

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 2957

(SENATE AUTHORS: JOHNSON)

DATE	D-PG	OFFICIAL STATUS
03/17/2016	5121	Introduction and first reading Referred to State and Local Government

1.1 A bill for an act

1.2 relating to local government; modifying sections related to municipal

1.3 boundary adjustments and city dissolution; amending Minnesota Statutes 2014,

1.4 sections 412.091; 414.01, subdivisions 1b, 8a, 10, 14, 16; 414.011, by adding

1.5 subdivisions; 414.012; 414.02, subdivisions 1a, 3; 414.031, subdivisions 1,

1.6 1a, 3a, 4, 4a, 6, 7, by adding a subdivision; 414.0325; 414.033; 414.0335,

1.7 subdivisions 1, 3; 414.035; 414.036; 414.038; 414.041, subdivisions 1, 5, 6,

1.8 8; 414.06, subdivisions 1, 2, 3, 4, 5; 414.061; 414.067, subdivision 1; 414.07,

1.9 subdivision 2; 414.09, subdivisions 1, 2; 414.12, subdivision 3; proposing coding

1.10 for new law in Minnesota Statutes, chapter 414; repealing Minnesota Statutes

1.11 2014, sections 414.0333; 414.051; 414.063; 414.065; 414.08.

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

1.13 Section 1. Minnesota Statutes 2014, section 412.091, is amended to read:

1.14 **412.091 DISSOLUTION; PETITION; VOTE.**

1.15 Whenever a number of voters equal to one-third of those voting at the last

1.16 preceding city election petition the chief administrative law judge of the state Office of

1.17 Administrative Hearings to dissolve the city, a special election shall be called to vote upon

1.18 the question. ~~Before the election, the chief administrative law judge shall designate a time~~

1.19 ~~and place for a hearing in accordance with section 414.09. After the hearing, the chief~~

1.20 ~~administrative law judge shall issue an order which shall include a date for the election, a~~

1.21 ~~determination of what town or towns the territory of the city shall belong to if the voters~~

1.22 ~~favor dissolution, and other necessary provisions.~~ The ballots used at such election shall

1.23 be substantially in the following form: "Shall the city of ... be dissolved?" If a majority of

1.24 those voting on the question favor dissolution, the clerk shall file a certificate of the result

1.25 with the chief administrative law judge, the secretary of state, and the county auditor of

1.26 the county in which the city is situated. Six months after the date of such election, the

1.27 city shall cease to exist. Within such six months, the council shall audit all claims against

the city, settle with the treasurer, and other city officers, and apply the assets of the city to the payment of its debts. If any debts remain unpaid, other than bonds, the city clerk shall file a schedule of such debts with the county treasurer and the council shall levy a tax sufficient for their payment, the proceeds of which, when collected, shall be paid by the county treasurer to the creditors in proportion to their several claims until all are discharged. The principal and interest on outstanding bonds shall be paid when due by the county treasurer from a tax annually spread by the county auditor against property formerly included within the city until the bonds are fully paid. All city property and all rights of the city shall, upon dissolution, inure in the town or towns designated as the legal successor to the city. If the city territory goes to more than one town, surplus cash assets and unsold city property shall be distributed as provided by the order for the election.

Sec. 2. Minnesota Statutes 2014, section 414.01, subdivision 1b, is amended to read:

Subd. 1b. **Goals in promoting, regulating municipal development.** The chief ~~administrative law judge may~~ policy purpose of this chapter is to promote and regulate development of municipalities:

(1) to provide for the extension of municipal government to areas which are developed or are in the process of being developed for intensive use for residential, commercial, industrial, institutional, and governmental purposes or are needed for such purposes; and

(2) to protect the stability of unincorporated areas which are used or developed for agricultural, open space, and rural residential purposes and are not presently needed for more intensive uses; and

(3) to protect the integrity of land use planning in municipalities and unincorporated areas so that the public interest in efficient local government will be properly recognized and served.

Sec. 3. Minnesota Statutes 2014, section 414.01, subdivision 8a, is amended to read:

Subd. 8a. **Powers of conductor of proceedings.** Any ~~person~~ administrative law judge conducting a proceeding under this chapter may administer oaths and affirmations; receive testimony of witnesses, and the production of papers, books, and documents; examine witnesses; and receive and report evidence. Upon the written request of a presiding administrative law judge or a party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records, or other documents material to any proceeding under this chapter. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

3.1 Sec. 4. Minnesota Statutes 2014, section 414.01, subdivision 10, is amended to read:

3.2 Subd. 10. **Rulemaking authority.** To carry out the duties and powers imposed upon  
3.3 the chief administrative law judge under this chapter, the chief administrative law judge  
3.4 may adopt the rules, that are reasonably necessary, in accordance with the procedure  
3.5 prescribed in ~~the general laws relating to departments and agencies of the state~~ chapter 14.

3.6 Sec. 5. Minnesota Statutes 2014, section 414.01, subdivision 14, is amended to read:

3.7 Subd. 14. **Population of changed territory, new municipality.** (a) When an  
3.8 order ~~or approval letter~~ under this chapter enlarges or diminishes the area of an existing  
3.9 municipality or town, the chief administrative law judge shall communicate the order ~~or~~  
3.10 ~~approval letter~~ to the municipality and the state demographer. The municipality shall  
3.11 prepare an estimate of population and of the number of households for the annexed or  
3.12 detached area of the municipality or town as of the effective date of the order. The  
3.13 estimate shall be certified by the state demographer. ~~The estimate must estimate the~~  
3.14 ~~population as of the effective date of the order or approval letter and must be so dated.~~

3.15 (b) When a new municipality is created by an order under this chapter, the  
3.16 municipality shall request a separation census from the United States Bureau of the  
3.17 Census and bear any costs incurred.

3.18 Sec. 6. Minnesota Statutes 2014, section 414.01, subdivision 16, is amended to read:

3.19 Subd. 16. **Compelled meetings; report.** In any proceeding under this chapter,  
3.20 the chief administrative law judge ~~or conductor of the proceeding~~ may at any time in  
3.21 the process require representatives from any petitioning property owner or involved  
3.22 city, town, county, political subdivision, or other governmental entity to meet together  
3.23 to discuss resolution of issues raised by the petition or order that confers jurisdiction  
3.24 on the chief administrative law judge and other issues of mutual concern. The chief  
3.25 administrative law judge ~~or conductor of the proceeding~~ may determine which entities  
3.26 are required to participate in these discussions. The chief administrative law judge ~~or~~  
3.27 ~~conductor of the proceeding~~ may require that the parties meet at least three times during a  
3.28 60-day period. The parties shall designate a person to report to the chief administrative  
3.29 law judge ~~or conductor of the proceeding~~ on the results of the meetings ~~immediately~~  
3.30 within ten business days after the last meeting. The parties may be granted additional time  
3.31 at the discretion of the chief administrative law judge ~~or conductor of the proceedings~~.

3.32 Any proposed resolution or settlement of contested issues that results in a municipal  
3.33 boundary change, places conditions on any future municipal boundary change, or results  
3.34 in the withdrawal of an objection to a pending proceeding or the withdrawal of a pending

proceeding must be filed with the chief administrative law judge and is subject to the applicable procedures and statutory criteria of this chapter.

Sec. 7. Minnesota Statutes 2014, section 414.011, is amended by adding a subdivision to read:

Subd. 14. **Town; township.** "Town" means the governmental units provided the general powers defined in section 366.01. For purposes of this chapter, town includes townships.

Sec. 8. Minnesota Statutes 2014, section 414.011, is amended by adding a subdivision to read:

Subd. 15. **Orderly annexation.** "Orderly annexation" means the annexation process specified in section 414.0325.

Sec. 9. Minnesota Statutes 2014, section 414.011, is amended by adding a subdivision to read:

Subd. 16. **Orderly annexation agreement.** "Orderly annexation agreement" means a written contract entered into jointly by at least one township and at least one municipality, or at least one municipality and at least one county, and containing all negotiated terms and conditions pursuant to which the parties have agreed to an annexation of designated property, either currently or to take place at some point in the future.

Sec. 10. Minnesota Statutes 2014, section 414.011, is amended by adding a subdivision to read:

Subd. 17. **Contiguous.** "Continuous" has the meaning given to "abut," "abuts," and "abutting" in subdivision 6.

Sec. 11. Minnesota Statutes 2014, section 414.012, is amended to read:

**414.012 FILING OF MAPS IN BOUNDARY ADJUSTMENT PROCEEDINGS.**

~~Subdivision 1. **Corporate boundary map.** A municipality~~ Any party initiating any boundary adjustment authorized by this chapter shall file with the chief administrative law judge a corporate boundary map. Any proposed boundary adjustment shall be delineated on a copy of the corporate boundary map.

