

Extra Session Laws 1857, chapter 18, section 50; Special Laws 1874, chapter 78; Special Laws 1879, chapters 4 and 152; Special Laws 1881, chapters 31 and 101; Special Laws 1889, chapter 24; and Special Laws 1891, chapters 211 and 272, are repealed.

Sec. 7. LOCAL APPROVAL.

This act takes effect at 12:01 a.m. the day after the latter of the governing bodies of the cities of Norwood and Young America complies with Minnesota Statutes, section 645.021, subdivision 3.

Presented to the governor March 12, 1996

Signed by the governor March 13, 1996, 2:12 p.m.

CHAPTER 303—H.F.No. 2670

An act relating to the Minnesota municipal board; clarifying authority and procedures; amending Minnesota Statutes 1994, sections 414.01, subdivisions 1, 2, 6a, 7a, 8, 12, and 16; 414.02, subdivision 3; 414.031, subdivision 4; 414.0325, subdivisions 1, 1a, and 3; 414.033, subdivision 5, and by adding a subdivision; 414.041, subdivisions 3 and 5; and 414.061, subdivisions 4 and 5; repealing Minnesota Statutes 1994, sections 414.01, subdivisions 3, 3a, and 4; and 414.061, subdivision 4a.

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

Section 1. Minnesota Statutes 1994, section 414.01, subdivision 1, is amended to read:

Subdivision 1. ~~A board to be known as~~ The Minnesota municipal board is hereby created to conduct proceedings, make determinations and issue orders for the creation of a municipality, the combination of two or more governmental units, or the alteration of a municipal boundary.

The legislature finds that: (1) sound urban development and preservation of agricultural land and open spaces through land use planning is essential to the continued economic growth of this state; (2) municipal government most efficiently provides governmental services in areas intensively developed for residential, commercial, industrial, and governmental purposes; and township government most efficiently provides governmental services in areas used or developed for agricultural, open space, and rural residential purposes; (3) the public interest requires that municipalities be formed when there exists or will likely exist the necessary resources to provide for their economical and efficient operation; (4) annexation to existing municipalities of unincorporated areas unable to supply municipal services should be facilitated; and, (5) the consolidation of municipalities should be encouraged. ~~It is the purpose of this chapter to empower~~ The Minnesota municipal board is empowered to promote and regulate development of municipalities to provide for the extension of municipal government to areas which are developed or are in the process of being developed for intensive use for residential, commercial, industrial, institutional, and governmental purposes or are needed for such purposes; and to protect

New language is indicated by underline, deletions by ~~strikeout~~.

the stability of unincorporated areas which are used or developed for agricultural, open space, and rural residential purposes and are not presently needed for more intensive uses; and to protect the integrity of land use planning in municipalities and unincorporated areas so that the public interest in efficient local government will be properly recognized and served.

Sec. 2. Minnesota Statutes 1994, section 414.01, subdivision 2, is amended to read:

Subd. 2. The board shall be composed of three members appointed by the governor, at least one of whom shall be learned in the law, and at least one of whom shall be a resident from outside of the metropolitan area as defined in section 473.121, subdivision 2. The board shall select from its members a chair who shall have the powers and duties prescribed by the general law applicable to the heads of departments and agencies of the state. All those appointed must be residents of the state for at least five years before the appointment. Each appointed member shall serve for six years. The board shall meet once each month at a regular time to be established by the chair. The removal of members and filling of vacancies for members other than county commissioner members on the board are as provided in section 15.0575.

In proceedings before the board for the incorporation of a statutory city, consolidation of two or more municipalities, or annexation of unincorporated land to a municipality, two county commissioners of the board of the county in which all or a majority of the affected land is located shall serve on the board during such time as the board shall have under consideration said matter. The executive director of the board shall upon initiation of a proceeding for such incorporation, consolidation, or annexation notify the county auditor of the county in which the majority of the affected property is situated of the need for the appointment of the two county commissioners to the board. At the next succeeding meeting of the county board the commissioners shall designate the two appointed and shall thereupon immediately notify the Minnesota municipal board executive director of their action. The county commissioners shall represent districts which do not contain any of the affected territory. If commissioners from the unaffected districts are unavailable, commissioners from the affected district may serve.

