

## CHAPTER 464—H.F.No. 3012

*An act relating to metropolitan government; providing for local zoning conformity in certain cases; modifying a certain levy limitation for the metropolitan council; allowing for distribution of funds from the tax base revitalization account to development authorities; providing for distribution of funds from the livable communities demonstration account; authorizing the metropolitan council to issue bonds and to transfer proceeds of certain bonds; requiring a transfer between certain accounts of the council; providing for metropolitan transportation investments; providing for a joint powers board for certain public housing purposes; providing for metropolitan airport matters; providing for airport noise impact relief; amending Minnesota Statutes 1994, sections 471.59, by adding a subdivision; 473.155, by adding a subdivision; 473.167, subdivision 2a; 473.388, by adding a subdivision; 473.608, subdivisions 2, 6, 16, and by adding subdivisions; 473.614, by adding a subdivision; 473.621, by adding a subdivision; and 473.661, subdivision 4; Minnesota Statutes 1995 Supplement, sections 473.167, subdivisions 2 and 3; 473.252; 473.391; and 473.704, subdivision 18; Laws 1989, chapter 279, section 7, subdivision 6; Laws 1995, chapter 255, article 3, section 2, subdivisions 1 and 4; and Laws 1995, chapter 265, article 1, section 4; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1994, sections 473.1551, subdivision 2; 473.167, subdivision 5; 473.636; and 473.637; Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3a.*

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

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 ARTICLE 1

## METROPOLITAN COUNCIL AUTHORIZATION

Section 1. Minnesota Statutes 1994, section 471.59, is amended by adding a subdivision to read:

Subd. 13. JOINT POWERS BOARD FOR HOUSING. (a) For purposes of implementing a federal court order or decree, two or more housing and redevelopment authorities, or public entities exercising the public housing powers of housing and redevelopment authorities, may by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 to 5, establish a joint board for the purpose of acquiring an interest in, rehabilitating, constructing, owning, or managing low-rent public housing located in the metropolitan area, as defined in section 473.121, subdivision 2, and financed, in whole or in part, with federal financial assistance under Section 5 of the United States Housing Act of 1937. The joint board established pursuant to this subdivision shall:

(1) be composed of members designated by the governing bodies of the governmental units which established such joint board, and possess such representative and voting power provided by the joint powers agreement;

(2) constitute a public body, corporate, and politic; and

(3) notwithstanding the provisions of subdivision 1, requiring commonality of powers between parties to a joint powers agreement, and solely for the purpose of acquiring

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an interest in, rehabilitating, constructing, owning, or managing federally financed low-rent public housing, shall possess all of the powers and duties contained in sections 469.001 to 469.047 and, if at least one participant is an economic development authority, sections 469.090 to 469.1081, except (i) as may be otherwise limited by the terms of the joint powers agreement; and (ii) a joint board shall not have the power to tax pursuant to section 469.033, subdivision 6, or 469.107, nor shall it exercise the power of eminent domain. Every joint powers agreement establishing a joint board shall specifically provide which and under what circumstances the powers granted herein may be exercised by that joint board.

(b) If a housing and redevelopment authority exists in a city which intends to participate in the creation of a joint board pursuant to paragraph (a), such housing and redevelopment authority shall be the governmental unit which enters into the joint powers agreement unless it determines not to do so, in which event the governmental entity which enters into the joint powers agreement may be any public entity of that city which exercises the low-rent public housing powers of a housing and redevelopment authority.

(c) A joint board shall not make any contract with the federal government for low-rent public housing, unless the governing body or bodies creating the participating authority in whose jurisdiction the housing is located has, by resolution, approved the provision of that low-rent public housing.

(d) This subdivision does not apply to any housing and redevelopment authority, or public entity exercising the powers of a housing and redevelopment authority, within the jurisdiction of a county housing and redevelopment authority which is actively carrying out a public housing program under Section 5 of the United States Housing Act of 1937. For purposes of this paragraph, a county housing and redevelopment authority is considered to be actively carrying out a public housing program under Section 5 of the United States Housing Act of 1937, if it (1) owns 200 or more public housing units constructed under Section 5 of the United States Housing Act of 1937, and (2) has applied for public housing development funds under Section 5 of the United States Housing Act of 1937, during the three years immediately preceding January 1, 1996.

