

A bill for an act
relating to local government; authorizing transfer of development credits banks
for local governments; amending Minnesota Statutes 2008, sections 394.25,
subdivision 2; 462.357, subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2008, section 394.25, subdivision 2, is amended to read:

Subd. 2. **Districts set by zoning ordinances.** (a) Zoning ordinances establishing
districts within which the use of land or the use of water or the surface of water pursuant
to section 86B.205 for agriculture, forestry, recreation, residence, industry, trade,
soil conservation, water supply conservation, surface water drainage and removal,
conservation of shorelands, as defined in sections 103F.201 to 103F.221, and additional
uses of land and of the surface of water pursuant to section 86B.205, may be by official
controls encouraged, regulated, or prohibited and for such purpose the board may divide
the county into districts of such number, shape, and area as may be deemed best suited
to carry out the comprehensive plan. Official controls may also be applied to wetlands
preservation, open space, parks, sewage disposal, protection of groundwater, protection of
floodplains as defined in section 103F.111, protection of wild, scenic, or recreational rivers
as defined in sections 103F.311 and 103F.315, protection of slope, soils, unconsolidated
materials or bedrock from potentially damaging development, preservation of forests,
woodlands and essential wildlife habitat, reclamation of nonmetallic mining lands;
protection and encouragement of access to direct sunlight for solar energy systems as
defined in section 216C.06, subdivision 17; and the preservation of agricultural lands.

(b) Official controls may include provisions for purchase of development rights
by the board in the form of conservation easements under chapter 84C in areas where

preservation is considered by the board to be desirable, and the transfer of development rights from those areas to areas the board considers more desirable for development. The county board may also provide by ordinance for a transfer of development credits bank with the power to purchase, hold and sell development credits, or designate as the county's transfer of development credits bank a nongovernmental entity, including a not-for-profit organization organized under section 501(c)(3) of the Internal Revenue Code, or a private commercial enterprise, including but not limited to a credit union or a privately held commercial bank. In authorizing a nongovernmental entity to serve as the transfer of development credits bank, the county ordinance may not preclude private contracts between individuals or private business entities for the purchase, holding, and sale of development credits.

Sec. 2. Minnesota Statutes 2008, section 462.357, subdivision 1, is amended to read:

Subdivision 1. **Authority for zoning.** For the purpose of promoting the public health, safety, morals, and general welfare, a municipality may by ordinance regulate on the earth's surface, in the air space above the surface, and in subsurface areas, the location, height, width, bulk, type of foundation, number of stories, size of buildings and other structures, the percentage of lot which may be occupied, the size of yards and other open spaces, the density and distribution of population, the uses of buildings and structures for trade, industry, residence, recreation, public activities, or other purposes, and the uses of land for trade, industry, residence, recreation, agriculture, forestry, soil conservation, water supply conservation, conservation of shorelands, as defined in sections 103F.201 to 103F.221, access to direct sunlight for solar energy systems as defined in section 216C.06, flood control or other purposes, and may establish standards and procedures regulating such uses. To accomplish these purposes, official controls may include provision for purchase of development rights by the governing body in the form of conservation easements under chapter 84C in areas where the governing body considers preservation desirable and the transfer of development rights from those areas to areas the governing body considers more appropriate for development. The municipality may also provide by ordinance for a transfer of development credits bank with the power to purchase, hold and sell development credits, or designate as the municipality's transfer of development credits bank a nongovernmental entity, including a not-for-profit organization organized under section 501(c)(3) of the Internal Revenue Code, or a private commercial enterprise, including but not limited to a credit union or a privately held commercial bank. In authorizing a nongovernmental entity to serve as the transfer of development credits bank, the municipal ordinance may not preclude private contracts

3.1 between individuals or private business entities for the purchase, holding, and sale of
3.2 development credits. No regulation may prohibit earth sheltered construction as defined in
3.3 section 216C.06, subdivision 14, relocated residential buildings, or manufactured homes
3.4 built in conformance with sections 327.31 to 327.35 that comply with all other zoning
3.5 ordinances promulgated pursuant to this section. The regulations may divide the surface,
3.6 above surface, and subsurface areas of the municipality into districts or zones of suitable
3.7 numbers, shape, and area. The regulations shall be uniform for each class or kind of
3.8 buildings, structures, or land and for each class or kind of use throughout such district,
3.9 but the regulations in one district may differ from those in other districts. The ordinance
3.10 embodying these regulations shall be known as the zoning ordinance and shall consist of
3.11 text and maps. A city may by ordinance extend the application of its zoning regulations to
3.12 unincorporated territory located within two miles of its limits in any direction, but not
3.13 in a county or town which has adopted zoning regulations; provided that where two or
3.14 more noncontiguous municipalities have boundaries less than four miles apart, each is
3.15 authorized to control the zoning of land on its side of a line equidistant between the two
3.16 noncontiguous municipalities unless a town or county in the affected area has adopted
3.17 zoning regulations. Any city may thereafter enforce such regulations in the area to the
3.18 same extent as if such property were situated within its corporate limits, until the county
3.19 or town board adopts a comprehensive zoning regulation which includes the area.