

Subd. 14. WILD RICE RESEARCH. \$40,000 is appropriated from the general fund to the University of Minnesota agricultural experimental stations for wild rice research to be available until June 30, 1987, as follows:

- (a) for elimination of volunteer seeds \$10,000
- (b) to develop plants resistant to leaf diseases 10,000
- (c) to develop higher yielding wild rice 10,000
- (d) acquisition and preparation of a peat research site 5,000
- (e) approving herbicides and pesticides that will not affect food value of rice 5,000

Subd. 15. FARM LAND CAPITAL GAIN EXCLUSION. \$1,000,000 is appropriated from the general fund to the commissioner of revenue to make the payments required in article 21, to be available for the biennium ending June 30, 1987.

Approved March 21, 1986

**CHAPTER 399—S.F.No. 1793**

*An act relating to public administration; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; permitting Aitkin county to levy a tax for development purposes; permitting the city of Breezy Point to increase its levy; providing for certain tax refunds in Aitkin county; permitting the establishment and providing for the powers and duties of economic development authorities; permitting an agreement to finance library construction in the city of McGregor; permitting a land exchange; permitting the establishment of special service districts in the cities of Cambridge and Lindstrom; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; 383C.17; 462C.02, subdivisions 6 and 9; 465.72; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.75, subdivision 4; 353.01, subdivision 2a; 386.77; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapters 375 and 458; and proposing coding for new law as Minnesota Statutes, chapter 458C; repealing Minnesota Statutes 1984, sections 394.01; 394.02; 394.03; 394.04; and 394.05.*

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

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

## ARTICLE 1

## Section 1. AITKIN COUNTY; DEVELOPMENT LEVY.

The Aitkin county board may annually levy a tax of not more than one and one third mills on taxable property in the county, to provide funds to be used by the county for tourist, agricultural, industrial, and economic development. A levy under this section is in addition to any other permitted by law and shall be disregarded in the calculation of any other levies or limits on levies provided by Minnesota Statutes, sections 275.50 to 275.56 or other law.

## Sec. 2. REVERSE REFERENDUM.

If the Aitkin county board intends to exercise the authority provided by section 1, it shall pass a resolution stating the fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or, in the alternative, adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution is in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election prior to October 1 of the first year for which the tax authorized under section 1 is proposed to be levied.

Sec. 3. Laws 1984, chapter 502, article 13, section 10, subdivision 1, is amended to read:

Subdivision 1. **AUTHORIZATION.** The limitation imposed upon the levy of the city of Breezy Point by Minnesota Statutes, section 275.11, is increased by ~~\$125,000~~ \$175,000 for taxes levied in 1984 1986 and thereafter.

## Sec. 4. REVERSE REFERENDUM.

If the Breezy Point city council proposes to increase the levy limit base of the city pursuant to section 3, it shall pass a resolution stating the amount by which the levy limit base is proposed to be increased. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the proposed

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increase. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or, in the alternative, adopt a resolution authorizing the increase as originally proposed or approving an increase in the lesser amount it determines. The resolution authorizing an increase shall be published in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a referendum on the proposed resolution is filed with the clerk, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution is in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to October of the first levy year in which the tax authorized under section 3 is proposed to be levied.

**Sec. 5. AITKIN COUNTY; RETAIL RURAL ELECTRIC COOPERATIVE ASSOCIATION.**

A person who has paid tax on electricity used in agricultural production that is exempt from taxation under section 297A.25, subdivision 1, clause (h), may file a claim for refund with the commissioner if the tax was paid to the retail rural electric cooperative association based in Aitkin county.

**Sec. 6. MCGREGOR; LIBRARY; JOINT FINANCING.**

The city of McGregor may agree with one or more of the towns or home rule charter or statutory cities located in Aitkin county or the county itself that the local government units making the agreement will subject taxable property within their boundaries to taxation to discharge debt incurred for the construction of a library and related facilities in the city of McGregor pursuant to Laws 1985, chapter 138, section 4. The portion of the debt to be discharged by taxation in each unit may be set by agreement or a single rate may be levied against all subject property or, by agreement, both methods may be used in part. A unit may also agree to discharge a portion of the costs of construction or debt incurred for the costs by a transfer of any money available to the unit that the unit is not obliged by law to use for some other purpose. Any joint powers agreement entered between the city of McGregor and any town located in Aitkin county to finance the McGregor library construction must be approved at the annual town meeting by the town electors of the town before the agreement may be entered. Obligations for the purpose may be issued without an election and shall not be subject to the general limit on net debt. In other respects, the debt shall be incurred and discharged in accordance with Minnesota Statutes, chapter 475.

**Sec. 7. LAND EXCHANGE AUTHORIZED.**

Notwithstanding Minnesota Statutes, section 94.343, subdivision 9, and the

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appraisal requirement under section 94.343, subdivision 3, the state of Minnesota may exchange certain parcels or tracts of state-owned land located within Carlton county with the city of Thomson.

(a) State lands to be exchanged are described as:

(1) All of the unplatted portion of Government Lot 1 lying northerly and easterly of that strip of land deeded to the Village of Thomson by the Northern Pacific Railway Company, November 18, 1940, and recorded February 5, 1941, as document #101684 and on May 13, 1938, and recorded May 21, 1938, as document #96017; southerly of the former Burlington Northern, Inc.'s St. Paul to Duluth Branch right-of-way and easterly of the right-of-way of Minnesota Highway 210, in section 8, Township 48N, Range 16W.

(2) Lots 1 to 16, both inclusive, and Lot 21 of Block 5 and Lots 3, 4, 8 and 9 of Block 4 in the Townsite of Thomson, according to the plat thereof on file in the Office of the Recorder of Deeds of Carlton County, Minnesota.

(3) Those portions of Lots 17 to 20, both inclusive, 22 and 23 in Block 5 in the Townsite of Thomson, lying southerly of a line 75 feet northerly at right angles and parallel with the centerline of former Burlington Northern, Inc.'s St. Paul to Duluth Branch main line railroad track.

(4) That portion of a 20 foot wide north and south alley between Block 5 and Block 4 in the Townsite of Thomson that lies southerly of a line 75 feet northerly at right angles and parallel with the centerline of former Burlington Northern, Inc.'s St. Paul to Duluth Branch main line railroad track and northerly of the easterly projection of the southerly line of Lot 8 of Block 4 in the Townsite of Thomson.