(e) For purposes of sections 469.001 to 469.047, "city" means the city in which the housing units with respect to which the joint board was created are located and "governing body" or "governing body creating the authority" means the council of such city.

Sec. 2. Minnesota Statutes 1995 Supplement, section 473.167, subdivision 2, is amended to read:

Subd. 2. **LOANS FOR ACQUISITION.** (a) The council may make loans to counties, towns, and statutory and home rule charter cities within the metropolitan area for the purchase of property within the right-of-way of a state trunk highway shown on an official map adopted pursuant to section 394.361 or 462.359 or for the purchase of property within the proposed right-of-way of a principal or intermediate arterial highway designated by the council as a part of the metropolitan highway system plan and approved by the council pursuant to subdivision 1. The loans shall be made by the council, from the fund established pursuant to this subdivision, for purchases approved by the council. The loans shall bear no interest.

(b) The council shall make loans only:

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(1) to accelerate the acquisition of primarily undeveloped property when there is a reasonable probability that the property will increase in value before highway construction, and to update an expired environmental impact statement on a project for which the right-of-way is being purchased;

(2) to avert the imminent conversion or the granting of approvals which would allow the conversion of property to uses which would jeopardize its availability for highway construction; or

(3) to advance planning and environmental activities on highest priority major metropolitan river crossing projects, under the transportation development guide chapter/policy plan; or

(4) to take advantage of open market opportunities when developed properties become available for sale, provided all parties involved are agreeable to the sale and funds are available.

(c) The council shall not make loans for the purchase of property at a price which exceeds the fair market value of the property or which includes the costs of relocating or moving persons or property. The eminent domain process may be used to settle differences of opinion as to fair market value, provided all parties agree to the process.

(d) A private property owner may elect to receive the purchase price either in a lump sum or in not more than four annual installments without interest on the deferred installments. If the purchase agreement provides for installment payments, the council shall make the loan in installments corresponding to those in the purchase agreement. The recipient of an acquisition loan shall convey the property for the construction of the highway at the same price which the recipient paid for the property. The price may include the costs of preparing environmental documents that were required for the acquisition and that were paid for with money that the recipient received from the loan fund. Upon notification by the council that the plan to construct the highway has been abandoned or the anticipated location of the highway changed, the recipient shall sell the property at market value in accordance with the procedures required for the disposition of the property. All rents and other money received because of the recipient's ownership of the property and all proceeds from the conveyance or sale of the property shall be paid to the council. If a recipient is not permitted to include in the conveyance price the cost of preparing environmental documents that were required for the acquisition, then the recipient is not required to repay the council an amount equal to 40 percent of the money received from the loan fund and spent in preparing the environmental documents.

(e) The proceeds of the tax authorized by subdivision 3 and distributed to the right-of-way acquisition loan fund pursuant to subdivision 3a, paragraph (a), all money paid to the council by recipients of loans, and all interest on the proceeds and payments shall be maintained as a separate fund. For administration of the loan program, the council may expend from the fund each year an amount no greater than three percent of the amount of the proceeds distributed to the right-of-way acquisition loan fund pursuant to subdivision 3a, paragraph (a), for that year.

Sec. 3. Minnesota Statutes 1994, section 473.167, subdivision 2a, is amended to read:

Subd. 2a. **HARDSHIP ACQUISITION AND RELOCATION.** (a) The council may make hardship loans to acquiring authorities within the metropolitan area to pur-

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chase homestead property located in a proposed state trunk highway right-of-way or project, and to provide relocation assistance. Acquiring authorities are authorized to accept the loans and to acquire the property. Except as provided in this subdivision, the loans shall be made as provided in subdivision 2. Loans shall be in the amount of the ~~appraised~~ fair market value of the homestead property plus relocation costs and less salvage value. Before construction of the highway begins, the acquiring authority shall convey the property to the commissioner of transportation at the same price it paid, plus relocation costs and less its salvage value. Acquisition and assistance under this subdivision must conform to sections 117.50 to 117.56.

(b) The council may make hardship loans only when:

(1) the owner of affected homestead property requests acquisition and relocation assistance from an acquiring authority;

(2) federal or state financial participation is not available;

(3) the owner is unable to sell the homestead property at its appraised market value because the property is located in a proposed state trunk highway right-of-way or project as indicated on an official map or plat adopted under section 160.085, 394.361, or 462.359;

(4) ~~the appraisal of council agrees to and approves the fair market value of the homestead property has been approved by the council. The council's, which approval shall not be unreasonably withheld;~~ and

(5) the owner of the homestead property is burdened by circumstances that constitute a hardship, such as catastrophic medical expenses; a transfer of the homestead owner by the owner's employer to a distant site of employment; or inability of the owner to maintain the property due to physical or mental disability or the permanent departure of children from the homestead.

