley, or public way for which the municipality
1.23 is the road authority with powers conferred by section 429.021.

1.24 (f) "Municipality" means a home rule charter or statutory city.

2.1 (g) "Street improvement district" means a geographic area designated by a
 2.2 municipality and located within the municipality within which street improvements and
 2.3 maintenance may be undertaken and financed according to this section.

2.4 (h) "Unimproved parcel" means a parcel of land that:

2.5 (1) abuts an unimproved municipal street and that is not served by municipal sewer
 2.6 or water utilities; or

2.7 (2) abuts an improved municipal street, is served by municipal sewer or water
 2.8 utilities, and that:

2.9 (i) is not improved by construction of an authorized structure; or

2.10 (ii) contains a structure that has not previously been occupied.

2.11 Subd. 2. **Authorization.** Notwithstanding any other law to the contrary, a
 2.12 municipality may establish by ordinance municipal street improvement districts and may
 2.13 defray all or part of the total costs of municipal street improvements and maintenance by
 2.14 apportioning street improvement fees to all of the developed parcels located in the district.
 2.15 A street improvement district must not include any property already located in another
 2.16 street improvement district.

2.17 Subd. 3. **Uniformity.** (a) The total costs of municipal street improvements and
 2.18 maintenance must be apportioned to all developed parcels or developed tracts of land
 2.19 located in the established street improvement district on a uniform basis within each
 2.20 classification of real estate. Apportionment must be made on the basis of one of the
 2.21 following:

2.22 (1) estimated market value;

2.23 (2) tax capacity;

2.24 (3) front footage;

2.25 (4) land or building area; or

2.26 (5) any combination of clauses (1) to (4).

2.27 (b) Rates must not be apportioned in such a way that the rate borne by any
 2.28 classification of property is more than twice the rate that would be borne by that
 2.29 classification if rates were apportioned uniformly to all classifications of property under
 2.30 the method or methods selected under paragraph (a).

2.31 Subd. 4. **Adoption of plan.** Before establishing a municipal street improvement
 2.32 district or authorizing a street improvement fee, a municipality must propose and adopt a
 2.33 street improvement plan that identifies the location of the municipal street improvement
 2.34 district and identifies and estimates the costs of the proposed improvements during the
 2.35 proposed period of collection of municipal street improvement fees, which must be for a
 2.36 period of at least five years and no more than 20 years. Notice of a public hearing on the

3.1 proposed plan must be given by mail to all affected landowners at least 30 days before
3.2 the hearing and posted for at least 30 days before the hearing. At the public hearing, the
3.3 governing body must present the plan and all affected landowners in attendance must have
3.4 the opportunity to comment before the governing body considers adoption of the plan.

3.5 Subd. 5. **Use of fees.** Revenues from street improvement fees must be placed in
3.6 a separate account and used only for projects located within the district and identified
3.7 in the municipal street improvement plan.

3.8 Subd. 6. **Collection; up to 20 years.** (a) An ordinance adopted under this section
3.9 must provide for billing and payment of the fee on a monthly, quarterly, or other basis
3.10 as directed by the governing body. The governing body may collect municipal street
3.11 improvement fees within a street improvement district for up to 20 years, and shall not
3.12 collect municipal street improvement fees within a street improvement district for longer
3.13 than 20 years.

3.14 (b) Fees that, as of October 15 of each year, have remained unpaid for at least 30
3.15 days may be certified to the county auditor for collection as a special assessment payable
3.16 in the following calendar year against the affected property.

3.17 Subd. 7. **Improvement fee.** A municipality may impose a municipal street
3.18 improvement fee by ordinance. The ordinance must not be voted on or adopted until after
3.19 public notice is provided and a public hearing is held in the same manner as provided in
3.20 subdivision 4.

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

3.26 Subd. 9. **Unimproved parcels; fees.** A municipality may not impose a street
3.27 improvement fee on any unimproved parcel located within an established street
3.28 improvement district until at least three years after either the date of substantial completion
3.29 of the paving of the previous unimproved municipal street or the date on which a structure
3.30 is built and first occupied pursuant to a certificate of occupancy, whichever is later.

3.31 Subd. 10. **Institutions of public charity.** A municipality may not impose a street
3.32 improvement fee on any parcel owned by an institution of public charity, as defined by
3.33 section 272.02, subdivision 7.

3.34 **EFFECTIVE DATE.** This section is effective July 1, 2015.