(5) The South 85 feet of Lots 24 to 46, both inclusive, of Block 5, in the Townsite of Thomson.

(6) The North Half (N 1/2) of vacated Otter Avenue lying between the Southerly extension of the East and West lines of said Block 5, in the Townsite of Thomson.

(b) City lands to be exchanged are described as:

(1) A strip of land two hundred (200) feet wide in Government Lot One (1), Section eight (8), Township forty-eight (48) North, Range sixteen (16) West, 4th P.M., said strip being one hundred (100) feet wide on each side of the centerline of the original main track of the Lake Superior and Mississippi Railroad Company Fond Du Lac Branch as formerly constructed but now removed, and extending from the east line of said Government Lot one (1) to a westerly production of the north line of Block one (1) Original Town of Thomson, according to the recorded plat thereof.

(2) A strip of land fifty (50) feet wide on the northeasterly side of and adjoining the two hundred (200) foot strip above described, extending from a westerly production of the north line of said Block one (1) to a line drawn at right angles to the northeasterly line of the two hundred (200) foot strip above

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described from a point therein distant two hundred thirty-five (235) feet northwesterly, measured along said northeasterly line, from the east line of said Government Lot one (1).

(3) A strip of land 250 feet wide in Government Lot 1, said strip lying between two lines drawn parallel with and distant 150 feet northeasterly and 100 feet southwesterly, measured at right angles, from the centerline of the original main tract of the Lake Superior and Mississippi Railroad Company Fond Du Lac Branch as formerly constructed but now removed, and extending from a line drawn parallel with and distant 100 feet southerly, measured at right angles, from the centerline of the main track of the Northern Pacific Railway Company's St. Paul to Duluth Line as now constructed and operated to a westerly projection of the north line of Block 1, Original Town of Thomson, according to the recorded plat thereof.

This section is effective the day after final enactment.

#### Sec. 8. DEFINITIONS.

Subdivision 1. For the purpose of sections 8 to 18, the terms defined in this section have the following meanings.

Subd. 2. "City" means the city of Cambridge or the city of Lindstrom.

Subd. 3. "Special services" means all services rendered or contracted for by the city, including, but not limited to:

(a) the repair, maintenance, operation, and construction of any improvements authorized by Minnesota Statutes, section 429.021;

(b) parking services rendered or contracted for by the city; and

(c) any other service provided to the public by the city that is authorized by law or charter provision.

Special services do not include any service that is ordinarily provided throughout the city from general fund revenues of the city unless an increased level of the service is provided in the special service district.

Subd. 4. "Special service district" means a defined area within the city where special services are rendered and the costs of the special services are paid from revenues collected from taxes and service charges imposed within that area.

Subd. 5. "Assessed value" means the assessed value as most recently certified by the commissioner of revenue before the effective date of the ordinance or resolution adopted pursuant to section 9 or 10.

Subd. 6. "Land area" means the land area in the district which is subject to property taxation.

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**Sec. 9. ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.**

Subdivision 1. ORDINANCE. The governing body of the city may adopt an ordinance establishing a special service district. Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a district. 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:

(a) the time and place of hearing;

(b) a map showing the boundaries of the proposed district; and

(c) a statement that all persons owning property in the proposed district will be given opportunity to be heard at the hearing.

Subd. 2. NOTICE. Notice of the hearing shall be given by publication in two issues of the official newspaper of the city. The two publications shall be a week apart and the hearing shall be held at least three days after the last publication. Not less than ten days before the hearing, notice shall also be mailed to the owner of each parcel within the area proposed to be included in the district. For the purpose of giving mailed notice, owners shall be those shown on the records of the county auditor. Other records may be used to supply the necessary information. For properties which are tax exempt or subject to taxation on a gross earnings basis in lieu of property tax and are not listed on the records of the county auditor, the owners shall be ascertained by any practicable means and mailed notice given them. At the public hearing any person affected by the proposed district may be heard orally in respect to any issues relevant to the proposed district. The hearing may be adjourned from time to time and the ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

**Sec. 10. TAXING AUTHORITY; NOTICE AND HEARING REQUIREMENTS.**

Subdivision 1. TAXES; HEARING. Ad valorem taxes may be levied on taxable nonhomestead property or service charges may be imposed by the city within the special service district at a rate or amount sufficient to produce the revenues required to provide special services within the district. To determine the appropriate mill rate, nonhomestead taxable property or value shall be determined without regard to captured or original assessed value under Minnesota Statutes, section 273.76. Taxes and service charges shall not be imposed to finance a special service if the service is ordinarily provided by the city from its general fund revenues unless the service is provided in the district at an increased level, in which case only an amount sufficient to pay for the increased level may be imposed. A service charge shall not be imposed on the receipts from the sale

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of intoxicating liquor, food, or lodging. Before the levy of taxes or imposition of service charges in a district, for each calendar year, notice shall be given and hearing shall be held pursuant to section 9 and notice shall also be mailed to any individual or business organization subject to a service charge. For purposes of this section the notice shall also include:

(a) A statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed tax levy or service charge.

(b) The estimated cost of improvements to be paid for in whole or in part by taxes or service charges imposed pursuant to this section, the estimated cost of operating and maintaining the improvements during the first year after completion of the improvements, the proposed method and source of financing the improvements, and the annual cost of operating and maintaining the improvements.

(c) The proposed rate or amount of taxes to be extended or the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year.

(d) A statement that the petition requirements of section 15 have either been met or do not apply to the proposed taxes or service charge.

Within six months of the public hearing, the city may adopt a resolution levying a tax or imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued pursuant to this section.

**Subd. 2. EXEMPTION OF CERTAIN PROPERTIES FROM TAXES.** Property exempted from taxation by Minnesota Statutes, section 272.02, is exempt from any ad valorem taxes imposed pursuant to sections 8 to 18.

**Subd. 3. LEVY LIMIT EXEMPTION.** Taxes and service charges imposed pursuant to sections 8 to 18 shall not be included in the calculation of levies or limits on levies provided by other law or home rule charter provision.

**Subd. 4. EXCLUSION FROM HOMESTEAD CREDIT.** Taxes levied under this section shall not be reduced by a homestead credit.

#### **Sec. 11. ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.**

Boundaries of a special service district may be enlarged only after hearing and notice as provided in sections 9 and 10. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district. The petition requirement in section 15 and the veto power in section 16 shall only apply to owners, individuals, and business organizations in the area proposed to be added to the district.