(c) For purposes of this subdivision, the following terms have the meanings given them.

(1) "Acquiring authority" means counties, towns, and statutory and home rule charter cities in the metropolitan area.

(2) "Homestead property" means a single-family dwelling occupied by the owner, and the surrounding land, not exceeding a total of ten acres.

(3) "Salvage value" means the probable sale price of the dwelling and other property that is severable from the land if offered for sale on the condition that it be removed from the land at the buyer's expense, allowing a reasonable time to find a buyer with knowledge of the possible uses of the property, including separate use of serviceable components and scrap when there is no other reasonable prospect of sale.

Sec. 4. Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3, is amended to read:

Subd. 3. **TAX.** The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a ~~and for the tax base revitalization account in the metropolitan livable communities fund, established under section 473.251.~~ This tax for the right-of-way acquisi-

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tion loan fund and the tax base revitalization account shall be certified by the council, levied, and collected in the manner provided by section 473.13. The tax shall be in addition to that authorized by section 473.249 and any other law, and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council, provided that the property tax levied by the metropolitan council for the right-of-way acquisition loan fund and the tax base revitalization account shall not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of 5/100 of one mill multiplied by the total assessed valuation of all taxable property located within the metropolitan area as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, except as provided in section 473.249, subdivision 3, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan area divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan area;

(c) for taxes payable in 1990, an amount not to exceed \$2,700,000; and

(d) for taxes payable in 1991 and subsequent years, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund under this subdivision for the taxes payable in 1988 determined under clause (a) 1997 multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current taxes payable year divided by the total market valuation of all taxable property located within the metropolitan area for taxes payable in 1988 1997.

For the purpose of determining the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund and tax base revitalization account in the metropolitan livable communities fund, under section 473.251, for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan area without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

Sec. 5. Minnesota Statutes 1995 Supplement, section 473.252, is amended to read:

473.252 **TAX BASE REVITALIZATION ACCOUNT.**

Subdivision 1. **DEFINITION.** For the purposes of this section, "municipality" means a statutory or home rule charter city or town participating in the local housing incentives program under section 473.254, or a county in the metropolitan area.

Subd. 1a. **DEVELOPMENT AUTHORITY.** "Development authority" means a statutory or home rule charter city, housing and redevelopment authority, economic development authority, and a port authority.

Subd. 2. **SOURCES OF FUNDS.** The council shall credit to the tax base revitalization account within the fund the amount, if any, provided for under section 473.167, sub-

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division 3a, paragraph (b) 4, and the amount, if any, distributed to the council under section 473F.08, subdivision 3b.

**Subd. 3. DISTRIBUTION OF FUNDS.** (a) The council must use the funds in the account to make grants to municipalities or development authorities for the cleanup of polluted land in the metropolitan area. A grant to a metropolitan county or a development authority must be used for a project in a participating municipality. The council shall prescribe and provide the grant application form to municipalities. The council must consider the probability of funding from other sources when making grants under this section.

(b)(1) The legislature expects that applications for grants will exceed the available funds and the council will be able to provide grants to only some of the applicant municipalities. If applications for grants for qualified sites exceed the available funds, the council shall make grants that provide the highest return in public benefits for the public costs incurred, that encourage commercial and industrial development that will lead to the preservation or growth of living-wage jobs and that enhance the tax base of the recipient municipality.

(2) In making grants, the council shall establish regular application deadlines in which grants will be awarded from the available money in the account. If the council provides for application cycles of less than six-month intervals, the council must reserve at least 40 percent of the receipts of the account for a year for application deadlines that occur in the second half of the year. If the applications for grants exceed the available funds for an application cycle, no more than one-half of the funds may be granted to projects in a statutory or home rule charter city and no more than three-quarters of the funds may be granted to projects located in cities of the first class.

(c) A municipality may use the grant to provide a portion of the local match requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557.

**Subd. 4. TAX.** The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for the tax base revitalization account in the metropolitan livable communities fund. This tax for the tax base revitalization account shall be certified by the council, levied, and collected in the manner provided by section 473.13. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit.

