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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1402

02/08/2023 Authored by Hanson, J.; Bakeberg and Elkins
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy
03/20/2023 Adoption of Report: Re-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; authorizing municipalities to charge a street impact
1.3 fee; amending Minnesota Statutes 2022, section 462.358, by adding subdivisions.

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

1.5 Section 1. Minnesota Statutes 2022, section 462.358, is amended by adding a subdivision
1.6 to read:

1.7 Subd. 12. Street impact fee. (a) In addition to all other existing authority of a
1.8 municipality, a municipality may impose a fee as set by ordinance on an applicant based
1.9 on the net buildable acreage of the subdivision, the subdivision's impact on the municipality's
1.10 transportation system, or the municipality's transportation plan.

1.11 (b) The municipality must place any cash payments received in a special fund which
1.12 may be used only for costs related to the municipality's approved transportation plan,
1.13 including the acquisition and construction, maintenance, or improvement of streets, roads,
1.14 intersections, and related transportation infrastructure.

1.15 (c) In addition to any other authority, the municipality may deny the approval of a
1.16 subdivision based solely on an inadequate transportation system within the municipality.

1.17 (d) Previously subdivided property, from which the municipality has received a street
1.18 impact fee, that is resubdivided with the same number of lots is exempt from street impact
1.19 fee requirements. If, as a result of resubdividing the property, the number of lots is increased,
1.20 the street impact fee applies only to the net increase of lots.

2.1 Sec. 2. Minnesota Statutes 2022, section 462.358, is amended by adding a subdivision to  
2.2 read:

2.3 Subd. 13. **Street impact fee nexus.** (a) There must be an essential nexus between the  
2.4 fee imposed under subdivision 12 and the municipal purpose for the fee. The fee must bear  
2.5 a rough proportionality to the need created by the proposed subdivision or development.

2.6 (b) If a municipality is given written notice of a dispute over a proposed fee before the  
2.7 municipality's final decision on an application, a municipality must not condition the approval  
2.8 of any proposed subdivision or development on an agreement to waive the right to challenge  
2.9 the validity of a fee.

2.10 (c) An application may proceed as if the fee had been paid, pending a decision on the  
2.11 appeal of a dispute over a proposed fee, if: (1) the person aggrieved by the fee puts the  
2.12 municipality on written notice of a dispute over a proposed fee; (2) prior to the municipality's  
2.13 final decision on the application, the fee is deposited in escrow; and (3) the person aggrieved  
2.14 by the fee appeals under section 462.361 within 60 days of the approval of the application.  
2.15 If an appeal is not filed by the deadline or the person aggrieved by the fee does not prevail  
2.16 on the appeal, the funds paid into escrow must be transferred to the municipality.