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**Sec. 12. COLLECTION OF TAXES.**

Ad valorem taxes levied within a special service district shall be collected and paid over as other ad valorem taxes, but shall be spread only upon the assessed value of property described in the ordinance. Service charges imposed shall be collected as provided by ordinance. Taxes collected pursuant to sections 8 to 18 shall not be included in computations under Minnesota Statutes, section 273.76, or any other law that applies to general ad valorem levies.

**Sec. 13. BONDS.**

At any time after a contract for the construction of all or part of an improvement authorized pursuant to sections 8 to 18 has been entered into or the work has been ordered done by day labor, the governing body of the city may issue obligations including certificates of indebtedness in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing. The obligations shall be payable primarily out of the proceeds of the tax levied pursuant to section 10, or from any other special assessment or nontax revenues available to be pledged for their payment under charter or other statutory authority, or from any two or more of such sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the municipality to assure payment of the principal and interest if the proceeds of the tax levy in the district are insufficient to pay the principal and interest. The amount of any taxes that are required to be levied outside of the territory of the special services district or taken from the general funds of the municipality to pay principal and interest on the obligations shall be reimbursed to the municipality from taxes levied within the special services district. The obligations shall be issued in accordance with Minnesota Statutes, chapter 475, except that an election shall not be required, and the amount of the obligations shall not be included in determining the net debt of the city under the provisions of any law or charter limiting debt.

**Sec. 14. ADVISORY BOARD.**

The governing body of the city may create and appoint an advisory board for each special service district in the city to advise the governing body in connection with the construction, maintenance, and operation of improvements, and the furnishing of special services in a district. The advisory board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose taxes or service charges within the district, the advisory board of the district shall have an opportunity to review and comment upon the proposal.

**Sec. 15. PETITION REQUIRED.**

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No action may be taken pursuant to section 9 unless owners of 15 percent or more of the land area of the proposed special service district and owners of 15 percent or more of the assessed value of the proposed district file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken pursuant to section 10 to impose an ad valorem tax unless owners of 15 percent or more of the land area subject to a proposed tax and owners of 15 percent or more of the assessed value subject to a proposed tax file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken pursuant to section 10 to impose a service charge unless 15 percent or more of the individual or business organizations subject to the proposed service charge 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 assessed value subject to a tax 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 tax or service charge may become effective.

#### Sec. 16. VETO POWER OF OWNERS.

Subdivision 1. NOTICE OF RIGHT TO FILE OBJECTIONS. Except as provided in section 17, the effective date of any ordinance or resolution adopted pursuant to sections 9 and 10 shall be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a copy of the ordinance or resolution shall be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge in the same manner that notice is mailed pursuant to section 9. The mailing shall include a notice that owners subject to a tax and individuals and business organizations subject to a service charge have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution.

Subd. 2. REQUIREMENT FOR VETO. If owners of 35 percent of the land area in the district and owners of 35 percent of the assessed value in the district file an objection to the ordinance adopted by the city pursuant to section 9 with the city clerk before the effective date of the ordinance, the ordinance shall not become effective. If owners of 35 percent of the land area subject to a tax and owners of 35 percent of the assessed value subject to a tax file an objection to the resolution adopted levying an ad valorem tax pursuant to section 10 with the city clerk before the effective date of the resolution, the resolution shall not become effective. If 35 percent of individuals and business organizations subject to a service charge file an objection to the resolution adopted imposing a service charge pursuant to section 10 with the city clerk before the effective date of the resolution, the resolution shall not become effective.

#### Sec. 17. EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.

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The petition requirement of section 15 and the right of owners and those subject to a service charge to veto a resolution in section 20 do not apply to second or subsequent years' applications of a tax or service charge which is authorized to be in effect for more than one year pursuant to a resolution which has met the petition requirements of section 15 and which has not been vetoed under section 20 for the first year's application. A resolution levying a tax or imposing a service charge for more than one year shall not be adopted unless the notice of public hearing required by section 10 and the notice mailed with the adopted resolution pursuant to section 16 include the following information:

(a) In the case of improvements, the maximum rate or amount of taxes to be levied or the maximum service charge to be imposed in any year and the maximum number of years the taxes will be levied or service charges imposed to pay for the improvement.

(b) In the case of operating and maintenance services, the maximum rate or amount of taxes to be levied or the maximum service charge to be imposed in any year and the maximum number of years, or a statement that the tax will be imposed for an indefinite number of years, the taxes will be levied or service charges imposed to pay for operation and maintenance services.

The resolution may provide that the maximum amount of tax to be levied or maximum service charge to be imposed in any year will increase or decrease from the maximum amount authorized in the preceding year based on an indicator of increased cost or a percentage amount established by the resolution.

#### Sec. 18. REPORT TO LEGISLATURE.

The administrator of the city shall file a written report with the chairman of the house local and urban affairs committee and the chairman of the senate local and urban government committee on or before January 31, 1987. The report shall apprise the committee as to the activities undertaken pursuant to sections 8 to 18 and recommend any changes that should be considered if the legislature were to enact statewide legislation for the establishment of special service districts.

Sec. 19. Minnesota Statutes 1984, section 375.09, is amended to read:

**375.09 MAY NOT HOLD OTHER OFFICE; ~~NO INTEREST IN CONTRACT BRIBERY; VIOLATION; MALFEASANCE.~~**

No county commissioner shall be appointed or hold another elected by the board of which he is a member to any office or position of trust or emolument during tenure as commissioner nor be employed by the county in which he is a commissioner. No commissioner shall receive any money or other valuable thing as a condition of voting or inducement to vote for any contract or other thing under consideration by the board; or become a party to, or directly or indirectly interested in, any contract made by the board. Every appointment or election made and every contract or payment voted for or made contrary to this section is void. Any violation of this section is a malfeasance in office.

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Sec. 20. Minnesota Statutes 1984, section 375.18, subdivision 7, is amended to read:

Subd. 7. **TRANSFER OF SURPLUS.** Each county board may transfer by ~~unanimous~~ a majority vote any surplus beyond the needs of the current year in any county fund to any other county fund to supply a deficiency in it.

Sec. 21. **[375.84] PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.**

A county may make advance deposits or payments for software development or maintenance services for county-owned or leased electronic data processing equipment and for newspaper, magazine, and other subscription fees customarily paid for in advance, and may allow advance deposits by any department or agency of the county with the Library of Congress and federal Supervisor of Documents for items to be purchased from these federal agencies.