Sec. 3. Minnesota Statutes 1994, section 414.01, subdivision 6a, is amended to read:

Subd. 6a. Each member of the municipal board shall receive \$50 per day when in attendance at board meetings or hearings, or when otherwise engaged in the performance of duties. The county commissioners shall be paid \$25 per day for each hearing or meeting attended. The county auditors and commissioners shall be deemed to be performing duties for the county without additional compensation when serving as ex officio members of the board. Each member of the board and the county commission members of the board shall be reimbursed for actual expenses incurred in accordance with state travel regulations relative to travel and expenses of state officers and employees.

Sec. 4. Minnesota Statutes 1994, section 414.01, subdivision 7a, is amended to read:

Subd. 7a. The Minnesota municipal board shall appoint an executive director, not a member of the board, who shall be learned in the law qualified as a result of practical, professional, or educational experience and receive a salary in an amount fixed by law. The director shall devote full time to the duties of office. All correspondence and petitions shall be addressed to the executive director who shall be is charged with conducting the administrative affairs of the board.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 5. Minnesota Statutes 1994, section 414.01, subdivision 8, is amended to read:

Subd. 8. The board shall have authority to contract with regional, state, county, or local planning commissions or to hire expert consultants to provide specialized information and assistance, and, ~~Any member of the board conducting or participating in the conduct of any hearings hearing, or its executive director, shall have the power to administer oaths and affirmations, to issue subpoenas, and to compel the attendance and testimony of witnesses, and the production of papers, books, and documents.~~

Sec. 6. Minnesota Statutes 1994, section 414.01, subdivision 12, is amended to read:

Subd. 12. In proceedings pursuant to this chapter, the executive director or any board member may ~~receive and report evidence and such person shall have power to~~ administer oaths and affirmations to witnesses, examine witnesses, and receive and report evidence. In any proceeding in which the evidence is received by one board member or by the executive director, the board member or executive director shall make a report of the evidence to the board. When all members of the board do not attend a hearing in a proceeding, any party may request the executive director shall to cause a transcript of the hearing to be made and distributed to all board members if requested by a party to the proceeding. Thereupon, the board shall proceed to make its decision based on all the evidence presented. When the evidence is received by fewer than two permanent board members, the board's order shall be stayed for a period of 30 days, during which time any party of record may demand a rehearing by the full board. Any party requesting a copy of the transcript for board members is responsible for its costs.

Sec. 7. Minnesota Statutes 1994, section 414.01, subdivision 16, is amended to read:

Subd. 16. In a any proceeding before the board, the board may at any time in the process require that representatives from the involved city, town, and county, political subdivision, or other governmental entity to meet together to discuss the resolution of issues raised at the hearing before the board by said petition or order which confers jurisdiction on the board and other issues of mutual concern. The board may require that the parties meet at least three times during a 60-day period. The parties shall designate a person to report to the board on the results of the meetings immediately after the last meeting.

Sec. 8. Minnesota Statutes 1994, section 414.02, subdivision 3, is amended to read:

Subd. 3. **BOARD'S ORDER.** In arriving at its decision, the board shall consider the following factors:

(a) Present population and number of households, past population growth and projected population growth for the subject area;

(b) Quantity of land, both platted and unplatted, within the area proposed for incorporation within the subject area; the natural terrain of the area including recognizable physical features, general topography, major watersheds, soil conditions and such natural features as rivers, lakes and major bluffs;

(c) Present pattern of physical development, planning, and intended land uses in the subject area including residential, industrial, commercial, agricultural and institutional land uses and the impact of the proposed action on those uses;

(d) The present transportation network and potential transportation issues, including proposed highway development;

New language is indicated by underline, deletions by strikeout.