The amount of the levy shall be as determined and certified by the council, provided that the tax levied by the metropolitan council for the tax base revitalization account shall not exceed the product of (1) the metropolitan council's levy for the tax base revitalization account under section 473.167, subdivision 3, for taxes payable in 1997 multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current taxes payable year divided by the total market valuation of all taxable property located within the metropolitan area for taxes payable in 1997.

For the purpose of determining the metropolitan council's property tax levy limitation for the tax base revitalization account, "total market valuation" means the total market valuation of all taxable property within the metropolitan area without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

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Subd. 5. STATE REVIEW. The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy to the commissioner of revenue by September 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for the tax base revitalization account certified by the metropolitan council for levy following the adoption of its proposed budget is within the levy limitation imposed by this section. The determination must be completed prior to September 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 6. Minnesota Statutes 1995 Supplement, section 473.704, subdivision 18, is amended to read:

Subd. 18. The commission may establish a research program to evaluate the effects of control programs on other fauna. The purpose of the program is to identify the types and magnitude of the adverse effects of the control program on fish and wildlife and associated food chain invertebrates. The commission may conduct research through contracts with qualified outside researchers. The commission may finance the research program each year at a level up to 2.5 percent of its annual budget, until December 31, 1995.

#### Sec. 7. **ISSUANCE OF BONDS OR NOTES FOR ACQUISITION OF PROPERTY.**

Subdivision 1. BONDS; LOANS. The council may borrow money or by resolution authorize the issuance of general obligation bonds or notes for the acquisition of qualifying real property located within Hennepin county which the council determines is necessary for the proposed north-south runway expansion of the Minneapolis-St. Paul International Airport. For purposes of this subdivision, "qualifying real property" means all or part of (1) the met center property as identified in Minnesota Statutes, section 473.551, subdivision 12; or (2) property located in the tax increment financing district designated as tax increment financing district No. 1-G with boundaries consisting of a 31.9 acre parcel known as the Kelly property.

Subd. 2. PROCEDURE. The bonds or notes shall be sold, issued, and secured in the manner provided in Minnesota Statutes, chapter 475, and the council shall have the same powers and duties as a municipality issuing bonds under that chapter, except that no election shall be required and the net debt limitations in Minnesota Statutes, chapter 475, shall not apply to such bonds or notes. The obligations are not a debt of the state or any other municipality or political subdivision within the meaning of any debt limitation or requirement pertaining to those entities. The bonds or notes may be sold at any price and at a public or private sale as determined by the council. The obligations may be secured by taxes levied without limitation of rate or amount upon all taxable property in the metropolitan area.

Subd. 3. COST SHARING; DISPOSITION OF PROPERTY. The council may enter into agreements with the metropolitan airports commission, any municipality in the metropolitan area, and any corporation, public or private, to share the costs of acquiring any real property which the council determines is necessary for any proposed expansion of the Minneapolis-St. Paul International Airport. If the council acquires real property pursuant to subdivision 2 and Minnesota Statutes, section 473.129, subdivision 7, which

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it subsequently determines is not needed for the expansion of the airport, the real property shall be sold in accordance with the council's procedures and the proceeds from the sale of the real property shall be used for debt service or retirement of any bonds or notes issued pursuant to subdivision 2.

**Sec. 8. BLOOMINGTON; TAX INCREMENT.**

Subdivision 1. **PUBLIC PURPOSE.** In 1985, the port authority of the city of Bloomington established a redevelopment tax increment financing district designated as tax increment financing district No. 1-G with boundaries consisting of a 31.9 acre parcel known as the Kelly property located at the northeast quadrant of 24th Avenue and East Old Shakopee Road in the city of Bloomington with the intention of financing certain redevelopment costs, including selected public improvements within the airport south industrial development district. The Kelly property was conveyed to the Mall of America Company by the port authority of the city of Bloomington, pursuant to the restated contract dated May 31, 1988, by and between the city of Bloomington, port authority of the city of Bloomington, and Mall of America Company, subject to the condition that the Mall of America Company commence construction of a subsequent phase of the Mall of America project on the site no later than 2002. If the Mall of America Company fails to commence construction of a subsequent phase of development on the Kelly property by 2002, ownership of the property reverts to the port authority of the city of Bloomington. The Minneapolis-St. Paul International Airport long-term comprehensive plan proposes construction of a north-south runway to guaranty future operation of the airport in a safe, efficient manner. Public acquisition of the Kelly property by the metropolitan airports commission will be required to facilitate construction of the north-south runway.