Sec. 22. **[375.85] COUNTIES MAY MARKET SOFTWARE PRODUCTS.**

Notwithstanding any other law to the contrary, a county or group of counties acting jointly under section 471.59 may sell or license self-developed or vendor custom-developed computer software products or systems either on competitive bids or in the open market, in the discretion of the county or joint powers board. Prices for the software products or systems may be based on market considerations. A county or group of counties may make agreements with private persons or entities to assist with marketing software products or systems.

Sec. 23. **[375.86] APPLICATION OF OTHER LAW.**

Subdivision 1. NONPUBLIC DATA. County software product programming source code, object code, and all material relating to product or system development and distribution is "trade secret information" for purposes of classification under section 13.37, subdivision 2.

Sec. 24. Minnesota Statutes 1984, section 375A.11, subdivision 3, is amended to read:

Subd. 3. **VACANCIES IN CERTAIN ELECTIVE OFFICES.** (a) If any of the offices of county auditor, treasurer or county recorder shall become vacant before the expiration of the term for the office, a county board may appoint either of the holders of the other two offices to fill the vacancy for the unexpired term. The board may provide additional compensation for the added duties imposed on the appointee by virtue of his holding two offices for that period. If the office of county auditor or treasurer becomes vacant, the county board may initiate a referendum by resolution to consolidate the two offices into one elected office. The referendum shall be conducted according to section 375A.12, subdivisions 4 and 5.

(b) The authority granted by clause (a) of this subdivision shall be in addi-

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tion to the authorities granted by existing law or statute and by the provisions of sections 375A.01 to 375A.13 relating to consolidation and appointment of county offices; the authority granted by this subdivision may be exercised notwithstanding any prohibitions against the holding of two offices that may exist in the laws or statutes of this state.

Sec. 25. Minnesota Statutes 1984, section 375A.12, subdivision 3, is amended to read:

Subd. 3. **REFERENDA; PROCEDURE.** Any referendum required to be held as a condition of the adoption of an option may be initiated by a resolution by the county board, a recommendation of a county government study commission or a petition signed by voters equal in number to five percent of the electors voting at the last previous election for the office of governor requesting that a referendum be held on the adoption of one or more of the options provided in sections 375A.01 to 375A.10. ~~Unless the referendum is a recommendation of the study commission~~ If a study commission has been established, a referendum on an option may not be initiated by a resolution of the county board or a petition of voters until after the study commission has completed its study provided for in section 375A.13, subdivision 3.

Sec. 26. Minnesota Statutes 1984, section 375A.12, subdivision 4, is amended to read:

Subd. 4. **CONDUCT OF ELECTION.** When a referendum is required to be held, the county auditor shall conduct the referendum following the procedures provided in chapter 372, as nearly as possible and not inconsistent with sections 375A.01 to 375A.10; ~~except, instead of the county board meeting to act on the petition, a committee consisting of the persons who constitute a jury commission as provided in section 593.13, shall meet and act on the petition.~~ The referendum may be held at any primary, general or special election held not less than 30 days before the first day on which candidates may file for county office.

Sec. 27. Minnesota Statutes 1984, section 383C.17, is amended to read:

**383C.17 COURTHOUSE BUILDING COMMISSION.**

~~Notwithstanding the provisions of Minnesota Statutes 1961, sections 394.01 to 394.05,~~ In St. Louis County, the courthouse building commission shall have the authority to assign and reassign space and rooms to the various offices in the courthouses and county office buildings in said county.

Sec. 28. Minnesota Statutes 1985 Supplement, section 386.77, is amended to read:

**386.77 CONVEYANCES AND DOCUMENTS FOR BENEFIT OF GOVERNMENTAL AGENCIES, FEES.**

An instrument of conveyance, assignment or release, a judgment or other

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document, which is entitled to recording or filing, and which by its terms is for the benefit of the state or any county, city or town, shall be recorded or filed by any county recorder or registrar of titles without the payment of fees when offered for filing or recording by the state or any of its agencies, or by the benefited subdivision. The fee for the recording or filing shall be paid by the state, its agency, or by the benefited subdivision, but not by another department or agency of that county, upon submission of a statement of charges by the county recorder or registrar of titles.

Sec. 29. **REPEALER.**

Minnesota Statutes 1984, sections 394.01, 394.02, 394.03, 394.04, and 394.05 are repealed.

Sec. 30. Minnesota Statutes 1984, section 465.72, is amended to read:

465.72 **SEVERANCE PAY.**

Subdivision 1. PAYMENT; LIMITS. Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, any county, city, township, school district or other governmental subdivision may pay severance pay to its employees and promulgate rules for the payment of severance pay to an employee who leaves employment on or before or subsequent to the normal retirement date. Severance pay shall also include the payment of accumulated vacation leave, accumulated sick leave or a combination thereof. The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits. It shall be paid in a manner mutually agreeable to the employee and employer and, except as provided in subdivision 2, over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. Except as provided in subdivision 2, in no event shall severance pay provided for an employee leaving employment exceed an amount equivalent to one year of pay.

Subd. 2. EXCEPTIONS. The provisions of subdivision 1 requiring that severance pay be paid over a period not to exceed five years from retirement or termination of employment and limiting severance pay to an amount equal to one year of pay do not apply to severance pay constituting compensation for accumulated sick leave in the form of periodic contributions toward premiums for group policies provided for a former employee by a governmental subdivision.

This subdivision applies only to periodic contributions that have commenced before the effective date of this act or that are required under contracts, or, with respect to employees not covered by contracts, personnel policies, formally adopted by the governing body of the governmental subdivision, in existence on the effective date of this act. After the effective date of this act, a governmental subdivision may not enter into a contract or adopt a personnel

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policy providing for a payment in violation of subdivision 1. A personnel policy or portion of a personnel policy in existence on the effective date of this act and providing for a payment in violation of subdivision 1 is null and void (i) upon the expiration of a collective bargaining agreement containing a similar provision and covering employees of the governmental subdivision that has adopted the policy, or (ii) two years from the effective date of this act, whichever is earlier. Any payments by governmental subdivisions in accordance with this subdivision before the effective date of this act are validated.

Sec. 31. **EFFECTIVE DATE.**

Section 19 does not become effective for any county commissioner currently holding two elected offices until the term of one of the offices expires.