(d) (e) Land use controls and planning presently being utilized in the subject area, including comprehensive plans for development in the area and, policies of the metropolitan council. If, and whether there is an inconsistency are inconsistencies between the proposed development and the land use planning ordinance in force, the reason for the inconsistency existing land use controls;

(e) Present (f) Existing levels of governmental services being provided to the subject area, including water and sewer service, fire rating and protection, police protection law enforcement, street improvements and maintenance, administrative services, and recreational facilities and the impact of the proposed action on the delivery of the services;

(f) (g) Existing or potential problems of environmental pollution problems and whether the need for additional services to proposed action is likely to improve or resolve these problems;

(g) (h) Fiscal data of impact on the subject area and adjacent units of local government, including the net tax capacity of both platted and unplatted lands and the division between homestead and nonhomestead property, and the present bonded indebtedness; and the local tax rates of the county, school district, and township present bonded indebtedness, local tax rates of the county, school district and other governmental units; including where applicable, the net tax capacity of platted and unplatted lands and the division of homestead and nonhomestead property; and other tax and governmental aid issues;

(h) (i) Relationship and effect of the proposed incorporation action on communities adjacent to the area and on affected and adjacent school districts within and adjacent to the area communities;

(i) Adequacy of town government to deliver services to the area (j) Whether delivery of services to the subject area can be adequately and economically delivered by the existing government; and

(j) (k) Analysis of whether necessary governmental services can best be provided through incorporation or annexation to an adjacent municipality. the proposed action or another type of boundary adjustment;

(1) Degree of contiguity of the boundaries of the subject area and adjacent units of local government; and

(m) Analysis of the applicability of the state building code.

Based upon these factors, the board may order the incorporation if it finds that (a) the property to be incorporated is now, or is about to become, urban or suburban in character, or (b) that the existing township form of government is not adequate to protect the public health, safety, and welfare, or (c) the proposed incorporation would be in the best interests of the area under consideration. The board may deny the incorporation if the area, or a part thereof, would be better served by annexation to an adjacent municipality.

The board may alter the boundaries of the proposed incorporation by increasing or decreasing the area to be incorporated so as to include only that property which is now, or is about to become, urban or suburban in character, or may exclude property that may be better served by another unit of government. The board may also alter the boundaries of

New language is indicated by underline, deletions by strikeout.

the proposed incorporation so as to follow visible, clearly recognizable physical features for municipal boundaries. In all cases, the board shall set forth the factors which are the basis for the decision.

Notwithstanding any other provision of law to the contrary relating to the number of wards which may be established, the board may provide for election of council members by wards, not less than three nor more than seven in number, whose limits are prescribed in the board order upon a finding that area representation is required to accord proper representation in the proposed incorporated area because of uneven population density in different parts thereof or the existence of agricultural lands therein which are in the path of suburban development, but after four years from the effective date of an incorporation the council of the municipality may by resolution adopted by a four-fifths vote abolish the ward system and provide for the election of all council members at large as in other municipalities.

The board's order for incorporation shall provide for the election of municipal officers in accordance with section 414.09. The plan of government shall be "Optional Plan A", provided that an alternate plan may be adopted pursuant to section 412.551, at any time. The ordinances of the township in which the new municipality is located shall continue in effect until repealed by the governing body of the new municipality.

Sec. 9. Minnesota Statutes 1994, section 414.031, subdivision 4, is amended to read:

Subd. 4. **BOARD'S ORDER.** In arriving at its decision, the board shall consider the following factors:

(a) Present population and number of households, past population growth and projected population growth of the property proposed for annexation and the annexing municipality subject area and adjacent units of local government;

(b) Quantity of land within the property proposed for annexation and the annexing municipality subject area and adjacent units of local government; and natural terrain including recognizable physical features, general topography, major watersheds, soil conditions and such natural features as rivers, lakes and major bluffs;

(c) Degree of contiguity of the boundaries between the annexing municipality and the property proposed for annexation subject area;

(d) Present pattern of physical development of, planning, and intended land uses in the property proposed for annexation subject area and the annexing municipality including residential, industrial, commercial, agricultural and institutional land uses and the impact of the proposed action on those land uses;

(e) The present transportation network and potential transportation issues, including proposed highway development;

(e) (f) Land use controls and planning presently being utilized in the annexing municipality and the property proposed for annexation subject area, including comprehensive plans for development in the area and plans and policies of the metropolitan council. If, and whether there is an inconsistency are inconsistencies between the proposed development and the existing land use planning ordinance in force, the reason for the inconsistency controls and the reasons therefore;

New language is indicated by underline, deletions by strikeout.