Subd. 2. **Plat maps.** Any party initiating a boundary adjustment, which includes platted land, shall file with the chief administrative law judge maps ~~which~~ that are

5.1 necessary to support and identify the ~~land~~ property description. The maps shall include  
5.2 copies of plats.

5.3 Sec. 12. Minnesota Statutes 2014, section 414.02, subdivision 1a, is amended to read:

5.4 Subd. 1a. **Notice of intent to incorporate.** (a) At least 30 days before submitting  
5.5 the petition or resolution to the chief administrative law judge under this section, the  
5.6 township must serve the clerk of each municipality and each township that is contiguous  
5.7 to the township ~~by certified mail~~ a notice of the township's intent to incorporate. Service  
5.8 may be made by first class mail with postage prepaid.

5.9 (b) If the proceedings for incorporation are initiated by the requisite number of  
5.10 property owners, the notice of intent to incorporate must be served by the property owner  
5.11 or owners or designee in the manner required under this paragraph. The property owner or  
5.12 owners or designee must serve a notice of intent to incorporate on the town board of the  
5.13 township containing the area proposed for incorporation. The property owner or owners  
5.14 or designee must also serve the clerk of each municipality and each township that is  
5.15 contiguous to the area proposed for incorporation ~~by certified mail~~ a notice of intent to  
5.16 incorporate. Service may be made by first class mail with postage prepaid.

5.17 Sec. 13. Minnesota Statutes 2014, section 414.02, subdivision 3, is amended to read:

5.18 Subd. 3. **Relevant factors, order.** (a) In arriving at a decision, the chief  
5.19 administrative law judge shall consider the following factors:

5.20 (1) present population and number of households, past population and projected  
5.21 population growth for the subject area;

5.22 (2) quantity of land within the subject area; the natural terrain including recognizable  
5.23 physical features, general topography, major watersheds, soil conditions and such natural  
5.24 features as rivers, lakes and major bluffs;

5.25 (3) present pattern of physical development, planning, and intended land uses in the  
5.26 subject area including residential, industrial, commercial, agricultural, and institutional  
5.27 land uses and the impact of the proposed action on those uses;

5.28 (4) the present transportation network and potential transportation issues, including  
5.29 proposed highway development;

5.30 (5) land use controls and planning presently being utilized in the subject area,  
5.31 including comprehensive plans, policies of the Metropolitan Council; and whether there  
5.32 are inconsistencies between proposed development and existing land use controls;

5.33 (6) existing levels of governmental services being provided to the subject area,  
5.34 including water and sewer service, fire rating and protection, law enforcement, street

improvements and maintenance, administrative services, and recreational facilities and the impact of the proposed action on the delivery of the services;

(7) existing or potential environmental problems and whether the proposed action is likely to improve or resolve these problems;

(8) fiscal impact on the subject area and adjacent units of local government, including present bonded indebtedness; local tax rates of the county, school district, and other governmental units, including, where applicable, the net tax capacity of platted and unplatted lands and the division of homestead and nonhomestead property; and other tax and governmental aid issues;

(9) relationship and effect of the proposed action on affected and adjacent school districts and communities;

(10) whether delivery of services to the subject area can be adequately and economically delivered by the existing government;

(11) analysis of whether necessary governmental services can best be provided through the proposed action or another type of boundary adjustment;

(12) degree of contiguity of the boundaries of the subject area and adjacent units of local government; and

(13) analysis of the applicability of the State Building Code.

(b) Based upon these factors, the chief administrative law judge may order the incorporation ~~on~~ upon finding that:

(1) the property to be incorporated is now, or is about to become, urban or suburban in character; or

(2) that the existing township form of government is not adequate to protect the public health, safety, and welfare; or

(3) the proposed incorporation would ~~be in the best interests of the area under consideration~~ support the goals set forth in section 414.01, subdivision 1b.

(c) The chief administrative law judge may deny the incorporation if the area, or a part thereof, would be better served by annexation to an adjacent municipality.

(d) The chief administrative law judge may alter the boundaries of the proposed incorporation by increasing or decreasing the area to be incorporated so as to include only that property which is now, or is about to become, urban or suburban in character, or may exclude property that may be better served by another unit of government. The chief administrative law judge may also alter the boundaries of the proposed incorporation so as to follow visible, clearly recognizable physical features for municipal boundaries.

(e) In all cases, the chief administrative law judge shall set forth the factors which are the basis for the decision.

(f) Notwithstanding any other provision of law to the contrary relating to the number of wards which may be established, the chief administrative law judge may provide for election of council members by wards, not less than three nor more than seven in number, whose limits are prescribed in the chief administrative law judge's order upon a finding that area representation is required to accord proper representation in the proposed incorporated area because of uneven population density in different parts thereof or the existence of agricultural lands therein which are in the path of suburban development, but after four years from the effective date of an incorporation the council of the municipality may by resolution adopted by a four-fifths vote abolish the ward system and provide for the election of all council members at large as in other municipalities.

(g) The chief administrative law judge's order for incorporation shall provide for the election of municipal officers in accordance with section 414.09. The plan of government shall be "Optional Plan A", provided that an alternate plan may be adopted pursuant to section 412.551, at any time.

(h) The ordinances of the township in which the new municipality is located shall continue in effect until repealed by the governing body of the new municipality.

Sec. 14. Minnesota Statutes 2014, section 414.031, subdivision 1, is amended to read:

Subdivision 1. **Initiating the proceeding.** (a) A proceeding for the annexation of unincorporated property abutting a municipality may be initiated by submitting to the chief administrative law judge and the affected township one of the following:

- (1) a resolution of the annexing municipality;
- (2) a resolution of the township containing the area proposed for annexation;
- (3) a petition of 20 percent of the total number of individuals who own property owners in the area to be annexed or 100 property owners in the area to be annexed, whichever is less, ~~in the area to be annexed~~;

(4) a resolution of the municipal council together with a resolution of the township board stating their desire to have the entire township annexed to the municipality.

(b) The petition, or resolution shall set forth the boundaries of the territory proposed for annexation, the names of all parties entitled to notice under section 414.09, and the reasons for requesting annexation.

(c) If the proceeding is initiated by a petition of property owners, the petition shall be accompanied by a resolution of the annexing municipality supporting the petition.

Sec. 15. Minnesota Statutes 2014, section 414.031, subdivision 1a, is amended to read:

8.1 Subd. 1a. **Notice of intent to annex.** Except in matters initiated by a township, at  
8.2 least 30 days before submitting a petition or resolution to the chief administrative law judge  
8.3 under this section, the petitioning municipality or petitioning property owner or supporting  
8.4 municipality must serve the township clerk of the affected township by certified mail a  
8.5 notice of the petitioning municipality's or the petitioning property owner's intent to annex  
8.6 property within the township. The notice must clearly identify the boundaries of the area  
8.7 proposed to be annexed. Service may be made by first class mail with postage prepaid.

8.8 Sec. 16. Minnesota Statutes 2014, section 414.031, is amended by adding a subdivision  
8.9 to read:

8.10 Subd. 1b. **Joint informational meeting.** There must be a joint informational  
8.11 meeting of the municipal council of the annexing municipality and the township board  
8.12 of supervisors of the township containing the land proposed to be annexed or included  
8.13 in annexation proceedings under this section. For an annexation under this section, the  
8.14 joint informational meeting must be held after the final mediation meeting or the final  
8.15 meeting held pursuant to section 414.01, subdivision 16, if any, and before the hearing on  
8.16 the matter is held. The time, date, and place of the joint informational meeting must be  
8.17 determined jointly by the chair of the township board of supervisors and the mayor of the  
8.18 annexing municipality. The chair of the township board of supervisors and the mayor of  
8.19 the municipality must serve as the cochaIRS for the joint informational meeting. Notice of  
8.20 the time, date, place, and purpose of the joint informational meeting must be posted by the  
8.21 township clerk in the township's designated place for posting notices and by the municipal  
8.22 clerk in the municipality's designated place for posting notices. In addition, both the  
8.23 city and township shall publish, at their own expense, notice in their respective official  
8.24 newspapers. If the city and township use the same official newspaper, a joint notice may  
8.25 be published and the costs evenly divided. All notice required by this subdivision must be  
8.26 provided at least ten days before the date for the joint informational meeting. At the joint  
8.27 informational meeting, all persons appearing must have an opportunity to be heard, but  
8.28 the cochaIRS may, by mutual agreement, establish the amount of time allowed for each  
8.29 speaker. The clerk of the township must record minutes of the proceedings of the joint  
8.30 informational meeting, and the municipal clerk must make an audio recording of the joint  
8.31 informational meeting. The township must provide the chief administrative law judge and  
8.32 the municipality with a copy of the printed minutes, and the municipality must provide the  
8.33 chief administrative law judge and the township with a copy of the audio recording. The  
8.34 record of the joint informational meeting for a proceeding under this section is admissible



9.1 in any proceeding under this chapter and shall be taken into consideration by the chief  
9.2 administrative law judge.