Subd. 2. **AUTHORIZATION.** The port authority of the city of Bloomington may amend the redevelopment tax increment financing district consisting of the Kelly property so that it shall, instead, consist of the met center property as identified in Minnesota Statutes, section 473.551, subdivision 12, upon satisfaction of the following conditions precedent:

(1) sale of the met center property from the metropolitan council or a metropolitan agency to the Mall of America Company or an entity comprising at least one partner of the Mall of America Company or an affiliate of such partner;

(2) approval by the city of Bloomington, port authority of the city of Bloomington, and Mall of America Company of amendments to the restated contract dated May 31, 1988, which transfer development rights and contract obligations from the Kelly property to the met center property;

(3) approval by the Minnesota environmental quality board of an environmental impact statement for the met center property and approval by the Minnesota pollution control agency of an indirect source permit for the met center property;

(4) approval by the city of Bloomington and port authority of the city of Bloomington of a final development plan for the met center property;

(5) an agreement by the owner-developer of the met center property, in a form satisfactory to the city of Bloomington and port authority of the city of Bloomington, to dedicate to the city of Bloomington land for rights-of-way and other public improvements required for a subsequent phase of the Mall of America project on the met center property;

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(6) the metropolitan airports commission and the Mall of America Company have either:

(i) entered into a purchase agreement for the sale of the Kelly property; or

(ii) agreed, in writing, to pay compensation based on the existing development rights for the use of the Kelly property in an amount not to exceed the total cost of acquiring the met center property; and

(7) an agreement by the Mall of America Company not to sue or claim any damages against either the city of Bloomington or port authority of the city of Bloomington arising out of rezoning of the Kelly property pursuant to Minnesota Statutes, sections 360.061 to 360.074, or an amendment to the comprehensive plan of the city of Bloomington relating to the Kelly property.

The requirements of Minnesota Statutes, section 469.175, subdivision 4, do not apply to modification of the plan to provide for the substitution of legal descriptions authorized hereby. The original net tax capacity of the district shall be recertified in accordance with Minnesota Statutes, section 469.177, subdivision 1, upon amendment of the geographic boundaries of the district. The district shall continue in existence from its original date of creation and the amendment of the geographic boundaries of the district and recertification of original net tax capacity of the district shall not cause the application to the district of any provisions of law which would not otherwise be applicable to the district.

Subd. 3. SPECIAL RULES. (a) Tax increment may not be captured by the port authority from the tax increment financing district on the met center property after December 31 of the year in which tax increments, assessments, and other revenues from the district and the accumulated increments from the district consisting of the Kelly property exceed the permitted expenditures under paragraph (d). The provisions of this paragraph apply beginning with the first calendar year after the conditions precedent in subdivision 2 are satisfied and construction has begun on improvements on the met center site. No increments may, in any event, be collected from the tax increment financing district on the met center site after December 31, 2018.

(b) The provisions of Minnesota Statutes, section 273.1399, do not apply to the tax increment financing district on the met center property.

(c) The governing body of the city of Bloomington must elect the method of computation of tax increment specified in Minnesota Statutes, section 469.177, subdivision 3, paragraph (b), in the tax increment financing district on the met center property.

(d) Tax increments, assessments, and other revenues derived from the tax increment district on the met center property and any accumulated tax increments from the tax increment financing district on the Kelly property may be used to finance only the following:

(1) amounts that the city or port authority must pay to reimburse or otherwise pay the developer for public improvements because of counted value resulting from investment in property at the met center site under section 9.2(05) of the restated contract for purchase and private redevelopment of land, by and among the city of Bloomington, the port authority of the city of Bloomington, and the Mall of America Company, dated May 31, 1988;

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(2) interest and other financing costs the city or port authority pays or incurs on, but that are not included in, the amounts under clause (1);

(3) interest and principal on qualified bonds to the extent that other available revenues and increments from other sources that are pledged to pay the bonds are insufficient. In determining whether other available revenues or increments are insufficient, spending of these revenues for only the following items reduce available revenues (all other revenues are deemed to be available):

(A) payment of debt service on bonds and obligations issued and sold before March 31, 1996;

(B) payments under binding written contracts in effect on March 31, 1996, to which the increments or other revenues are pledged; and

(C) reasonable administrative expenses, subject to the limits under Minnesota Statutes, section 469.176, subdivision 3; and

(4) reasonable administrative expenses as provided under Minnesota Statutes, sections 469.174 to 469.178. The amounts permitted under clauses (1) and (2) must be used to determine the limit or administrative expenses under Minnesota Statutes, section 469.176, subdivision 3.