~~(f)~~ (g) Existing levels of governmental services being provided in the annexing municipality and the property proposed for annexation subject area, including water and sewer service, fire rating and protection, police protection law enforcement, street improvements and maintenance, administrative services, and recreational facilities and the impact of the proposed action on the delivery of said services;

~~(g)~~ (h) Existing or potential problems of environmental pollution problems and whether the need for additional services to proposed action is likely to improve or resolve these problems;

~~(h)~~ (i) Plans and programs by the annexing municipality for providing needed governmental services to the property proposed for annexation subject area;

~~(i)~~ (j) An analysis of the fiscal impact on the annexing municipality and the property proposed for annexation subject area, and adjacent units of local government, including net tax capacity and the present bonded indebtedness, and the local tax rates of the county, school district, and township;

~~(j)~~ (k) Relationship and effect of the proposed annexation action on communities affected and adjacent to the area and on school districts within and adjacent to the area and communities;

~~(k)~~ (l) Adequacy of town government to deliver services to the property proposed for annexation subject area;

~~(l)~~ (m) Analysis of whether necessary governmental services can best be provided through incorporation or annexation to an adjacent municipality the proposed action or another type of boundary adjustment; and

~~(m)~~ (n) If only a part of a township is annexed, the ability of the remainder of the township to continue or the feasibility of it being incorporated separately or being annexed to another municipality.

Based upon these the factors, the board may order the annexation (a) if it finds that the property proposed for annexation subject area is now, or is about to become, urban or suburban in character, or (b) if it finds that municipal government in the area proposed for annexation is required to protect the public health, safety, and welfare, or (c) if it finds that the annexation would be in the best interest of the property proposed for annexation subject area. If only a part of a township is to be annexed, the board shall consider whether the remainder of the township can continue to carry on the functions of government without undue hardship. The board shall deny the annexation if it finds that the increase in revenues for the annexing municipality bears no reasonable relation to the monetary value of benefits conferred upon the annexed area. The board may deny the annexation (a) if it appears that annexation of all or a part of the property to an adjacent municipality would better serve the interests of the residents of the property or (b) if the remainder of the township would suffer undue hardship.

The board may alter the boundaries of the area to be annexed by increasing or decreasing the area so as to include only that property which is now or is about to become urban or suburban in character or to add property of such character abutting the area proposed for annexation in order to preserve or improve the symmetry of the area, or to exclude property that may better be served by another unit of government. The board may also alter the boundaries of the proposed annexation so as to follow visible, clearly recog-

New language is indicated by underline, deletions by strikeout.

nizable physical features. If the board determines that part of the area would be better served by another municipality or township, the board may initiate and approve annexation on its own motion by conducting further hearings and issuing orders pursuant to subdivisions 3, 4, and 5. In all cases, the board shall set forth the factors which are the basis for the decision.

Sec. 10. Minnesota Statutes 1994, section 414.0325, subdivision 1, is amended to read:

Subdivision 1. **INITIATING THE PROCEEDING.** One or more townships and one or more municipalities, by joint resolution, may designate an unincorporated area as in need of orderly annexation and may. The joint resolution will confer jurisdiction on the board over annexations in the designated area and over the various provisions in said agreement by submission of said joint resolution to the executive director. The resolution shall include a description of the designated area and the reasons for designation. Thereafter, an annexation of any part of the designated area may be initiated by:

(1) submitting to the executive director a resolution of any signatory to the joint resolution; or by

(2) the board of its own motion; or

(3) as provided in section 414.033, subdivision 2a.

Whenever the pollution control agency or other state agency pursuant to sections 115.03, 115.071, 115.49, or any law giving a state agency similar powers, orders a municipality to extend a municipal service to a designated unincorporated area, such an order will confer jurisdiction on the Minnesota municipal board to consider designation of the area for orderly annexation.

If a joint resolution designates an area as in need of orderly annexation and states that no alteration of its stated boundaries is appropriate, the board may review and comment, but may not alter the boundaries.