9.3 Sec. 17. Minnesota Statutes 2014, section 414.031, subdivision 3a, is amended to read:

9.4 Subd. 3a. **Presiding administrative law judge; tour.** During the evidentiary  
9.5 hearing process, upon the request of any party, the presiding administrative law judge  
9.6 shall tour the proposed annexation area along with at least one representative of each of  
9.7 the affected towns and municipalities. Prior to the tour of the proposed annexation area,  
9.8 the affected towns and municipalities shall agree on the route or the administrative law  
9.9 judge shall determine the route for the affected towns and municipalities and resolve all  
9.10 disputes regarding the tour.

9.11 Sec. 18. Minnesota Statutes 2014, section 414.031, subdivision 4, is amended to read:

9.12 Subd. 4. **Relevant factors, order.** (a) In arriving at a decision, the presiding  
9.13 administrative law judge shall consider the following sources and factors:

9.14 (1) recordings and public documents from joint informational meetings under  
9.15 ~~section 414.0333~~ subdivision 1b relevant to other factors listed in this subdivision;

9.16 (2) present population and number of households, past population and projected  
9.17 population growth of the annexing municipality and subject area and adjacent units of  
9.18 local government;

9.19 (3) quantity of land within the subject area and adjacent units of local government;  
9.20 and natural terrain including recognizable physical features, general topography, major  
9.21 watersheds, soil conditions and such natural features as rivers, lakes and major bluffs;

9.22 (4) degree of contiguity of the boundaries between the annexing municipality and  
9.23 the subject area;

9.24 (5) present pattern of physical development, planning, and intended land uses in the  
9.25 subject area and the annexing municipality including residential, industrial, commercial,  
9.26 agricultural and institutional land uses and the impact of the proposed action on those  
9.27 land uses;

9.28 (6) the present transportation network and potential transportation issues, including  
9.29 proposed highway development;

9.30 (7) land use controls and planning presently being utilized in the annexing  
9.31 municipality and the subject area, including comprehensive plans for development in  
9.32 the area and plans and policies of the Metropolitan Council, and whether there are  
9.33 inconsistencies between proposed development and existing land use controls and the  
9.34 reasons therefore;

(8) existing levels of governmental services being provided in the annexing municipality and the subject area, including water and sewer service, fire rating and protection, law enforcement, street improvements and maintenance, administrative services, and recreational facilities and the impact of the proposed action on the delivery of said services;

(9) the implementation of previous annexation agreements and orders;

(10) existing or potential environmental problems and whether the proposed action is likely to improve or resolve these problems;

(11) plans and programs by the annexing municipality for providing needed and enhanced governmental services to the subject area in a cost-effective and feasible manner within a reasonable time from the date of the annexation;

(12) an analysis of the fiscal impact on the annexing municipality, the subject area, and adjacent units of local government, including net tax capacity and the present bonded indebtedness, and the local tax rates of the county, school district, and township;

(13) relationship and effect of the proposed action on affected and adjacent school districts and communities;

(14) adequacy of town government to deliver services to the subject area;

(15) analysis of whether necessary governmental services can best be provided through the proposed action or another type of boundary adjustment;

(16) if only a part of a township is annexed, the ability of the remainder of the township to continue or the feasibility of it being incorporated separately or being annexed to another municipality; and

(17) information received by the presiding administrative law judge from the tour ~~required~~ available under subdivision 3a.

(b) Based upon the factors, the presiding administrative law judge may order the annexation ~~on~~ upon finding:

(1) that the subject area is now, or is about to become, urban or suburban in character;

(2) that municipal government in the area proposed for annexation is required to protect the public health, safety, and welfare; or

(3) that the annexation would ~~be in the best interest of the subject area~~ support the goals of section 414.01, subdivision 1b.

(c) If only a part of a township is to be annexed, the presiding administrative law judge shall consider whether the remainder of the township can continue to carry on the functions of government without undue hardship.

(d) The presiding administrative law judge shall deny the annexation ~~on~~ upon finding that the increase in revenues for the annexing municipality bears no reasonable relation to the monetary value of benefits conferred upon the annexed area.

(e) The presiding administrative law judge may deny the annexation ~~on~~ upon finding that:

(1) ~~that~~ annexation of all or a part of the property to ~~an adjacent~~ a municipality adjacent to the subject property would better serve ~~the interests of the residents of the property~~ support the goals set forth in section 414.01, subdivision 1b; or

(2) ~~that~~ the remainder of the township would suffer undue hardship if the annexation were granted.

(f) The presiding administrative law judge may alter the boundaries of the area to be annexed by increasing or decreasing the area so as to include only that property which is now or is about to become urban or suburban in character or to add property of such character abutting the area proposed for annexation in order to preserve or improve the symmetry of the area, or to exclude property that may better be served by another unit of government.

(g) The presiding administrative law judge may also alter the boundaries of the proposed annexation so as to follow visible, clearly recognizable physical features for municipal boundaries.

(h) If the presiding administrative law judge determines that part of the area would be better served by another municipality or township, the presiding administrative law judge may initiate and approve annexation by conducting further hearings and issuing orders pursuant to ~~subdivisions 3 and 4~~ this section.

(i) In all cases, the presiding administrative law judge shall set forth the factors which are the basis for the decision.

Sec. 19. Minnesota Statutes 2014, section 414.031, subdivision 4a, is amended to read:

Subd. 4a. **Providing for election of new municipal officers for annexation of entire township.** (a) Any annexation order under this section for annexation by a single municipality of an entire township shall include a provision for the election of new municipal officers in accordance with section 414.09. The chief administrative law judge, ~~or the chief administrative law judge's designee~~, may also order an election of new municipal officers in accordance with section 414.09 as part of any other annexation order under this section if the chief administrative law judge ~~or the chief administrative law judge's designee~~ determines that such an election would be equitable reasonable and necessary.

(b) The expanded municipality shall be governed by the home rule charter or statutory form which governs the annexing municipality, except that any ward system for the election of council members shall be inoperable unless otherwise ordered by the chief administrative law judge.

(c) The ordinances of both the annexing municipality and the township shall continue in effect within the former boundaries ~~until repealed by the governing body of the new municipality~~ as specified in the order of the chief administrative law judge.

(d) Notwithstanding any other provision of law to the contrary, the chief administrative law judge, ~~or the chief administrative law judge's designee,~~ may provide for election of council members by wards, not less than three nor more than seven in number, whose limits are prescribed ~~in the chief administrative law judge's~~ by order, upon a finding that area representation is required to accord proper representation in the expanded municipality because of uneven population density in different parts thereof or the existence of agricultural lands therein which are in the path of suburban development; but after four years from the effective date of an annexation the council of the municipality may by resolution adopted by a four-fifths vote abolish the ward system and provide for the election of all council members at large.

(e) Until the effective date of the annexation order, the town board and other officers of the town shall continue to exercise their powers and duties under the town laws in that portion of the municipality that was formerly the town, and the council and other officers of the annexing municipality shall continue to exercise their powers and duties in that portion of the expanded municipality that was formerly the municipality. ~~Thereafter~~ On the effective date specified in the annexation order, the town board and the council of the annexing municipality shall have no jurisdiction within the municipality, and the new municipal council and other new officers shall act in respect to any matters previously undertaken by the town board of supervisors or municipal council within the limits of the expanded municipality, including the making of any improvement and the levying of any special assessments therefor in the same manner and to the same effect as if such improvement had been undertaken by the municipality.

(f) The new municipal council may continue or discontinue any board that may have previously existed in the town or former municipality.

Sec. 20. Minnesota Statutes 2014, section 414.031, subdivision 6, is amended to read:

Subd. 6. **Effective date of annexation.** The annexation shall be effective as of the date fixed in the annexation order ~~or on a later date fixed in the annexation order.~~

13.1 Sec. 21. Minnesota Statutes 2014, section 414.031, subdivision 7, is amended to read:

13.2 Subd. 7. **Copy to county auditors.** Within ten business days of its execution,  
13.3 a copy of the annexation order must be ~~delivered immediately~~ provided by the chief  
13.4 administrative law judge to the appropriate county auditors.

13.5 Sec. 22. Minnesota Statutes 2014, section 414.0325, is amended to read:

13.6 **414.0325 ORDERLY ANNEXATION IN DESIGNATED UNINCORPORATED**  
13.7 **AREA.**

13.8 Subdivision 1. **Initiating the proceeding.** (a) One or more townships and one or  
13.9 more municipalities, by joint resolution, may designate an unincorporated area as in need  
13.10 of orderly annexation either currently or at some point in the future by execution of an  
13.11 orderly annexation agreement. One or more municipalities, by joint resolution with the  
13.12 county, may designate an unincorporated area in which there is no organized township  
13.13 government as in need of orderly annexation either currently or at some point in the future  
13.14 by execution of an orderly annexation agreement.

