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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5218

04/02/2024

Authored by Sencer-Mura

The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy

1.1 A bill for an act  
1.2 relating to local government; modifying requirements for fees collected for city  
1.3 services, permits, or licenses; amending Minnesota Statutes 2022, section 462.353,  
1.4 subdivision 4.

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

1.6 Section 1. Minnesota Statutes 2022, section 462.353, subdivision 4, is amended to read:

1.7 Subd. 4. Fees. (a) A municipality may prescribe fees sufficient to defray the costs incurred  
1.8 by it in reviewing, investigating, and administering an application for an amendment to an  
1.9 official control established pursuant to sections 462.351 to 462.364 or an application for a  
1.10 permit or other approval required under an official control established pursuant to those  
1.11 sections. Except as provided in subdivision 4a, fees as prescribed must be by ordinance.  
1.12 Fees must be fair, reasonable, and proportionate and have a nexus to the actual cost of the  
1.13 service for which the fee is imposed reasonably related to the entire cost to the city of  
1.14 providing the service, permit, or license, including costs for public health, public safety,  
1.15 and other public impacts.

1.16 (b) A municipality must adopt management and accounting procedures to ensure that  
1.17 fees are maintained and used only for the purpose for which they are collected. Upon request,  
1.18 a municipality must explain the basis of its fees.

1.19 (c) Except as provided in this paragraph, a fee ordinance or amendment to a fee ordinance  
1.20 is effective January 1 after its adoption. A municipality may adopt a fee ordinance or an  
1.21 amendment to a fee ordinance with an effective date other than the next January 1, but the  
1.22 ordinance or amendment does not apply if an application for final approval has been  
1.23 submitted to the municipality.

2.1 (d) If a dispute arises over a specific fee imposed by a municipality related to a specific  
2.2 application, the person aggrieved by the fee may appeal under section 462.361, provided  
2.3 that the appeal must be brought within 60 days after approval of an application under this  
2.4 section and deposit of the fee into escrow. A municipality must not condition the approval  
2.5 of any proposed subdivision or development on an agreement to waive the right to challenge  
2.6 the validity of a fee. An approved application may proceed as if the fee had been paid,  
2.7 pending a decision on the appeal. This paragraph must not be construed to preclude the  
2.8 municipality from conditioning approval of any proposed subdivision or development on  
2.9 an agreement to waive a challenge to the cost associated with municipally installed  
2.10 improvements of the type described in section 429.021.