Sec. 32. **EFFECTIVE DATE.**

Sections 1, 2, 3, 4, 5, and 6 are effective the day following final enactment. Sections 8 to 18 are effective separately for each of the cities of Cambridge and Lindstrom the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

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**ARTICLE 2**

Section 1. Minnesota Statutes 1984, section 116D.04, subdivision 1a, is amended to read:

Subd. 1a. For the purposes of sections 116D.01 to 116D.07, the following terms have the meanings given to them in this subdivision.

(a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

(b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02, subdivision 5.

(c) "Environmental assessment worksheet" means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated or approved by units of government including the federal government.

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(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 112, counties, towns, cities, port authorities and, housing authorities, and economic development authorities established under sections 13 to 33, but not including courts, school districts and regional development commissions other than the metropolitan council.

Sec. 2. Minnesota Statutes 1984, section 117.521, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivisions 1 and 2 shall not apply to the acquisition of properties situated wholly or in part within any district for development authorized under Laws 1971, Chapters 548 or 677; or Laws 1973, Chapters 196, 761, or 764; or Laws 1974, Chapter 485; or Minnesota Statutes, Chapters 462, ~~or~~ 458; or sections 13 to 33.

Sec. 3. Minnesota Statutes 1984, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, economic development authority established under sections 13 to 33, municipal auditorium, airport owned by a city, town, county or group thereof but not the metropolitan airports commission, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport; provided that real estate which is owned by a municipality in connection with the operation of a public airport and which is leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

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Sec. 4. Minnesota Statutes 1984, section 273.72, is amended to read:

**273.72 STATEMENT OF PURPOSE.**

The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, sections 13 to 33, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.

Sec. 5. Minnesota Statutes 1984, section 273.73, subdivision 2, is amended to read:

Subd. 2. **AUTHORITY.** "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; an economic development authority created pursuant to sections 13 to 33; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Sec. 6. Minnesota Statutes 1984, section 273.73, subdivision 8, is amended to read:

Subd. 8. **PROJECT.** "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; an economic development district as defined in section 25, subdivision 1; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Sec. 7. Minnesota Statutes 1985 Supplement, section 273.75, subdivision 4, is amended to read:

Subd. 4. **LIMITATION ON USE OF TAX INCREMENT.** All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 13 to 33, by a housing and

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redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to chapter 472A, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve. Revenues derived from tax increment may be used to finance the costs of an interest reduction program operated pursuant to section 462.445, subdivisions 10 to 13, or pursuant to other law granting interest reduction authority and power by reference to those subdivisions only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) not more than 50 percent of the estimated tax increment derived from a project may be used to finance an interest reduction program for owner-occupied single-family dwellings unless a project is located either in an area which would qualify as a redevelopment district or within a city designated as an enterprise zone pursuant to section 273.1312, subdivision 4, clause (c)(3). These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for the construction or renovation of a municipally owned building used primarily and regularly for conducting the business of the municipality; this provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality.

Sec. 8. Minnesota Statutes 1984, section 273.86, subdivision 1, is amended to read:

Subdivision 1. **APPLICATION.** A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; an economic development district as defined in section 25, subdivision 1; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time.

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If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.

Sec. 9. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **INCLUDED EMPLOYEES.** The following persons are included in the meaning of "public employee":

- (a) Elected or appointed officers and employees of elected officers.
- (b) District court reporters.
- (c) Officers and employees of the public employees retirement association.
- (d) Employees of the League of Minnesota Cities.
- (e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.
- (f) Employees of a school district who receive separate salaries for driving their own buses.
- (g) Employees of the Association of Minnesota Counties.
- (h) Employees of the Metropolitan Inter-County Association.
- (i) Employees of the Minnesota Municipal Utilities Association.
- (j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.
- (k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.
- (l) Employees of the Range Association of Municipalities and Schools.
- (m) Employees of the soil and water conservation districts.
- (n) Employees of a county historical society.
- (o) Employees of an economic development authority created under sections 13 to 33.

Sec. 10. Minnesota Statutes 1984, section 355.11, subdivision 5, is amended to read:

Subd. 5. "Employing unit" means any municipal housing and redevelopment authorities organized pursuant to sections 462.415 to 462.705 and any soil

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and water conservation district organized pursuant to chapter 40 or any port authority organized pursuant to chapter 458, or any economic development authority organized pursuant to sections 13 to 33, or any hospital district organized or reorganized pursuant to sections 447.31 to 447.37.

Sec. 11. Minnesota Statutes 1985 Supplement, section 395.08, is amended to read:

**395.08 ECONOMIC AND AGRICULTURAL DEVELOPMENT.**

A county board may appropriate not more than ~~\$25,000~~ \$50,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county.

**Sec. 12. [458.101] NO STATE BAILOUT OF PORT AUTHORITIES.**

State appropriations or credit of the state must not be used to pay or guarantee the payment of the debt of a port authority.

**Sec. 13. [458C.01] DEFINITIONS.**

Subdivision 1. TERMS. In sections 13 to 33, the terms defined in this section have the meaning given them.

Subd. 2. AUTHORITY. "Authority" means an economic development authority, unless specified otherwise.

Subd. 3. CITY. "City" means a home rule charter or statutory city.

Subd. 4. DEVELOPMENT. "Development" includes redevelopment, and developing includes redeveloping.

Subd. 5. COST OF REDEVELOPMENT. "Cost of redevelopment" means, with respect to an economic development district project, the cost of:

(a) acquiring property, whether by purchase, lease, condemnation, or otherwise;

(b) demolishing or removing structures or other improvements on acquired properties;

(c) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;

(d) constructing or installing public improvements, including streets, roads, and utilities;

(e) providing relocation benefits to the occupants of acquired properties;

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(f) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (a) to (e); and

(g) the allocated administrative expenses of the authority for the project.

Sec. 14. [458C.03] ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.

A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 16, establish an economic development authority that, subject to section 15, has the powers contained in sections 13 to 33 and a housing and redevelopment authority under chapter 462 or other law, and a city under chapter 472A or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in chapter 462 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by chapter 462 or other law.

Sec. 15. [458C.04] LIMIT OF POWERS.

Subdivision 1. RESOLUTION. The enabling resolution may impose the following limits upon the actions of the authority:

(1) that the authority must not exercise any specified powers contained in sections 13 to 33, chapters 462 and 472A or that the authority must not exercise any powers without the prior approval of the city council;

(2) that, except when previously pledged by the authority, the city council may, by resolution, require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority, to the debt service fund of the city, to be used solely to reduce tax levies for bonded indebtedness of the city;

(3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;

(4) that the authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;

(5) that all official actions of the authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(7) that the authority submit its administrative structure and management practices to the city council for approval; and

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(8) any other limitation or control established by the city council by the enabling resolution.