If a joint resolution designates an area as in need of orderly annexation, provides for the conditions for its annexation, and states that no consideration by the board is necessary, the board may review and comment, but shall, within 30 days, order the annexation in accordance with the terms of the resolution.

Sec. 11. Minnesota Statutes 1994, section 414.0325, subdivision 1a, is amended to read:

Subd. 1a. **ORDERLY ANNEXATION BY PETITION ELECTRIC UTILITY**

SERVICE NOTICE. If the board receives a petition for annexation of an area owned by a municipality or from all of the property owners in an area, and the area is within two miles of the corporate boundaries of the municipality, the petition shall confer jurisdiction on the board to consider designation of the area for orderly annexation. Upon receipt of the petition, the board shall inform the affected parties of their opportunity to request a hearing before the board on the petition, and if a hearing is requested, it must be held within 60 days of the request. Any person aggrieved by the board's designation of an area as appropriate for orderly annexation may appeal the board's order to district court in accordance with section 414.07.

At least 60 days before a petition is filed under this section or section 414.033, the petitioner must notify the municipality that the petitioner intends to file a petition for annexation. At least 30 days before a petition is filed for annexation under this subdivision or section 414.033, the petitioner must be notified by the municipality that the cost of electric utility service to the petitioner may change if the land is annexed to the municipality. The notice must include an estimate of the cost impact of any change in electric utility services, including rate changes and assessments, resulting from the annexation.

Sec. 12. Minnesota Statutes 1994, section 414.0325, subdivision 3, is amended to read:

Subd. 3. **BOARD'S ORDER.** In arriving at its decision, the board shall consider the following factors: in section 414.031, subdivision 4.

(a) Present population, past population growth and projected population of the property proposed for annexation and the annexing municipality;

(b) Quantity of land within the property proposed for annexation and the annexing municipality; and natural terrain including general topography, major watersheds, soil conditions and such natural features as rivers, lakes and major bluffs;

(c) Degree of contiguity of the boundaries between the annexing municipality and the property proposed for annexation;

(d) Present pattern of physical development of the property proposed for annexation and the annexing municipality including residential, industrial, commercial, agricultural and institutional land uses; the present transportation network and potential transportation issues, including proposed highway development;

(e) Land use controls and planning presently being utilized in the annexing municipality and the property proposed for annexation, including comprehensive plans for development in the area and plans and policies of the metropolitan council. If there is an inconsistency between the proposed development and the land use planning ordinance in force, the reason for the inconsistency;

(f) Present governmental services being provided in the annexing municipality and the property proposed for annexation, including water and sewer service, fire rating and protection, police protection, street improvements and maintenance, administrative services, and recreational facilities;

(g) Existing or potential problems of environmental pollution and the need for additional services to resolve these problems;

(h) Plans and programs by the annexing municipality for providing needed governmental services to the property proposed for annexation;

(i) Fiscal data of the annexing municipality and the property proposed for annexation, including net tax capacity and the present bonded indebtedness, and the local tax rates of the county, school district, and township;

(j) Relationship and effect of the proposed annexation on communities adjacent to the area and on school districts within and adjacent to the area;

(k) Adequacy of town government to deliver necessary services to the property proposed for annexation;

New language is indicated by underline, deletions by ~~strikeout~~.

(l) Analysis of whether the needed governmental services can best be provided through incorporation or annexation to an adjacent municipality; and

(m) If only a part of a township is annexed, the ability of the remainder of the township to continue or the feasibility of it being incorporated separately or being annexed to another municipality.

Based upon these factors in section 414.031, subdivision 4, the board may order the annexation:

(a) if it finds that the subject area proposed for annexation (a) is now or is about to become urban or suburban in character and that the annexing municipality is capable of providing the services required by the area within a reasonable time; or (b) if it finds that the existing township form of government is not adequate to protect the public health, safety, and welfare; or (c) if it finds that annexation would be in the best interests of the area proposed for annexation subject area. The board may deny the annexation if it conflicts with any provision of the joint agreement. The board may alter the boundaries of the proposed annexation by increasing or decreasing the area so as to include that property within the designated area which is in need of municipal services or will be in need of municipal services.

