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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4348

03/16/2026 Authored by Kraft, Acomb, Hollins, Luger-Nikolai, Mahamoud and others
The bill was read for the first time and referred to the Committee on Elections Finance and Government Operations
04/09/2026 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

1.1 A bill for an act
1.2 relating to local government; designating thermal energy networks as public
1.3 improvements and waterworks; amending Minnesota Statutes 2024, sections
1.4 429.011, subdivision 2a; 429.021, subdivision 1; 444.075, subdivision 1.

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

1.6 Section 1. Minnesota Statutes 2024, section 429.011, subdivision 2a, is amended to read:

1.7 Subd. 2a. Municipality; certain counties. "Municipality" also includes the following:

1.8 (1) a county in the case of construction, reconstruction, or improvement of a county
1.9 state-aid highway;

1.10 (2) a county in the case of construction, reconstruction, or improvement of a county
1.11 highway as defined in section 160.02 including curbs and gutters and storm sewers;

1.12 (3) a county exercising its powers and duties under section 444.075, subdivision 1;

1.13 (4) a county for expenses not paid for under section 403.113, subdivision 3, paragraph
1.14 (b), clause (3);

1.15 (5) a county in the case of the abatement of nuisances; and

1.16 (6) a county operating an energy improvements financing program under section
1.17 216C.436 or 216C.437; and

1.18 (7) a county in the case of construction, reconstruction, extension, or maintenance of
1.19 thermal energy networks as defined in section 216B.2427, subdivision 1, paragraph (s).

2.1 Sec. 2. Minnesota Statutes 2024, section 429.021, subdivision 1, is amended to read:

2.2 Subdivision 1. **Improvements authorized.** The council of a municipality shall have  
2.3 power to make the following improvements:

2.4 (1) To acquire, open, and widen any street, and to improve the same by constructing,  
2.5 reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking  
2.6 strips of any material, or by grading, graveling, oiling, or otherwise improving the same,  
2.7 including the beautification thereof and including storm sewers or other street drainage and  
2.8 connections from sewer, water, or similar mains to curb lines.

2.9 (2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary  
2.10 sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps,  
2.11 lift stations, service connections, and other appurtenances of a sewer system, within and  
2.12 without the corporate limits.

2.13 (3) To construct, reconstruct, extend, and maintain steam heating mains.

2.14 (4) To install, replace, extend, and maintain street lights and street lighting systems and  
2.15 special lighting systems.

2.16 (5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems,  
2.17 including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks,  
2.18 treatment plants, and other appurtenances of a water works system, within and without the  
2.19 corporate limits.

2.20 (6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational  
2.21 facilities within or without the corporate limits.

2.22 (7) To plant trees on streets and provide for their trimming, care, and removal.

2.23 (8) To abate nuisances and to drain swamps, marshes, and ponds on public or private  
2.24 property and to fill the same.

2.25 (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

2.26 (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

2.27 (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and  
2.28 promote a pedestrian skyway system. Such improvement may be made upon a petition  
2.29 pursuant to section 429.031, subdivision 3.

2.30 (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote  
2.31 underground pedestrian concourses.

3.1 (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public  
3.2 malls, plazas or courtyards.

3.3 (14) To construct, reconstruct, extend, and maintain district heating systems.

3.4 (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection  
3.5 systems in existing buildings, but only upon a petition pursuant to section 429.031,  
3.6 subdivision 3.

3.7 (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway  
3.8 sound barriers.

3.9 (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution  
3.10 facilities owned by a municipal gas or electric utility.

3.11 (18) To purchase, install, and maintain signs, posts, and other markers for addressing  
3.12 related to the operation of enhanced 911 telephone service.