13.15 (b) A designated orderly annexation area is any area which the signatories to a  
13.16 joint resolution for orderly annexation have identified as being appropriate for orderly  
13.17 annexation, either currently or at some point in the future, pursuant to the negotiated  
13.18 terms and conditions set forth in ~~the~~ an orderly annexation agreement and included or  
13.19 incorporated by reference into a joint resolution. Land described as a designated orderly  
13.20 annexation area is not, by virtue of being so described, considered also to be annexed for  
13.21 purposes of this chapter.

13.22 (c) The joint resolution will confer jurisdiction on the chief administrative law  
13.23 judge over orderly annexations in the designated orderly annexation area and over the  
13.24 ~~various provisions in said~~ of the orderly annexation agreement by submission of said joint  
13.25 resolution to the chief administrative law judge.

13.26 (d) The joint resolution shall include a legal description of the designated orderly  
13.27 annexation area and the reasons for its designation.

13.28 (e) ~~Thereafter,~~ An annexation of any part of the designated orderly annexation  
13.29 area may be initiated by:

13.30 ~~(1) submitting to the chief administrative law judge a resolution of any signatory~~  
13.31 ~~to the joint resolution; or~~

13.32 ~~(2) the chief administrative law judge.~~

13.33 (f) Whenever a state agency, other than the pollution control agency, orders a  
13.34 municipality to extend a municipal service to an area, the order confers jurisdiction on the  
13.35 chief administrative law judge to consider designation of the area for orderly annexation.

14.1 ~~(g) If a joint resolution designates an area as in need of orderly annexation and states~~  
14.2 ~~that no alteration of its stated boundaries is appropriate, the chief administrative law judge~~  
14.3 ~~may review and comment, but may not alter the boundaries.~~

14.4 ~~(h)~~ (g) If a joint resolution designates an area as in need of orderly annexation,  
14.5 provides for the conditions for its annexation, and states that no alteration of its stated  
14.6 boundaries is appropriate and no consideration by the chief administrative law judge is  
14.7 necessary, the chief administrative law judge may review and comment, but shall, within  
14.8 30 days, order the annexation in accordance with the terms of the joint resolution unless  
14.9 the joint resolution is invalid under the terms of this chapter.

14.10 Subd. 1a. ~~Electric utility service notice.~~ At least 60 days before a petition is filed  
14.11 under this section or section 414.033, the petitioner must notify the municipality that the  
14.12 petitioner intends to file a petition for annexation. ~~At least 30 days before a petition is filed~~  
14.13 ~~for annexation, the petitioner must be notified by the municipality that the cost of electric~~  
14.14 ~~utility service to the petitioner may change if the land is annexed to the municipality. The~~  
14.15 ~~notice must include an estimate of the cost impact of any change in electric utility services,~~  
14.16 ~~including rate changes and assessments, resulting from the annexation.~~

14.17 Subd. 1b. **Notice of intent to designate an area.** At least ten business days  
14.18 before the municipality or township adopts an orderly annexation agreement, a notice  
14.19 of the intent to include property in an a designated orderly annexation area must be  
14.20 published in a newspaper of general circulation in both the township and municipality.  
14.21 The notice must clearly identify the boundaries of the area proposed to be included in the  
14.22 a designated orderly annexation agreement area. The cost of providing notice must be  
14.23 equally divided between the municipality and the township, unless otherwise agreed  
14.24 upon by the municipality and the township. This subdivision applies only to the initial  
14.25 designation to include property in an a designated orderly annexation area subject to the  
14.26 an orderly annexation agreement, or any expansion of the designated orderly annexation  
14.27 area subject to the orderly annexation agreement, and not to any subsequent annexation of  
14.28 any property from within the designated orderly annexation area. This subdivision also  
14.29 does not apply when the orderly annexation agreement only designates for immediate  
14.30 annexation property for which all of the property owners have ~~petitioned to be annexed~~  
14.31 requested annexation by the municipality.

14.32 Subd. 2. **Hearing time, place.** Upon receipt of a joint resolution for orderly  
14.33 annexation of a part of the designated orderly annexation area, the chief administrative  
14.34 law judge shall set a time and place for a hearing in accordance with section 414.09.

14.35 Subd. 3. **Relevant factors, order.** ~~(a) In arriving at a decision, the chief~~  
14.36 ~~administrative law judge shall consider the factors in section 414.031, subdivision 4.~~

~~(b)~~ (a) Based upon the factors in section 414.031, subdivision 4, the chief administrative law judge may order the annexation upon finding that:

(1) ~~on finding that~~ the subject area is now or is about to become urban or suburban in character and that the annexing municipality is capable of providing the services required by the area within a reasonable time; or

(2) ~~on finding that~~ the existing township form of government is not adequate to protect the public health, safety, and welfare; or

(3) ~~on finding that~~ annexation would be in the best interests of the subject area support the goals of section 414.01, subdivision 1b.

~~(e)~~ (b) The chief administrative law judge may deny the orderly annexation if it conflicts with any provision of the joint resolution or orderly annexation agreement.

~~(d)~~ (c) The chief administrative law judge may alter the boundaries of the proposed joint orderly annexation by increasing or decreasing the area so as to include that property within the designated area ~~which~~ that is in need of municipal services or will be in need of municipal services within a reasonable time.

~~(e)~~ (d) If the orderly annexation is denied, no proceeding for the orderly annexation of substantially the same area may be initiated within two years from the date of the denial order unless the new proceeding is initiated by a majority of the subject area's property owners and the petition is supported by affected parties to the joint resolution for orderly annexation.

~~(f)~~ (e) In all cases, the chief administrative law judge shall set forth the factors ~~which~~ that are the basis for the decision.

Subd. 4. **Effective date of annexation.** The chief administrative law judge's order shall ~~be effective upon the issuance of the order or at such later time as is provided in the order~~ specify the effective date of the annexation.

Subd. 4a. **Copy to county auditors.** Within ten business days of its execution, a copy of the annexation order must be ~~delivered immediately~~ provided by the chief administrative law judge to the appropriate county auditors.

Subd. 4b. **Timing for tax levy.** For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.

Subd. 5. **Land use planning and controls in designated orderly annexation area.**  
(a) An orderly annexation agreement may provide for the establishment of a board to exercise planning and land use control authority before the effective date of any annexation

of property within ~~any area~~ the designated as an orderly annexation area pursuant to this section, in the manner prescribed by section 471.59. The orderly annexation agreement may also delegate planning and land use authority to the affected municipalities or towns or may establish some other process within the orderly annexation agreement to accomplish planning and land use control of the designated orderly annexation area prior to the effective date of any annexation of property within the designated orderly annexation area.

(b) A board or other planning authority designated or established pursuant to an orderly annexation agreement shall have all of the powers contained in sections 462.351 to 462.364, and shall have the authority to adopt and enforce the State Fire Code promulgated pursuant to section 326B.02, subdivision 5.

(c) The orderly annexation agreement may provide that joint planning and land use controls shall apply to any or all parts of the area designated for orderly annexation as well as to any adjacent unincorporated or incorporated area, provided that the area to be included shall be described in the joint resolution.

(d) If the orderly annexation agreement does not provide for joint planning and land use control, delegate planning and land use control to the municipalities or towns, or establish some other process for planning and land use authority, the following procedures shall govern:

(1) if the county and townships agree to exclude the area from their zoning and subdivision ordinances, the municipality may extend its zoning and subdivision regulations to include the entire orderly annexation area as provided in section 462.357, subdivision 1, ~~and section 462.358, subdivision 1~~; or

(2) if the county and township do not agree to such extraterritorial zoning and subdivision regulation by the municipality, zoning and subdivision regulation within the orderly annexation area shall be controlled by a three-member committee with one member appointed from each of the municipal, town, and county governing bodies.

(e) The committee under paragraph (d), clause (2), shall:

(1) serve as the "governing body" and "board of appeals and adjustments," for purposes of sections 462.357 and 462.358, within the designated orderly annexation area; and

(2) have all of the powers contained in sections 462.351 to 462.364, and the authority to adopt and enforce the State Fire Code promulgated pursuant to section 326B.02, subdivision 5.

**Subd. 6. Validity, effect of orderly annexation agreement.** An orderly annexation agreement is a binding contract upon all parties to the agreement and is enforceable in the district court in the county in which the unincorporated property in question is located



17.1 and by the chief administrative law judge, for all purposes. The provisions of an orderly  
17.2 annexation agreement are not preempted by any provision of this chapter unless the  
17.3 agreement specifically provides so otherwise. If an orderly annexation agreement provides  
17.4 the exclusive procedures by which the unincorporated property identified in the agreement  
17.5 designated orderly annexation area may be annexed to the municipality, the municipality  
17.6 shall not annex that property by any other procedure.

