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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2917**

03/10/2014 Authored by Simon

The bill was read for the first time and referred to the Committee on Government Operations

03/19/2014 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to local government; modifying special service district ordinance,  
1.3 petition, and veto requirements; amending Minnesota Statutes 2012, sections  
1.4 428A.08; 428A.09, subdivision 2; Minnesota Statutes 2013 Supplement, section  
1.5 428A.02, subdivision 1; repealing Minnesota Statutes 2012, section 428A.01,  
1.6 subdivision 6.

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

1.8 Section 1. Minnesota Statutes 2013 Supplement, section 428A.02, subdivision 1,  
1.9 is amended to read:

1.10 Subdivision 1. **Ordinance.** (a) The governing body of a city may adopt an ordinance  
1.11 establishing a special service district. Only property that is wholly or partially classified  
1.12 as class 3 under section 273.13 ~~and used for commercial, industrial, or public utility~~  
1.13 ~~purposes, or is vacant land zoned or designated on a land use plan for commercial or~~  
1.14 ~~industrial use~~ and located in the special service district, ~~may be~~ is subject to the charges  
1.15 imposed by the city on the special service district. Other ~~types of property~~ properties may  
1.16 be included within the boundaries of the special service district but are not subject to the  
1.17 levies or charges imposed by the city on the special service district.

1.18 (b) ~~If 50 percent or more of the estimated market value of a parcel of property~~  
1.19 ~~is classified under section 273.13 as commercial, industrial, or vacant land zoned or~~  
1.20 ~~designated on a land use plan for commercial or industrial use, or public utility for the~~  
1.21 ~~current assessment year~~ a property is subject to a service charge based on net tax capacity,  
1.22 then the entire taxable market value of the property, including any portion not classified  
1.23 as class 3, is subject to a ~~the service charge based on net tax capacity for purposes of~~  
1.24 ~~sections 428A.01 to 428A.10.~~

(c) The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include the time and place of hearing, a map showing the boundaries of the proposed district, and a statement that all persons owning property in the proposed district that would be subject to a service charge will be given opportunity to be heard at the hearing. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Sec. 2. Minnesota Statutes 2012, section 428A.08, is amended to read:

**428A.08 PETITION REQUIRED.**

No action may be taken under section 428A.02 or 428A.03, unless ~~owners of 25 percent or more of the land area of property that would be subject to service charges in the proposed special service district and either:~~ (1) owners of 25 percent or more of the net tax capacity of property that would be subject to a proposed service charge, based on net tax capacity; or (2) owners, individuals, and business organizations subject to 25 percent or more of a proposed service charge based on other than net tax capacity file a petition requesting a public hearing on the proposed action with the city clerk. If the boundaries of a proposed district are changed or the land area or net tax capacity subject to a service charge or the individuals or business organizations subject to a service charge are changed after the public hearing, a petition meeting the requirements of this section must be filed with the city clerk before the ordinance establishing the district or resolution imposing the service charge may become effective.

Sec. 3. Minnesota Statutes 2012, section 428A.09, subdivision 2, is amended to read:

Subd. 2. **Requirements for veto.** If owners of 35 percent or more of ~~the land area~~ value in the district subject to the service charge based on net tax capacity or owners, individuals, and business organizations subject to 35 percent or more of the service charges to be imposed in the district, file an objection to the ordinance adopted by the city under section 428A.02 with the city clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of 35 percent or more of ~~the land area~~ value subject to the service charge based on net tax capacity or owners of 35 percent or more of the net tax capacity subject to the service charge based on net tax capacity file an objection to the resolution adopted imposing a service charge based on net tax capacity under section 428A.03 with the city clerk before the effective date of the resolution, the resolution does not become effective. If owners, individuals, and business organizations

3.1 subject to 35 percent or more of the service charges to be imposed in the district file an  
3.2 objection to the resolution adopted imposing a service charge on a basis other than net  
3.3 tax capacity under section 428A.03 with the city clerk before the effective date of the  
3.4 resolution, the resolution does not become effective. In the event of a veto, no district  
3.5 shall be established during the current calendar year and until a petition meeting the  
3.6 qualifications set forth in this subdivision for a veto has been filed.

3.7 Sec. 4. **REPEALER.**

3.8 Minnesota Statutes 2012, section 428A.01, subdivision 6, is repealed.

APPENDIX  
Repealed Minnesota Statutes: H2917-1

**428A.01 SPECIAL SERVICE DISTRICT PROCEDURES; DEFINITIONS.**

Subd. 6. **Land area.** "Land area" means the land area in the district that is subject to property taxes.