If the annexation is denied, no proceeding for the annexation of substantially the same area may be initiated within two years from the date of the board's order unless the new proceeding is initiated by a majority of the area's property owners and the petition is supported by affected parties to the resolution. In all cases, the board shall set forth the factors which are the basis for the decision.

Sec. 13. Minnesota Statutes 1994, section 414.033, subdivision 5, is amended to read:

Subd. 5. If the land is platted, or, if unplatted, does not exceed 200 acres, a majority of the property owners in number may petition the municipal council to have such land included within the abutting municipality and, within ten days thereafter, shall file copies of the petition with the board, the town board, the county board and the municipal council of any other municipality which borders the land to be annexed. Within 90 days from the date of service, the town board or the municipal council of such abutting municipality may submit written objections to the annexation to the board and the annexing municipality. Upon receipt of such objections, the board shall proceed to hold a hearing and issue its order in accordance with section 414.031, subdivisions 3, and 4, ~~and 5~~. If written objections are not submitted within the time specified ~~hereunder~~ in this section and if the municipal council determines that property proposed for the annexation is now or is about to become urban or suburban in character, it may by ordinance declare such land annexed to the municipality. If the petition is not signed by all the property owners of the land proposed to be annexed, the ordinance shall not be enacted until the municipal council has held a hearing on the proposed annexation after at least 30 days mailed notice to all property owners within the area to be annexed.

Sec. 14. Minnesota Statutes 1994, section 414.033, is amended by adding a subdivision to read:

Subd. 13. **ELECTRIC UTILITY SERVICE NOTICE.** At least 60 days before a petition is filed under section 414.0325 or this section, the petitioner must notify the mu-

New language is indicated by underline, deletions by ~~strikeout~~.

nunicipality that the petitioner intends to file a petition for annexation. At least 30 days before a petition is filed for annexation, the petitioner must be notified by the municipality that the cost of electric utility service to the petitioner may change if the land is annexed to the municipality. The notice must include an estimate of the cost impact of any change in electric utility services, including rate changes and assessments, resulting from the annexation.

Sec. 15. Minnesota Statutes 1994, section 414.041, subdivision 3, is amended to read:

Subd. 3. **COMMISSION'S HEARING AND REPORT.** The consolidation commission shall conduct hearings regarding the proposed consolidation. The hearings shall include, but are not limited to, the following subjects:

(a) The contents of any city charter for the proposed consolidated city or the form of government of the proposed consolidated city;

(b) Analysis of whether a ward system shall be included in the form of government of the proposed consolidated city; and

(c) Each factor considered by the board under section 414.02, subdivision 5, clauses (a) to (i) 3.

Based on these factors and upon other matters which come before the consolidation commission, the commission shall issue a report to the municipal board with findings and recommendations within two years from the date of the board's initial appointment of the commission.

Sec. 16. Minnesota Statutes 1994, section 414.041, subdivision 5, is amended to read:

Subd. 5. **BOARD'S ORDER.** In arriving at its decision, the board shall consider the following factors: in section 414.02, subdivision 3.

(a) ~~Present population, past population growth and projected population of the included municipalities;~~

(b) ~~Quantity of land within the included municipalities; and natural terrain including general topography, major watersheds, soil conditions, and such natural features as rivers, lakes and major bluffs;~~

(c) ~~Degree of contiguity of the boundaries between the included municipalities;~~

(d) ~~Analysis of whether present planning and physical development in the included municipalities indicates that the consolidation of these municipalities will benefit planning and land use patterns in the area; the present transportation network and potential transportation issues, including proposed highway development;~~

(e) ~~Analysis of whether consolidation of the included municipalities is consistent with comprehensive plans for the area;~~

(f) ~~Analysis of whether governmental services now available in the included municipalities can be more effectively or more economically provided by consolidation;~~

(g) ~~Analysis of whether there are existing or potential environmental problems and whether municipal consolidation will help improve such conditions;~~

New language is indicated by underline, deletions by ~~strikeout~~.

(h) Analysis of tax and governmental aid issues involved in the consolidation of the included municipalities; and

(i) Analysis of the effect of consolidation on area school districts.

(j) Analysis of the applicability of the state building code.