17.7 Sec. 23. Minnesota Statutes 2014, section 414.033, is amended to read:

17.8 **414.033 ANNEXATION BY ORDINANCE.**

17.9 Subdivision 1. **Unincorporated property.** Unincorporated property abutting a  
17.10 municipality may be annexed to the municipality by ordinance as provided for in this  
17.11 section.

17.12 Subd. 2. ~~Conditions~~ **Annexation without opportunity for township objection.** A  
17.13 municipal council may by ordinance declare land annexed to the municipality and any  
17.14 such land is deemed to be urban or suburban in character or about to become so if one of  
17.15 the following conditions is met:

17.16 (1) the land is owned by the municipality;

17.17 (2) the land is completely surrounded by land within the municipal limits;

17.18 (3) the land abuts the municipality and the area to be annexed is 120 acres or less,  
17.19 and the area to be annexed is not presently served by public wastewater facilities or public  
17.20 wastewater facilities are not otherwise available, and the municipality receives a petition  
17.21 for annexation from all the property owners of the land. Except as provided for by an  
17.22 orderly annexation agreement conforming with section 414.0325, this clause may not be  
17.23 used to annex any property contiguous to any property either simultaneously proposed to  
17.24 be or previously annexed under this clause within the preceding 12 months if the property  
17.25 is or has been owned at any point during that period by the same owners and annexation  
17.26 would cumulatively exceed 120 acres; or

17.27 (4) the land has been approved after August 1, 1995, by a preliminary plat or final  
17.28 plat for subdivision to provide residential lots that average 21,780 square feet or less in  
17.29 area and the land is located within two miles of the municipal limits.

17.30 Subd. 2b. **Notice, hearing required.** Before a municipality may adopt an ordinance  
17.31 under subdivision 2, clause (2), (3), or (4), a municipality must hold a public hearing and  
17.32 give 30 days' written notice ~~by certified mail~~ to the town or towns affected by the proposed  
17.33 ordinance and to all landowners within and contiguous to the area to be annexed. Service  
17.34 may be made by first class mail with postage prepaid.

18.1 Subd. 3. **60 percent bordered and 40 acres or less; objections; procedure.** If  
18.2 the perimeter of the area to be annexed by a municipality is 60 percent or more bordered  
18.3 by the municipality and if the area to be annexed is 40 acres or less, the municipality  
18.4 shall serve notice of intent to annex upon the town board and the chief administrative  
18.5 law judge, unless the area is appropriate for annexation by ordinance under subdivision  
18.6 2, clause (3). Service may be made by first class mail with postage prepaid. The town  
18.7 board shall have 90 days from the date of service to serve objections with the chief  
18.8 administrative law judge. If no objections are forthcoming within the said 90-day period,  
18.9 ~~such~~ the chief administrative law judge shall issue an order confirming the land may to be  
18.10 annexed by ordinance. If objections are filed with the chief administrative law judge, the  
18.11 chief administrative law judge shall conduct hearings and issue an order as in the case of  
18.12 annexations under section 414.031, ~~subdivisions 3 and 4.~~

18.13 Subd. 5. **Petition by property owners; objections; procedure.** If the land is  
18.14 platted, or, ~~if is~~ unplatted, and does not exceed 200 acres, a majority of the property  
18.15 owners in number may petition the municipal council to have such land included within  
18.16 the abutting municipality and, within ten business days thereafter, shall file copies of the  
18.17 petition with the chief administrative law judge, the town board, the county board and the  
18.18 municipal council of any other municipality which borders the land to be annexed. Within  
18.19 90 days from the date of ~~service~~ filing of the petition with the town, the town board or  
18.20 the municipal council of such abutting municipality may submit written objections to the  
18.21 annexation to the chief administrative law judge and the annexing municipality. Upon  
18.22 receipt of such objections, the chief administrative law judge shall proceed to hold a  
18.23 hearing and issue an order in accordance with section 414.031, ~~subdivisions 3 and 4.~~ If  
18.24 written objections are not submitted within the time specified in this section and if the  
18.25 municipal council determines that property proposed for the annexation is now or is about  
18.26 to become urban or suburban in character, it may by ordinance declare such land annexed  
18.27 to the municipality. If the petition is not signed by all the property owners of the land  
18.28 proposed to be annexed, the ordinance shall not be enacted until the municipal council  
18.29 has held a hearing on the proposed annexation after at least 30 days' mailed notice of the  
18.30 hearing to all property owners within the area to be annexed.

18.31 Subd. 6. **If pending proceeding; waivers from parties.** Whenever a proceeding  
18.32 for annexation is initiated under this section and all or any part of the land is included in  
18.33 another boundary adjustment proceeding pending before the chief administrative law  
18.34 judge, no action thereon shall be taken by the municipality, unless otherwise provided by  
18.35 an order of the chief administrative law judge, until final disposition has been made of the  
18.36 pending petition. Under this section, the chief administrative law judge will accept a waiver

from all parties having a right to object, stating they have no objections to the proposed annexation and waiving the 90-day period before an annexation ordinance may be adopted.

Subd. 7. **Filing; effective date; copy to auditors.** Any annexation ordinance provided for in this section must be filed with the chief administrative law judge, the township, the county auditor and the secretary of state and is ~~final~~ effective on the date the ordinance is approved by the chief administrative law judge. A copy of the annexation ordinance must be ~~delivered immediately~~ provided within ten business days by the governing body of the municipality to the appropriate county auditors.

Subd. 10. **Chief administrative law judge may require additional information.** The chief administrative law judge may require the ~~city~~ municipality or property owners to furnish additional information concerning an annexation by ordinance to inform the chief administrative law judge about the extent to which the proposed annexation conforms to the statutory criteria set forth in sections 414.01, ~~subdivision 1~~, and 414.031, subdivision 4.

Subd. 11. **When annexed land is in floodplain or shoreland area.** When a municipality declares land annexed to the municipality under subdivision 2, clause (3), and the land is within a designated floodplain, as provided by section 103F.111, subdivision 4, or a shoreland area, as provided by section 103F.205, subdivision 4, the municipality shall adopt or amend its land use controls to conform to chapter 103F, and any new development of the annexed land shall be subject to chapter 103F.

Subd. 12. **Property taxes.** When a municipality annexes land under ~~subdivision 2, clause (2), (3), or (4)~~ this section, property taxes payable on the annexed land shall continue to be paid to the affected town ~~or towns~~ for the year in which the annexation becomes effective. If the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.

~~Subd. 13. **Electric utility service notice; cost impact.** At least 30 days before a municipality may adopt an ordinance under subdivision 2, clause (2), (3), or (4), the petitioner must be notified by the municipality that the cost of electric utility service to the petitioner may change if the land is annexed to the municipality. The notice must include an estimate of the cost impact of any change in electric utility services, including rate changes and assessments, resulting from the annexation.~~

Sec. 24. **[414.0334] ELECTRIC UTILITY SERVICE NOTICE.**

At least 60 days before a petition for annexation is filed by a property owner under section 414.0325 or 414.033, the petitioner must notify the municipality that the petitioner intends to file a petition for annexation. Within 30 days after receiving the petitioner's notification under section 414.0325, or at least 30 days before adopting an ordinance under section 414.033, the municipality must notify the petitioner that the cost of electric utility service to the petitioner may change if the land is annexed to the municipality. The notice must include an estimate of the cost impact of any change in electric utility service, including rate changes and assessments, resulting from the orderly annexation.

Sec. 25. Minnesota Statutes 2014, section 414.0335, subdivision 1, is amended to read:

Subdivision 1. **Annexation-by-ordinance alternative.** If a determination or order by the Pollution Control Agency is made, under section 115.49 or other similar statute is ~~made~~, that cooperation by contract is necessary and feasible between a municipality and an unincorporated area located outside the existing corporate limits of a municipality, the municipality required to provide or extend through a contract a governmental service to an unincorporated area, during the statutory 90-day period provided in section 115.49 to formulate a contract, may in the alternative to formulating a service contract to provide or extend the service, declare the unincorporated area described in the Pollution Control Agency's determination letter or order annexed to the municipality by adopting an ordinance and submitting it to the chief administrative law judge.

Sec. 26. Minnesota Statutes 2014, section 414.0335, subdivision 3, is amended to read:

Subd. 3. **City to amend plan and controls.** ~~Thereafter~~ Following the effective date of the annexation, the city shall amend its comprehensive plan and official controls in accordance with chapter 462.

Sec. 27. Minnesota Statutes 2014, section 414.035, is amended to read:

**414.035 DIFFERENTIAL TAXATION FOR UP TO SIX YEARS.**

Whenever an order, under section 414.031, annexes part or all of a township to a municipality, the order may provide that the tax rate of the annexing municipality on the area annexed shall be increased in substantially equal proportions over not more than six years to equality with the tax rate on the property already within the municipality. The appropriate period, if any, shall be based on the time reasonably required to effectively provide property-tax-supported municipal services to the annexed area. Nothing in this section prohibits a similar differential tax provision from being included in an orderly annexation agreement approved pursuant to section 414.0325.