Subd. 2. MODIFICATION OF RESOLUTION. The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with section 15.

Subd. 3. REPORT ON RESOLUTION. Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 16.

Subd. 4. COMPLIANCE. The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.

Subd. 5. LIMITS; SECURITY. Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

#### Sec. 16. [458C.05] PROCEDURAL REQUIREMENT.

Subdivision 1. ENABLING RESOLUTION. The creation of an authority by a city must be by written resolution known as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.

Subd. 2. MODIFICATIONS. All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

#### Sec. 17. [458C.06] TRANSFER OF AUTHORITY.

Subdivision 1. ECONOMIC DEVELOPMENT, HOUSING, REDEVELOPMENT POWERS. The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under chapter 462 and this chapter between the economic development authority and any other authority or

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commission established under statute or city charter for economic development, housing, or redevelopment.

**Subd. 2. PROJECT CONTROL, AUTHORITY, OPERATION.** The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 273.73, subdivision 8, or any other program or project authorized by chapter 462 or 472A located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.

**Subd. 3. TRANSFER OF PERSONNEL.** Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

#### Sec. 18. [458C.07] ECONOMIC DEVELOPMENT AUTHORITY.

An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.

#### Sec. 19. [458C.08] COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.

**Subdivision 1. COMMISSIONERS.** Except as provided in subdivision 2, clause (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 16 becomes effective. The resolution must indicate the number of commissioners constituting the authority.

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**Subd. 2. APPOINTMENT, TERMS; VACANCIES.** (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.

(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, and five years respectively and one member for six years. Thereafter all commissioners shall be appointed for six-year terms.

(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.

(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.

(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in clauses (a), (b), and (c).

(f) A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.

**Subd. 3. INCREASE IN COMMISSION MEMBERS.** An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 16.

**Subd. 4. COMPENSATION AND REIMBURSEMENT.** A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.

**Subd. 5. REMOVAL FOR CAUSE.** A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A

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commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

Sec. 20. [458C.09] **OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

Subdivision 1. BYLAWS, RULES, SEAL. An authority may adopt bylaws and rules of procedure and shall adopt an official seal.

Subd. 2. OFFICERS. An authority shall elect a president, a vice president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

Subd. 3. DUTIES AND POWERS. The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.

Subd. 4. TREASURER'S DUTIES. The treasurer:

(1) shall receive and is responsible for authority money;

(2) is responsible for the acts of the assistant treasurer;

(3) shall disburse authority money by check only;

(4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and

(5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. ASSISTANT TREASURER. The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

Subd. 6. TREASURER'S BOND. The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money probably on hand at any one time, as determined at least annually by the authority. However, the bond must not exceed \$300,000.

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Subd. 7. PUBLIC MONEY. Authority money is public money.

Subd. 8. CHECKS. An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Subd. 9. FINANCIAL STATEMENT. The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.

**Sec. 21. [458C.10] EMPLOYEES; SERVICES; SUPPLIES.**

Subdivision 1. EMPLOYEES. An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.

Subd. 2. CONTRACT FOR SERVICES. The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.

Subd. 3. LEGAL SERVICES. The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.

Subd. 4. SUPPLIES. The authority may purchase the supplies and materials it needs to carry out sections 13 to 33.

Subd. 5. CITY PURCHASING. An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

Subd. 6. CITY FACILITIES, SERVICES. A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.

Subd. 7. DELEGATION POWER. The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.

**Sec. 22. [458C.11] CONFLICT OF INTEREST.**

Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or

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proposed contract for materials or service to be furnished or used in connection with any project.

Sec. 23. **[458C.12] DEPOSITORIES; DEFAULT; COLLATERAL.**

Subdivision 1. NAMED; BOND. Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.

Subd. 2. ONE BANK ACCOUNT. An authority may deposit all its money from any source in one bank account.

Subd. 3. DEFAULT; COLLATERAL. When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.

Sec. 24. **[458C.13] OBLIGATIONS.**

Subdivision 1. TAXES AND ASSESSMENTS PROHIBITED. An authority must not levy a tax or special assessment, except as otherwise provided in sections 13 to 33, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.

Subd. 2. BUDGET TO CITY. Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.

Subd. 3. FISCAL YEAR. The fiscal year of the authority must be the same as the fiscal year of its city.

Subd. 4. REPORT TO CITY. Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.

Subd. 5. AUDITS. The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts

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and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.

**Subd. 6. COMPLIANCE EXAMINATIONS.** At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving fund of the state auditor.

**Sec. 25. [458C.14] ECONOMIC DEVELOPMENT DISTRICTS; SCHEDULE OF POWERS.**

**Subdivision 1. ESTABLISHMENT.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city if the district satisfies the requirements of section 273.73, subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 13 to 33 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

**Subd. 2. ACQUIRE PROPERTY.** The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 13 to 33. It may hold and dispose of the property subject to the limits and conditions in sections 13 to 33. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 13 to 33. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When property is sold it begins to be taxed again.

**Subd. 2a. OPTIONS.** The economic development authority may sign options to purchase, sell, or lease property.

**Subd. 3. EMINENT DOMAIN.** The economic development authority may use eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or

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property already devoted to a public use only if its city's council approves. The authority may possess property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.

**Subd. 4. CONTRACTS.** The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 13 to 33. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or doing its duties. The authority may contract to purchase and sell real and personal property. However, an obligation or expense must not be incurred except when existing appropriations together with the reasonable expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.

**Subd. 4a. LIMITED PARTNER.** The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.

**Subd. 5. RIGHTS; EASEMENTS.** The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.

**Subd. 6. SUPPLIES; MATERIALS.** The economic development authority may buy the supplies and materials it needs to carry out this section.

**Subd. 7. RECEIVE PUBLIC PROPERTY.** The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 13 to 33 and to acquire and develop an economic development district and its facilities under this section.

**Subd. 8. DEVELOPMENT DISTRICT AUTHORITY.** The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may furnish capital equipment permanently or used exclusively on the lands or in the buildings if necessary to the purposes of the buildings or structures. The authority must intend that the buildings, structures, and equipment be leased or sold to private persons to further develop the economic development district.

The authority may acquire, develop, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 13 to 33.

**Subd. 9. FOREIGN TRADE ZONE.** The economic development authority

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may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.