For the purposes of paragraph (d), "qualified bonds" means:

(i) bonds or other obligations issued and sold before March 31, 1996, to which increments from the tax increment financing district consisting of the Kelly property are pledged; and

(ii) bonds or other obligations that refund bonds described in (i), if the refunding bonds do not increase the present value of the debt service payments secured by the increments and are secured by a pledge of the same increments and other revenues as secured by the bonds to be refunded.

For purposes of determining the qualifying ratio percent for counted value under the formula in section 9.2(05) of the restated contract under clause (1), investment in property at the met center site is deemed to be after or in addition to all the investment at other sites covered by the restated contract.

**Subd. 4. ACQUISITION OF PROPERTY.** Notwithstanding any law to the contrary, the metropolitan airports commission is authorized to acquire or purchase the Kelly property consistent with the public purpose set forth in this law. This may be accomplished by an exchange of land, purchase of development rights, acquisition of easements, or other method to be negotiated with the landowner or by outright purchase or exercise of eminent domain, if necessary.

**Subd. 5. LIMITATION ON USE OF TAX INCREMENT.** If the port authority of the city of Bloomington amends the redevelopment tax increment financing district from the Kelly property to the met center property, the owner of the met center property shall be bound by the limitations on public reimbursement for qualified public improvements as set forth in section 9.2(05) of the restated contract dated May 31, 1988, by and between the city of Bloomington, port authority of the city of Bloomington, and Mall of America Company.

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**Sec. 9. TRANSFER.**

Subdivision 1. Notwithstanding Minnesota Statutes, section 473.167, the council may transfer a portion of the proceeds in the right-of-way acquisition loan fund to the planning assistance grant and loan program provided in Minnesota Statutes, section 473.867. To provide additional funds for the planning assistance grant and loan program authorized in Minnesota Statutes, section 473.867, the metropolitan council may transfer up to \$1,000,000 of the proceeds of solid waste bonds issued by the council under Minnesota Statutes, section 473.831, before its repeal. By 2008, the council shall repay any amount transferred from the right-of-way acquisition loan fund using the proceeds of the tax authorized in Minnesota Statutes, section 473.249.

Subd. 2. In 1997, the council must use \$200,000 of any amount transferred in subdivision 1 to make grants of not more than \$20,000 each to municipalities for technical assistance to prepare a growth management strategy as part of the municipality's comprehensive plan. A growth management strategy may include principles such as: preservation of undeveloped open spaces for agricultural production, recreational use, and scenic enjoyment; creation of cohesive neighborhoods to establish local identity and community interaction; physical integration of natural open spaces, neighborhoods, and other districts in a manner that creates the highest and best value of all land in the community; and the establishment of a phasing plan to guide reasonable, incremental development of the community. Municipalities may apply for the grants in partnership with other municipalities or with a county. For the purposes of this subdivision "municipality" means any city or town in the metropolitan area as defined in Minnesota Statutes, section 473.121.

**Sec. 10. ACQUISITION OF THE MET CENTER PROPERTY.**

Notwithstanding anything to the contrary in sections 7 to 14, the authority granted to acquire real property shall not authorize acquisition of the met center property, as defined in Minnesota Statutes, section 473.551, subdivision 12, by eminent domain.

**Sec. 11. ST. LOUIS PARK TIF; STATE AID OFFSET.**

Subdivision 1. COMPUTATION OF AID OFFSET. If the City of St. Louis Park elects to extend the duration of the Excelsior Boulevard Redevelopment Project under Laws 1995, chapter 264, article 5, section 36, and if the city receives a grant under section 473.253 for use within the project, the state aid reduction required by Minnesota Statutes, section 469.1782, subdivision 1, must be computed as provided in this section. The reduction in state tax increment financing aid under Minnesota Statutes, section 273.1399 must be computed using 70 percent of the captured tax capacity of the district for the years in which the extension applies.

Subd. 2. EFFECTIVE DATE. This section is effective the day following final enactment without local approval.