21.1 Sec. 28. Minnesota Statutes 2014, section 414.036, is amended to read:

21.2 **414.036 CITY REIMBURSEMENT TO TOWN TO ANNEX TAXABLE**  
21.3 **PROPERTY.**

21.4 Unless otherwise agreed to by the annexing municipality and the affected town  
21.5 in a lawfully adopted administrative fee schedule or ordinance filed with the chief  
21.6 administrative law judge, when an ~~any~~ order or other approval approving an annexation  
21.7 ~~under this chapter annexes part of a town to a municipality, the order or other approval~~  
21.8 ~~must provide a for reimbursement from the municipality to the town for all or part of the~~  
21.9 ~~taxable property annexed as part of the order~~ the value of property taxes paid to the town  
21.10 in the eight years immediately preceding the annexation. The reimbursement shall be  
21.11 completed in ~~substantially equal payments over not less than two nor~~ not more than eight  
21.12 years from the time of annexation. The municipality must reimburse the township for all  
21.13 special assessments assigned by the township to the annexed property, and any portion  
21.14 of debt incurred by the town prior to the annexation and attributable to the property to  
21.15 be annexed but for which no special assessments are outstanding, in substantially equal  
21.16 payments over a period of not less than two or no more than eight years.

21.17 Sec. 29. Minnesota Statutes 2014, section 414.038, is amended to read:

21.18 **414.038 EFFECT OF ANNEXATION ON TOWNSHIP ROADS.**

21.19 Whenever a municipality annexes property abutting ~~one side of~~ a township road,  
21.20 the segment of road abutting the annexed property must be treated as a line road and is  
21.21 subject to section 164.14. Whenever a municipality annexes the property on both sides  
21.22 of a township road, that portion of road abutting the annexed property ceases to be a  
21.23 town road and becomes the obligation of the annexing municipality. This section does  
21.24 not prohibit the annexing municipality from contracting with the township for continued  
21.25 maintenance of the road. Any portion of a township road that ceases to be a township road  
21.26 pursuant to this section may still be counted as a township road for the road-and-bridge  
21.27 account revenues for the year in which the annexation occurs.

21.28 Sec. 30. Minnesota Statutes 2014, section 414.041, subdivision 1, is amended to read:

21.29 Subdivision 1. **Initiating the proceeding.** (a) Two or more municipalities may be  
21.30 the subject of a single consolidation proceeding provided that each municipality abuts at  
21.31 least one of the included municipalities.

21.32 (b) The proceeding shall be initiated in one of the following ways:

21.33 (1) submitting to the chief administrative law judge a resolution of the city council  
21.34 of each affected municipality;

(2) submitting to the chief administrative law judge a petition signed by a number of residents eligible to vote equivalent to five percent or more of the resident voters of a municipality who voted ~~for governor at~~ in the last statewide general election; or

(3) by the chief administrative law judge.

(c) The petition or resolution shall set forth the following information about each included municipality: name, description of boundaries, the reasons for requesting the consolidation and the names of all parties entitled to mailed notice under section 414.09.

(d) The party initiating the proceeding shall serve copies of the petition or resolution on all of the included municipalities. Service may be made by first class mail with postage prepaid.

Sec. 31. Minnesota Statutes 2014, section 414.041, subdivision 5, is amended to read:

Subd. 5. **Relevant factors, order.** (a) In arriving at a decision, the chief administrative law judge shall consider the factors in section 414.02, subdivision 3.

(b) The chief administrative law judge shall consider and may accept, amend, return to the commission for amendment or further study, or reject the commission's findings and recommendations based upon the chief administrative law judge's written determination of what is in the best interests of the affected municipalities.

(c) The chief administrative law judge shall order the consolidation ~~on~~ upon finding that consolidation will be for the best interests of the municipalities. In all cases, the chief administrative law judge shall set forth the factors which are the basis for the decision.

(d) If the chief administrative law judge orders consolidation, the order shall provide for election of new municipal officers in accordance with section 414.09.

(e) If the most populous of the included municipalities is a statutory city, the new municipality shall be a statutory city and the plan of government shall be Optional Plan A, provided that an alternate plan may be adopted pursuant to section 412.551, at any time. If the most populous of the included municipalities is a home rule charter city or organized under a statute other than chapter 412, the new municipality shall be governed by its home rule charter or the statutory form under which it is governed except that any ward system for the election of council members shall be inoperable.

(f) If the commission's findings and recommendations include a proposed home rule charter for the new municipality, the order may combine the issue of the adoption of the charter and the vote on approval of the order for consolidation into one question on the ballot, and shall submit it in a special or general election as provided in section 410.10.

(g) The ordinances of all of the included municipalities shall continue in effect within their former boundaries until repealed by the governing body of the new municipality.

(h) Notwithstanding any other provision of law to the contrary, the order may establish a ward system in the new municipality, in which event the order shall establish not less than three nor more than seven wards, each of which shall elect one council member. When more than two years have elapsed after consolidation, the governing body may, by a four-fifths vote, abolish the ward system.

(i) The new municipality shall assume the name of the most populous municipality unless previous to the election another name is chosen by joint resolution of a majority of the included municipalities or by the consolidation commission.

(j) The number of license privileges existing in the included municipalities prior to consolidation and pursuant to state law shall not be diminished as a result of the consolidation.

(k) If the consolidation is denied or defeated in a referendum, no proceeding for the consolidation of the same municipalities may be initiated within two years from the date of the order unless authorized by the chief administrative law judge.

Sec. 32. Minnesota Statutes 2014, section 414.041, subdivision 6, is amended to read:

Subd. 6. **Final approval; petition; referenda.** (a) If the consolidation was initiated by a petition of the resident voters of a municipality, the order for consolidation shall be final upon approval by resolution of the city councils in each of the affected municipalities unless a number of residents eligible to vote equivalent to ten percent or more of the resident voters of an affected municipality who voted for governor at in the last statewide general election petition the city council for a referendum on the consolidation. The petition must be submitted within 90 days of the final date of the order or the date of final approval of the order by the city councils, whichever is later.

(b) Upon receipt and verification of the petition, the chief administrative law judge shall order the municipalities to conduct separate referenda at a general or special election in each municipality on the same day, and the referenda shall be held within six months of the receipt of the petition.

(c) Costs of the respective referenda shall be borne by the respective municipality. A majority of those voting in each city must approve the proposed consolidation. The results of the referenda shall be certified to the chief administrative law judge by the chief election judge within ten days after the referenda. The chief administrative law judge shall upon receipt of the certificate notify all parties of the election results.

(d) If the consolidation was initiated by a city council resolution of each affected municipality, the order for consolidation shall be final unless ten percent or more of the

24.1 resident voters of an affected municipality petition for a referendum as provided in  
24.2 paragraph (a).

24.3 (e) If the consolidation was initiated by the chief administrative law judge, no  
24.4 chief administrative law judge's consolidation order involving existing municipalities  
24.5 shall become effective unless adopted by the council of each affected municipality by a  
24.6 majority vote and unless the consolidation order is approved by the qualified voters of the  
24.7 affected municipalities at a general or special election set according to law. The form of  
24.8 the ballot shall be fixed by the chief administrative law judge; and, if a majority of the  
24.9 votes cast on the question in each municipality are in favor of its adoption, the order  
24.10 shall become effective as provided herein.

24.11 (f) Notwithstanding a disapproval of the order for consolidation by a city council of  
24.12 an affected municipality required to approve the order in paragraph (a) or (e), the order for  
24.13 consolidation shall nevertheless be deemed approved by that city council if a number of  
24.14 residents eligible to vote equivalent to ten percent or more of the resident voters of that  
24.15 municipality who voted for governor at in the last statewide general election petition the  
24.16 city council for a referendum on the consolidation as provided in paragraph (a), and a  
24.17 majority of those voting in that municipality approve the order for consolidation.

24.18 Sec. 33. Minnesota Statutes 2014, section 414.041, subdivision 8, is amended to read:

24.19 Subd. 8. **Effective date of consolidation.** The consolidation shall be effective upon  
24.20 the election and qualification of new municipal officers, or at such later date as set by the  
24.21 order of the chief administrative law judge.