Subd. 10. RELATION TO CHAPTER 474. The economic development authority may exercise powers and duties of a redevelopment agency under chapter 474, for a purpose in sections 13 to 33 or 462.411 to 462.705. The authority may also use the powers and duties in sections 13 to 33 and 462.411 to 462.705 for a purpose in chapter 474.

Subd. 11. PUBLIC FACILITIES. The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.

#### Sec. 26. [458C.15] GENERAL OBLIGATION BONDS.

Subdivision 1. AUTHORITY; PROCEDURE. An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 13 to 33. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Sections 13 to 33 govern issuance of the bonds. When those sections are silent, chapter 475 governs. The authority when issuing the bonds is a municipal corporation under chapter 475, and issuance of the bonds is subject to the provisions of chapter 475.

Subd. 2. DETAIL; MATURITY. The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 20 years from the date of issuance.

Subd. 3. SIGNATURES; COUPONS; LIABILITY. The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.

Subd. 4. PLEDGE. The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, what amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The

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authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.

Subd. 5. TAX LEVY. An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor. The secretary shall send with the copy full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income including the amount in the sinking fund the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer under the law on collection of other taxes. The taxes must be used only to pay the bonds when due.

Subd. 6. AUTHORIZED SECURITIES. Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.

The authority's bonds are instrumentalities of a public governmental agency.

#### Sec. 27. [458C.16] REVENUE BONDS; PLEDGE; COVENANTS.

Subdivision 1. AUTHORITY. An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial

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reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.

Subd. 2. FORM. The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 20 years from the date of issuance and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as may be determined by the authority. Section 26, subdivision 6, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.

Subd. 3. SALE. The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.

Subd. 4. AGREEMENTS. The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.

Subd. 5. REVENUE PLEDGE. In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and put enough net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what is current expense under this subdivision based on what is normal and reasonable under accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 26, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.

Subd. 6. NOT CITY DEBT. Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its named city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.

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Subd. 7. NOT APPLICABLE. Sections 474.01, subdivisions 7a, 7b, and 8 and 474.02, subdivision 1d, do not apply to revenue bonds issued under this section and chapter 474 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.

Subd. 8. TAX INCREMENT BONDS. Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 26 are subject to the provisions of section 273.77.

**Sec. 28. [458C.17] SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

Sections 474.16 to 474.23 apply to obligations issued under sections 13 to 33 that are limited by a federal limitation act defined in section 474.16, subdivision 5.

**Sec. 29. [458C.18] ADDITIONAL POWERS.**

Subdivision 1. AS AGENT. An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 13 to 33 or any other related federal, state or local law in the area of economic development district improvement.

Subd. 2. STUDIES, ANALYSIS, RESEARCH. An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and give out information on economic development within the city.

Subd. 3. PUBLIC RELATIONS. To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.

Subd. 4. ACCEPT PUBLIC LAND. An authority may accept conveyances of land from all other public agencies, commissions or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 13 to 33.

Subd. 5. ECONOMIC DEVELOPMENT. An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the

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property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.

In general, with respect to an economic development district, an authority may use all the powers given an economic development authority by law.

Subd. 6. AS BORROWER. An authority after authorizing bonds under section 26 or 27 may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.

Subd. 7. AS LENDER. The proceeds of obligations issued by an authority under section 27 and temporary loans obtained under this section may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.

Subd. 8. MINED SPACE DEVELOPMENT. Upon delegation by a municipality as provided in section 472B.08, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 472B.03 to 472B.07.

Subd. 9. CITY FACILITIES, SERVICES. An authority city may furnish offices, structures, and space, stenographic, clerical, engineering, or other assistance to its authority.

#### Sec. 30. [458C.19] SALE OF PROPERTY.

Subdivision 1. POWER. An economic development authority may sell and convey property owned by it within the city or an economic development district. First, the authority must decide that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.

Subd. 2. NOTICE; HEARING. An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten,

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but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.

Subd. 3. DECISION; APPEAL. The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision. The appeal is made by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.

Subd. 4. TERMS. The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 13 to 33.

Subd. 5. ONE-YEAR DEADLINE. The purchaser shall, within one year from the date of purchase, devote the property to its intended use, or shall begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.

Subd. 6. COVENANT RUNNING WITH THE LAND. A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 13 to 33 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.

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Subd. 7. PLANS; SPECIFICATIONS. A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The preparation of final plans and specifications before the hearing on the sale is not required by this subdivision but the authority may make that requirement.

**Sec. 31. [458C.20] ADVANCES BY AUTHORITY.**

An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 13 to 33. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 13 to 33 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 27. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 13 to 33 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.

**Sec. 32. [458C.22] CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.**

Subdivision 1. CITY TAX LEVY. A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax may be levied beyond levy limits in law. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Subd. 2. REVERSE REFERENDUM. A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in

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a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58.

Sec. 33. [458C.23] SPECIAL LAW; OPTIONAL USE.

A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 13 to 33. If the election is made, the powers and duties set forth in sections 13 to 33 supersede the special law and the special law must not be used anymore. The use of powers under sections 13 to 33 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 17.

Sec. 34. LEGISLATIVE FINDINGS.

The statement of policy and the findings of the legislature in enacting Laws 1957, chapter 812, are confirmed and apply equally to the exercise of powers by economic development authorities and statutory or home rule charter cities pursuant to sections 13 to 33.

Sec. 35. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:

Subd. 6. "City" means any statutory or home rule charter city, or any public body which (a) is the housing and redevelopment authority in and for a city, ~~or~~ the port authority of a city, or an economic development authority of a city established under sections 13 to 33, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

Sec. 36. Minnesota Statutes 1984, section 462C.02, subdivision 9, is amended to read:

Subd. 9. "Targeted area" means

- (a) a development district established pursuant to section 472A.03,
- (b) a development district established pursuant to Laws 1971, Chapter 677 as amended,
- (c) a redevelopment project established pursuant to section 462.521,
- (d) an industrial development district established pursuant to section 458.191,

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(e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States department of housing and urban development, ~~or~~

(f) an area of chronic economic distress designated by the Minnesota housing finance agency, or

(g) an economic development district established pursuant to section 25.

Sec. 37. Minnesota Statutes 1985 Supplement, section 462C.12, subdivision 2, is amended to read:

Subd. 2. **POWERS.** The board is granted the following powers:

(a) The board may issue obligations and other forms of indebtedness under this section, subject to the terms and conditions set forth in the joint powers agreement, as may be from time to time amended.