3.13 (19) To improve, construct, extend, and maintain facilities for Internet access and other  
3.14 communications purposes, provided that the municipality must:

3.15 (i) not discriminate in favor of the municipality's own communications facilities by  
3.16 granting the municipality more favorable or less burdensome terms and conditions than a  
3.17 nonmunicipal service provider with respect to: (A) access and use of public rights-of-way;  
3.18 (B) access and use of municipally owned or controlled conduit, towers, and utility poles;  
3.19 and (C) permitting fees charged to access municipally owned and managed facilities;

3.20 (ii) maintain separation between the municipality's role as a regulator over firms that  
3.21 offer services in competition with the services offered by the municipality over the  
3.22 municipality's communications service facilities, and the municipality's role as a competitive  
3.23 provider of services over the municipality's communications service facilities; and

3.24 (iii) not share inside information between employees or contractors responsible for  
3.25 executing the municipality's role as a regulator over firms that offer communications services  
3.26 in competition with the communication services offered by the municipality, and employees  
3.27 or contractors responsible for executing the municipality's role as a competitive  
3.28 communications services provider.

3.29 (20) To assess affected property owners for all or a portion of the costs agreed to with  
3.30 an electric utility, telecommunications carrier, or cable system operator to bury or alter a  
3.31 new or existing distribution system within the public right-of-way that exceeds the utility's  
3.32 design and construction standards, or those set by law, tariff, or franchise, but only upon  
3.33 petition under section 429.031, subdivision 3.

4.1 (21) To assess affected property owners for repayment of voluntary energy improvement  
4.2 financings under section 216C.436, subdivision 7, or 216C.437, subdivision 28.

4.3 (22) To construct, reconstruct, alter, extend, operate, maintain, and promote energy  
4.4 improvement projects in existing buildings, provided that:

4.5 (i) a petition for the improvement is made by a property owner under section 429.031,  
4.6 subdivision 3;

4.7 (ii) the municipality funds and administers the energy improvement project;

4.8 (iii) project funds are only used for the installation of improvements to heating,  
4.9 ventilation, and air conditioning equipment and building envelope and for the installation  
4.10 of renewable energy systems;

4.11 (iv) each property owner petitioning for the improvement receives notice that free or  
4.12 low-cost energy improvements may be available under federal, state, or utility programs;

4.13 (v) for energy improvement projects on residential property, only residential property  
4.14 having five or more units may obtain financing for projects under this clause; and

4.15 (vi) prior to financing an energy improvement project or imposing an assessment for a  
4.16 project, written notice is provided to the mortgage lender of any mortgage encumbering or  
4.17 otherwise secured by the property proposed to be improved.

4.18 (23) To construct, reconstruct, extend, and maintain thermal energy networks as defined  
4.19 in section 216B.2427, subdivision 1, paragraph (s).

4.20 Sec. 3. Minnesota Statutes 2024, section 444.075, subdivision 1, is amended to read:

4.21 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply ~~in~~ to this section.

4.22 ~~(a)~~ (b) "Municipality" means a home rule charter or statutory city or a town.

4.23 ~~(b)~~ (c) "Governing body" means the town board with respect to towns.

4.24 ~~(c)~~ (d) "Waterworks" means waterworks systems, including mains, valves, hydrants,  
4.25 service connections, wells, pumps, reservoirs, tanks, treatment plants, thermal energy  
4.26 networks as defined in section 216B.2427, subdivision 1, paragraph (s), and other  
4.27 appurtenances of a waterworks system.

4.28 ~~(d)~~ (e) "Sanitary sewer" means sanitary sewer systems, including sewage treatment  
4.29 works, disposal systems, and other facilities for disposing of sewage, industrial waste, or  
4.30 other wastes.

5.1        ~~(e)~~ (f) "Storm sewer" means storm sewer systems, including mains, holding areas and  
5.2 ponds, and other appurtenances and related facilities for the collection and disposal of  
5.3 stormwater.

5.4        ~~(f)~~ (g) "Facilities" means and includes waterworks, sanitary sewer and storm sewer  
5.5 systems, or any portion or portions thereof.