24.22 Sec. 34. Minnesota Statutes 2014, section 414.06, subdivision 1, is amended to read:

24.23 Subdivision 1. **Initiating the proceeding.** Property ~~which~~ that is situated within a  
24.24 municipality and abutting the municipal boundary, rural in character and not developed  
24.25 for urban residential, commercial, or industrial purposes may be detached from the  
24.26 municipality according to the following procedure. The proceeding may be initiated by  
24.27 submitting to the chief administrative law judge a resolution of the municipality to which  
24.28 the land is attached or by submitting to the chief administrative law judge a petition ~~of~~  
24.29 signed by all of the property owners of the land to be detached if the area is less than 40  
24.30 acres or of 75 percent of the property owners if the land to be detached is over 40 acres.  
24.31 The petition or resolution shall set forth the boundaries and the area of the land to be  
24.32 detached, the number and character of the buildings, the resident population, and the  
24.33 municipal improvements, if any, in the area, and a statement of the reasons the petitioners  
24.34 or the municipality is seeking the detachment. In addition, the petitioners shall summarize



what, if any, efforts were undertaken prior to filing the resolution or petition to resolve the issues forming the basis for the resolution or petition. If a petition is submitted without a resolution of support from the city, the petitioners shall also provide a copy of the petition to the city from which the land may be detached, and if the petition includes land for which a property owner has not signed the petition, to each property owner subject to the petition who has not signed the petition. A copy must also be mailed or otherwise delivered to the following parties: (1) the clerk of the town to which the property would be attached if the detachment is granted; and (2) the clerk of any other abutting town or city; ~~and (3) the county recorder in the county in which the land is located.~~

Sec. 35. Minnesota Statutes 2014, section 414.06, subdivision 2, is amended to read:

Subd. 2. **Hearing, if needed.** If both a resolution of support from the municipality and a petition by all of the property owners of the subject property are submitted, and no resolution of opposition has been received from a town as provided in subdivision 1a, no hearing is necessary and the chief administrative law judge shall grant the petition. If both the municipality and town submit a resolution opposing the petition, a hearing must not be held and the chief administrative law judge shall deny the petition. In any other case, upon receipt of a petition or resolution, the chief administrative law judge shall designate a time and place for a hearing in accordance with section 414.09, ~~except that instead of the meetings otherwise required under section 414.01, subdivision 16, the chief administrative law judge and shall order the parties to participate in a mediation session. The mediator must be on a list of mediators approved by the Office of Administrative Hearings, unless the parties stipulate to a mediator not on the list parties must either stipulate to a mediator of their choice or utilize a mediator assigned by the Office of Administrative Hearings.~~

The cost of the mediation must be apportioned as provided for in subdivision 7.

Sec. 36. Minnesota Statutes 2014, section 414.06, subdivision 3, is amended to read:

Subd. 3. **Order.** Upon completion of the hearing, the chief administrative law judge may order the detachment ~~on~~ upon finding that the requisite number of property owners have signed the petition if initiated by the property owners, that the property is rural in character and not developed for urban residential, commercial or industrial purposes, that the property is within the boundaries of the municipality and abuts a boundary, that the detachment would not unreasonably affect the symmetry of the detaching municipality, and that the land is not needed for reasonably anticipated future development. In making the findings, the chief administrative law judge shall consider all applicable comprehensive plans, land use regulations, and land use maps of the affected municipality,

town, and county that have been adopted at the time the petition was submitted. The chief administrative law judge may deny the detachment ~~on~~ upon finding that the remainder of the municipality cannot continue to carry on the functions of government without undue hardship. The chief administrative law judge may decrease the area of property to be detached and may include only a part of the proposed area to be detached. If the tract abuts more than one town, it shall become a part of each town, being divided by projecting through it the boundary line between the towns. The detached area may be relieved of the primary responsibility for existing indebtedness of the municipality and be required to assume the indebtedness of the town of which it becomes a part, in such proportion as the chief administrative law judge shall deem just and equitable having in view the amount of taxes due and delinquent and the indebtedness of each town and the municipality affected, if any, and for what purpose the same was incurred, all in relation to the benefit inuring to the detached area as a result of the indebtedness and the last net tax capacity of the taxable property in each town and municipality.

Sec. 37. Minnesota Statutes 2014, section 414.06, subdivision 4, is amended to read:

Subd. 4. **Effective date of detachment.** The detachment shall be effective upon the ~~issuance of date indicated in the order, or at such later date, as provided by the order of the~~ chief administrative law judge.

Sec. 38. Minnesota Statutes 2014, section 414.06, subdivision 5, is amended to read:

Subd. 5. **Copy to county auditors.** Within ten business days, a copy of the detachment order must be ~~delivered immediately~~ provided by the chief administrative law judge to the appropriate county auditors.

Sec. 39. Minnesota Statutes 2014, section 414.061, is amended to read:

**414.061 INCORPORATED LAND; CONCURRENT DETACHMENT, AND ANNEXATION.**

Subdivision 1. **Initiating the proceeding.** Property of one municipality which abuts another may be concurrently detached and annexed by the procedure set forth in this section. The proceeding shall be initiated by (1) submitting to the chief administrative law judge resolutions of both municipalities describing the land and stating their desire to detach and annex the land, ~~or~~ (2) submitting to the chief administrative law judge the petition of all of the owners of the subject property ~~owners~~ and the resolution of at least one municipality describing the land and stating its desire to have the land concurrently detached and annexed as provided in the property owners' petition, or (3) the chief

27.1 administrative law judge, but only with regard to property situated in one municipality and  
27.2 completely surrounded by another municipality.

27.3 Subd. 2. **Order.** If both municipalities have submitted resolutions under subdivision  
27.4 1 and the resolutions are in order, the chief administrative law judge may order the  
27.5 detachment and annexation. In all other cases involving a proposed concurrent detachment  
27.6 and annexation of incorporated land, the chief administrative law judge shall conduct a  
27.7 hearing and issue an order pursuant to section 414.09. In arriving at a decision, the chief  
27.8 administrative law judge shall consider the factors in section 414.02, subdivision 3.

27.9 Subd. 3. **Effective date of order.** The concurrent detachment and annexation shall  
27.10 be effective upon the issuance of the order, or at such later date as provided by the order.

27.11 Subd. 3a. **Copy to county auditors.** Within ten business days, a copy of the  
27.12 annexation order must be delivered immediately provided by the chief administrative law  
27.13 judge to the appropriate county auditors.

27.14 Subd. 3b. **Timing of tax levies.** For the purposes of taxation, if the annexation  
27.15 becomes effective on or before August 1 of a levy year, the municipality acquiring the  
27.16 detached area of another municipality may levy on it beginning with that same levy year.  
27.17 If the annexation becomes effective after August 1 of a levy year, the municipality losing  
27.18 the detached area may continue to levy on it for that levy year, and the municipality  
27.19 acquiring the detached area may not levy on it until the following levy year.

27.20 ~~Subd. 4. **Chief administrative law judge's initiative.** The chief administrative~~  
27.21 ~~law judge (1) may initiate proceedings for the concurrent detachment and annexation of~~  
27.22 ~~portions of one municipality completely surrounded by another municipality, or (2) may~~  
27.23 ~~act upon the petition of all of the owners of property in the completely surrounded area. In~~  
27.24 ~~such cases the chief administrative law judge shall conduct hearings and issue an order~~  
27.25 ~~pursuant to section 414.09. In arriving at a decision, the chief administrative law judge~~  
27.26 ~~shall consider the factors in section 414.02, subdivision 3. The chief administrative law~~  
27.27 ~~judge shall order the proposed action on finding that it will be for the best interests of the~~  
27.28 ~~municipalities and the property owners. In all cases, the chief administrative law judge~~  
27.29 ~~shall set forth the factors which are the basis for the decision.~~

27.30 ~~Subd. 5. **Property owners may initiate.** Property owners may initiate proceedings~~  
27.31 ~~for the concurrent detachment of their property from one municipality and its annexation~~  
27.32 ~~to an adjacent municipality by a petition signed by all of them that they submit to the~~  
27.33 ~~chief administrative law judge accompanied by a resolution of the city council of at least~~  
27.34 ~~one of the affected municipalities. The chief administrative law judge shall conduct~~  
27.35 ~~hearings and issue an order pursuant to section 414.09. In arriving at a decision, the chief~~  
27.36 ~~administrative law judge shall consider the factors in section 414.02, subdivision 3. The~~

~~chief administrative law judge shall order the proposed action on finding that it will be for the best interests of the municipalities and the property owner. In all cases, the chief administrative law judge shall set forth the factors which are the basis for the decision.~~

Sec. 40. Minnesota Statutes 2014, section 414.067, subdivision 1, is amended to read:

Subdivision 1. **Township or municipality divided.** Whenever the chief administrative law judge divides an existing governmental unit, the chief administrative law judge, ~~or other qualified person designated by the chief administrative law judge with the concurrence of the parties,~~ may apportion the property and obligations between the governmental unit adding territory and the governmental unit from which the territory was obtained. The apportionment shall be made in a just and equitable manner having in view the value of the existing township or municipal property located in the area to be added; the assets, value, and location of all the taxable property in the existing township or municipality; the indebtedness, the taxes due and delinquent, other revenue accrued but not paid to the existing township or municipality; and the ability of any remainder of the township or municipality to function as an effective governmental unit. The order shall not relieve any property from any tax liability for payment for any bonded obligation, but the taxable property in the new municipality may be made primarily liable thereon.