(b) The board is authorized to exercise the powers conferred upon the cities of Minneapolis and St. Paul and their designated housing and redevelopment authorities, or the powers of an agency exercising the powers of a housing and redevelopment authority by this chapter and chapter 462 and any other general or special law of the state of Minnesota relating to housing or housing finance. The powers which may be exercised by the board include, without limitation, the power to undertake and implement projects, developments, or programs, the power to issue and sell obligations and other forms of indebtedness payable exclusively from the revenues of the programs, projects, or developments undertaken by the board, or any of the powers the Minnesota housing finance agency may exercise under chapter 462A, provided that the obligations and other forms of indebtedness may be sold upon terms and conditions as the board may from time to time determine. The board may exercise the powers conferred by this section only with respect to projects, programs, or developments within the corporate limits of the cities of Minneapolis and St. Paul, except as may be otherwise provided in a joint powers agreement entered into under section 471.59 between the board and any other city, housing and redevelopment authority, ~~or~~ port authority or economic development authority established under sections 13 to 33 in the state of Minnesota.

(c) For the purposes of section 462C.09, the board may be authorized by the cities of Minneapolis and St. Paul, or by any other city with which the board enters into a joint powers agreement, to issue revenue bonds or obligations in an amount not to exceed the amount of bonds allocated by general or special law to such cities, or the board may issue mortgage credit certificates in lieu thereof.

Sec. 38. Minnesota Statutes 1984, section 471.88, subdivision 1, is amended to read:

Subdivision 1. The governing body of any port authority, seaway port authority, economic development authority, town, school district, hospital dis-

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tract, county, or city, by unanimous vote, may contract for goods or services with an interested officer of the governmental unit in any of the following cases.

Sec. 39. Minnesota Statutes 1984, section 471.88, subdivision 9, is amended to read:

Subd. 9. When a port authority commissioner or economic development authority commissioner is engaged in or employed by a firm engaged in the business of importing or exporting or general trade, it shall be lawful for the authority to do business with the commissioner or his employer provided that in the fixing of any rates affecting shippers or users of the terminal facility, said commissioner shall not vote thereon.

Sec. 40. Minnesota Statutes 1984, section 471.88, subdivision 11, is amended to read:

Subd. 11. When a commissioner of any public housing ~~or~~, port authority, or economic development authority is employed by a bank engaged in making loans or performing trust services involving real or personal property affected by any plan or such housing or port authority, no restriction shall apply to any such loans made or trust services performed by said bank if the commissioner shall disclose the nature of such loans or trust services of which he has personal knowledge, which disclosure shall be entered upon the minutes of such authority.

Sec. 41. Minnesota Statutes 1985 Supplement, section 472B.04, is amended to read:

#### 472B.04 POWERS OF MUNICIPALITY.

A municipality may, to accomplish the purposes of this chapter:

(1) exercise any or all powers enumerated in chapter 458, but only if the municipality has been granted authority to exercise the powers enumerated in sections 13 to 33, chapters 458, 462, 472, 472A, and 474, in conjunction with the powers granted by this chapter;

(2) provide public facilities pursuant to chapters 429, 430, and any charter provision or any special law;

(3) acquire, by lease, purchase, gift, condemnation, or otherwise, land or interests in land, and convey land or interests in land. A municipality is empowered to acquire by condemnation any property, property right or interest in property, corporate or incorporeal, within its boundaries which may be needed by it for a project, for access, including surface and subsurface access, for ventilation, or for any other purpose which it finds by resolution to be needed by it in connection with mined underground space development; and the fact that the property or interest in property so needed has been acquired by the owner under the power of eminent domain, or is already devoted to a public use, or is owned by the University of Minnesota, any city, county, school district, town,

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other municipality, or other governmental subdivision, railroad, or public or private utility, shall not prevent its acquisition by the municipality by the exercise of the right of eminent domain hereby conferred, provided the existing use thereof is not impaired; the necessity of the taking of any property or interest in property by the municipality shall be determined by resolution duly adopted by the governing body of the municipality, which shall describe the property or interest as nearly as it may be described and state the use and purpose to which it is to be devoted; except as otherwise provided in this chapter, the right of eminent domain shall be exercised in accordance with chapter 117, provided that any exercise of the right of eminent domain hereby conferred shall not be for the purpose of preventing the development, mining, and use of mineral resources;

(4) acting alone or with others, acquire, purchase, construct, lease, mortgage, maintain, operate, and convey projects;

(5) borrow money to carry out the purposes of this chapter;

(6) enter into contracts, sue and be sued and do or accomplish all other acts and things necessary or convenient to carry out the purposes and policies of this chapter; and

(7) exercise bonding authority as provided in section 472B.05.

Sec. 42. Minnesota Statutes 1984, section 474.02, subdivision 3, is amended to read:

Subd. 3. "Redevelopment agency" means any port authority referred to in chapter 458, or any city authorized by general or special law to exercise the powers of a port authority; any economic development authority referred to in sections 13 to 33; any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority; and any area or municipal redevelopment agency referred to in chapter 472.

Sec. 43. Minnesota Statutes 1984, section 474.16, subdivision 2, is amended to read:

Subd. 2. "Local issuer" means any home rule charter or statutory city, any town, any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, any economic development authority referred to in sections 13 to 33, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law other than the iron range resources and rehabilitation board, acting as an issuer of obligations pursuant to law.

Sec. 44. **EFFECTIVE DATE.**

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

This article is effective the day following final enactment.

Approved March 24, 1986

CHAPTER 400—S.F.No. 1725

*An act relating to public administration; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 462C.02, subdivisions 6 and 9; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, section 273.75, subdivision 4; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapter 458; and proposing coding for new law as Minnesota Statutes, chapter 458C.*

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

Section 1. Minnesota Statutes 1984, section 116D.04, subdivision 1a, is amended to read:

Subd. 1a. For the purposes of sections 116D.01 to 116D.07, the following terms have the meanings given to them in this subdivision.

(a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

(b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02, subdivision 5.

(c) "Environmental assessment worksheet" means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated or approved by units of government including the federal government.

(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 112, counties, towns, cities, port authorities ~~and~~, housing authorities, and economic development authorities established under sections 13 to 33, but not including courts, school districts and regional development commissions other than the metropolitan council.

Sec. 2. Minnesota Statutes 1984, section 117.521, subdivision 3, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.