The board shall consider and may accept, amend, return to the commission for amendment or further study, or reject the commission's findings and recommendations based upon the board's written determination of what is in the best interests of the affected municipalities.

The board shall order the consolidation if it finds that consolidation will be for the best interests of the municipalities. In all cases, the board shall set forth the factors which are the basis for the decision.

If the board orders consolidation, it shall provide for election of new municipal officers in accordance with section 414.09. If the most populous of the included municipalities is a statutory city, the new municipality shall be a statutory city and the plan of government shall be Optional Plan A, provided that an alternate plan may be adopted pursuant to section 412.551, at any time. If the most populous of the included municipalities is a home rule charter city or organized under a statute other than chapter 412, the new municipality shall be governed by its home rule charter or the statutory form under which it is governed except that any ward system for the election of council members shall be inoperable. If the commission's findings and recommendations include a proposed home rule charter for the new municipality, the board may in its order combine the issue of the adoption of the charter and the vote on approval of the order for consolidation into one question on the ballot, and shall submit it in a special or general election as provided in section 410.10. The ordinances of all of the included municipalities shall continue in effect within their former boundaries until repealed by the governing body of the new municipality.

Notwithstanding any other provision of law to the contrary, the board may in its order establish a ward system in the new municipality, in which event it shall establish not less than three nor more than seven wards, each of which shall elect one council member. When more than two years have elapsed after consolidation, the governing body may, by a four-fifths vote, abolish the ward system.

The new municipality shall assume the name of the most populous municipality unless previous to the election another name is chosen by joint resolution of a majority of the included municipalities or by the consolidation commission.

The number of license privileges existing in the included municipalities prior to consolidation and pursuant to state law shall not be diminished as a result of the consolidation.

If the consolidation is denied or defeated in a referendum, no proceeding for the consolidation of the same municipalities may be initiated within two years from the date of the board's order unless authorized by the board.

Sec. 17. Minnesota Statutes 1994, section 414.061, subdivision 4, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 4. **BOARD INITIATION.** The board may initiate proceedings for the concurrent detachment and annexation of portions of one municipality completely surrounded by another municipality, on its own motion or upon the petition of all of the owners of property in the completely surrounded area. In such cases the board shall conduct hearings and issue its order as in the case of consolidations of two or more municipalities under sections 414.041, subdivision 5, and pursuant to section 414.09. In arriving at its decision, the board shall consider the factors in section 414.02, subdivision 3. The board shall order the proposed action if it finds that it will be for the best interests of the municipalities and the property owners. In all cases, the board shall set forth the factors which are the basis for the decision.

Sec. 18. Minnesota Statutes 1994, section 414.061, subdivision 5, is amended to read:

Subd. 5. **PROPERTY OWNER INITIATION.** Property owners may initiate proceedings for the concurrent detachment of their property from one municipality and its annexation to an adjacent municipality by a petition signed by all of them that they submit to the board accompanied by a resolution of the city council of at least one of the affected municipalities. The board shall conduct hearings and issue its order as in the case of consolidations of two or more municipalities under sections 414.041, subdivision 5 and pursuant to section 414.09. In arriving at its decision, the board shall consider the factors in section 414.02, subdivision 3. The board shall order the proposed action if it finds that it will be for the best interests of the municipalities and the property owner. In all cases, the board shall set forth the factors which are the basis for the decision.

Sec. 19. **REPEALER.**

Minnesota Statutes 1994, sections 414.01, subdivisions 3, 3a, and 4; and 414.061, subdivision 4a, are repealed.

Sec. 20. **EFFECTIVE DATE.**

Sections 1 to 19 are effective August 1, 1996, to apply to petitions filed after July 31, 1996.

Presented to the governor March 12, 1996

Signed by the governor March 13, 1996, 2:14 p.m.

CHAPTER 304—H.F.No. 2044

An act relating to insurance; group life and health coverages; prohibiting retroactive termination of a person's coverage without the consent of the covered person; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

Section 1. **[60A.086] RETROACTIVE TERMINATION OF COVERAGE UNDER GROUP POLICIES PROHIBITED.**

New language is indicated by underline, deletions by ~~strikeout~~.