Sec. 41. Minnesota Statutes 2014, section 414.07, subdivision 2, is amended to read:

Subd. 2. **Grounds for appeal.** (a) Any person aggrieved by any order issued under this chapter ~~may appeal to the district court upon the following grounds:~~ is entitled to judicial review of the order under the provisions of sections 14.63 to 14.69.

~~(1) that the order was issued without jurisdiction to act;~~

~~(2) that the order exceeded the orderer's jurisdiction;~~

~~(3) that the order is arbitrary, fraudulent, capricious or oppressive or in unreasonable disregard of the best interests of the territory affected; or~~

~~(4) that the order is based upon an erroneous theory of law.~~

~~(b) The appeal shall be taken in the district court in the county in which the majority of the area affected is located. The appeal shall not stay the effect of the order. All notices and other documents shall be served on both the chief administrative law judge and the attorney general's assistant assigned to the chief administrative law judge for purposes of this chapter.~~

~~(c) If the court determines that the action involved is unlawful or unreasonable or is not warranted by the evidence in case an issue of fact is involved, the court may vacate or~~

29.1 suspend the action involved, in whole or in part, as the case requires. The matter shall then  
29.2 be remanded for further action in conformity with the decision of the court.

29.3 (d) To render a review of an order effectual, the aggrieved person shall file with the  
29.4 court administrator of the district court of the county in which the majority of the area is  
29.5 located, within 30 days of the order, an application for review together with the grounds  
29.6 upon which the review is sought.

29.7 (e) An appeal lies from the district court as in other civil cases.

29.8 Sec. 42. Minnesota Statutes 2014, section 414.09, subdivision 1, is amended to read:

29.9 Subdivision 1. **Hearings.** (a) Proceedings initiated by the submission of an initiating  
29.10 document or by the chief administrative law judge shall ~~come on~~ be scheduled for hearing  
29.11 within 30 to 60 days from receipt of the initiating document by the chief administrative  
29.12 law judge or from the date of the chief administrative law judge's action and the person  
29.13 conducting the hearing must submit an order no later than one year from the date of the  
29.14 day of the first hearing.

29.15 (b) Unless the parties stipulate otherwise, the place of the hearing shall be held in  
29.16 the county where a majority of the affected territory is situated, ~~and shall be~~ at a location  
29.17 established for the convenience of the parties.

29.18 (c) At least 30 days before the scheduled hearing, the chief administrative law judge  
29.19 initiating party shall mail notice of the hearing to the following ~~parties~~ entities: the  
29.20 township or municipality presently governing the affected territory; any township or  
29.21 municipality abutting the affected territory; the county where the affected territory is  
29.22 situated; and each planning agency which has jurisdiction over the affected area. Proof of  
29.23 mailing shall be submitted to the chief administrative law judge.

29.24 (d) The ~~chief administrative law judge~~ initiating party shall ~~see~~ ensure that notice  
29.25 of the hearing is published for two successive weeks in a legal newspaper of general  
29.26 circulation in the affected area.

29.27 (e) During a hearing, when the chief administrative law judge exercises authority to  
29.28 change the boundaries of the affected area so as to increase the quantity of the land, the  
29.29 hearing shall be recessed and reconvened upon at least two weeks' published notice in a  
29.30 legal newspaper of general circulation in the affected area.

29.31 Sec. 43. Minnesota Statutes 2014, section 414.09, subdivision 2, is amended to read:

29.32 Subd. 2. **Transmittal of order.** The chief administrative law judge shall ~~see~~  
29.33 ~~that~~ cause copies of the order ~~are~~ to be mailed to all parties entitled to mailed notice of  
29.34 hearing under subdivision 1, the secretary of state, the Department of Revenue, the state

30.1 demographer, individual property owners if the proceeding was initiated in that manner,  
30.2 the affected county auditor, and any other party of record. The affected county auditor  
30.3 shall record the order against the affected property.

30.4 Sec. 44. Minnesota Statutes 2014, section 414.12, subdivision 3, is amended to read:

30.5 Subd. 3. **Cost of proceedings.** (a) The parties to any matter ~~directed to alternative~~  
30.6 ~~dispute resolution under subdivision 1~~ filed with the Office of Administrative Hearings  
30.7 must pay the costs of the ~~alternative dispute resolution process or hearing~~ Office of  
30.8 Administrative Hearings in the proportions ~~that they agree~~ agreed to or ordered by the  
30.9 chief administrative law judge.

30.10 (b) Notwithstanding section 14.53 or other law, the Office of Administrative  
30.11 Hearings is not liable for the costs of any proceedings under this chapter.

30.12 (c) If the parties do not agree to a division of the costs before the commencement of  
30.13 mediation, arbitration, or hearing, the costs must be allocated on an equitable basis by  
30.14 the mediator, arbitrator, or chief administrative law judge.

30.15 (d) The chief administrative law judge may contract with the parties to a matter for  
30.16 the purpose of providing administrative law judges and reporters for an administrative  
30.17 proceeding or alternative dispute resolution.

30.18 (e) The chief administrative law judge shall ~~assess~~ deposit all receipts received by  
30.19 the parties to these proceedings in payment of the cost of services rendered by the Office  
30.20 of Administrative Hearings as provided by section 14.53 14.54.

30.21 Sec. 45. **REVISOR'S INSTRUCTION.**

30.22 The revisor of statutes shall alphabetize the definitions in Minnesota Statutes, section  
30.23 414.011, and correct all cross-references.

30.24 Sec. 46. **REPEALER.**

30.25 Minnesota Statutes 2014, sections 414.0333; 414.051; 414.063; 414.065; and  
30.26 414.08, are repealed.

**414.0333 JOINT INFORMATIONAL MEETING.**

There must be a joint informational meeting of the municipal council of the annexing municipality and the town board of supervisors of the township containing the land proposed to be annexed or included in annexation proceedings under section 414.031. For an annexation under section 414.031, the joint informational meeting must be held after the final mediation meeting or the final meeting held pursuant to section 414.01, subdivision 16, if any, and before the hearing on the matter is held. If no mediation meetings are held, the joint informational meeting must be held after the initiating documents have been filed and before the hearing on the matter. The time, date, and place of the public informational meeting must be determined jointly by the chair of the town board of supervisors and the mayor of the annexing municipality. The chair of the town board of supervisors and the mayor must serve as the cochairs for the informational meeting. Notice of the time, date, place, and purpose of the informational meeting must be posted by the town clerk in the township's designated place for posting notices, and by the municipal clerk in the municipality's designated place for posting notices. In addition, both the city and town shall publish, at their own expense, notice in their respective official newspapers. If the city and town use the same official newspaper, a joint notice may be published and the costs evenly divided. All notice required by this section must be provided at least ten days before the date for the public informational meeting. At the public informational meeting, all persons appearing must have an opportunity to be heard, but the co-chairs may, by mutual agreement, establish the amount of time allowed for each speaker. The municipal council, the town board of supervisors, and any resident or affected property owner may be represented by counsel and may place into the record of the informational meeting documents, expert opinions, or other materials supporting their positions on issues raised by the proposed annexation proceeding. The clerk of the township must record minutes of the proceedings of the informational meeting and the municipal clerk must make an audio recording of the informational meeting. The township must provide the chief administrative law judge and the municipality with a copy of the printed minutes and the municipality must provide the chief administrative law judge and the township with a copy of the audio recording. The record of the informational meeting for a proceeding under section 414.031 is admissible in any proceeding under this chapter and shall be taken into consideration by the chief administrative law judge or the chief administrative law judge's designee.

**414.051 TOWNSHIPS OF MORE THAN 2,000; CHIEF ADMINISTRATIVE LAW JUDGE RECOMMENDATIONS.**

After each federal census the chief administrative law judge may determine the townships which have a population in excess of 2,000 exclusive of any municipality or part of a municipality within the township and make recommendations which the chief administrative law judge considers necessary and reasonable to the board of any such township.

**414.063 PART OF JOINT AGREEMENTS MAY BE PUT IN ORDERS.**

After notice and hearing as provided in section 414.09, the chief administrative law judge may include provisions of joint agreements between political subdivisions in the orders.

**414.065 IF STATE IS FEE OWNER OF PROPOSED BOUNDARY ADJUSTMENT LAND.**

In any case in which the state is the fee owner of land partly or wholly within any area proposed to be part of a boundary adjustment, the executive council of the state of Minnesota may petition for, or consent to, any action proceeding under this chapter, if the council deems such action to be in the best interests of the state.

**414.08 CHIEF ADMINISTRATIVE LAW JUDGE MAY APPEAL FROM DISTRICT COURT.**

An appeal may be taken under the Rules of Civil Appellate Procedure by the chief administrative law judge from a final order or judgment made or rendered by the district court when the chief administrative law judge determines that the final order or judgment adversely affects the public interest.