**Sec. 12. REPEALER.**

(a) Minnesota Statutes 1994, section 473.167, subdivision 5, is repealed.

(b) Minnesota Statutes 1995 Supplement, section 473.167, subdivision 3a, is repealed.

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**Sec. 13. APPLICATION.**

Sections 2 to 7, 9, and 12 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

**Sec. 14. EFFECTIVE DATE.**

Sections 4 and 5, subdivisions 2, 4, and 5, are effective for taxes levied in 1997, payable in 1998 and subsequent years. Section 12, paragraph (b), is effective January 1, 1998.

Section 8 is effective upon compliance by the governing body of the port authority of the city of Bloomington and the governing body of the city of Bloomington with Minnesota Statutes, section 645.021, subdivision 2.

The remainder of this article is effective the day following final enactment.

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**ARTICLE 2****METROPOLITAN TRANSPORTATION INVESTMENT ACT****Section 1. [473.1465] TRANSPORTATION POLICY.**

Subdivision 1. DEFINITION. For the purposes of this section and section 473.1466 "commuting area" means the metropolitan area and counties outside the metropolitan area in which five percent or more of the residents commute to employment in the metropolitan area.

Subd. 2. REVISED TRANSPORTATION POLICY PLAN. The metropolitan council shall adopt, after appropriate public comment, a revised transportation policy plan that:

- (1) is consistent with state law and council policy;
- (2) identifies and summarizes issues concerning commuting into and out of the seven-county area from the commuting area;
- (3) integrates and maximizes the efficiencies and effectiveness of all modes of transportation in the region; and
- (4) reflects and does not exceed current available resources.

The council shall adopt the revised transportation policy plan by December 31, 1996.

Subd. 3. PROJECT EVALUATION. As part of developing the revised transportation policy plan, the council shall evaluate all proposed and pending transportation projects that are subject to council review and report to the legislature the results of council's evaluation.

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**Sec. 2. [473.1466] PERFORMANCE AUDIT.**

In 1997 and every four years thereafter, the council shall provide for an independent entity selected through a request for proposal process conducted nationwide to do a performance audit of the commuting area's transportation system as a whole. The performance audit must evaluate the commuting area's ability to meet the region's needs for effective and efficient transportation of goods and people, evaluate future trends and their impacts on the region's transportation system, and make recommendations for improving the system. The performance audit must recommend performance-funding measures. In 1997 and every two years thereafter, the council must evaluate the performance of the metropolitan transit system's operation in relationship to the regional transit performance standards developed by the council.

**Sec. 3. [473.3875] TRANSIT FOR LIVABLE COMMUNITIES.**

The council shall establish a transit for livable communities demonstration program fund. The council shall adopt guidelines for selecting and evaluating demonstration projects for funding. The selection guidelines must include provisions evaluating projects:

- (1) interrelating development or redevelopment and transit;
- (2) interrelating affordable housing and employment growth areas;
- (3) helping intensify land use that leads to more compact development or redevelopment;
- (4) coordinating school transportation and public transit service;
- (5) implementing recommendations of the transit redesign plan; or
- (6) otherwise promoting the goals of the metropolitan livable communities act.

Sec. 4. Minnesota Statutes 1994, section 473.388, is amended by adding a subdivision to read:

Subd. 8. SERVICE INCENTIVE. A replacement transit service shall receive an additional two percent of available local transit funds, as defined in subdivision 4, if the service increased its ridership for trips that originate outside of the replacement transit service's member communities and serve the employment centers in those communities by at least five percent from the previous year, provided the service operates within regional performance standards. A replacement transit service that is receiving the maximum amount of available local transit funds may receive up to two percent over the maximum amount set in subdivision 4 if it increases its ridership as provided in this subdivision. The additional funding received under this subdivision may be reserved by the replacement transit service for future use.

Sec. 5. Minnesota Statutes 1995 Supplement, section 473.391, is amended to read:

**473.391 ROUTE PLANNING AND SCHEDULING.**

Subdivision 1. CONTRACTS. The council may contract with other operators or local governments for route planning and scheduling services in any configuration of new or reconfiguration of existing transit services and routes, including route planning and scheduling necessary for the test marketing program, the service bidding program, and the interstate highway described generally as legislative routes Nos. 10 and 107 be-

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tween I-494 and the Hawthorne interchange in the city of Minneapolis, commonly known as I-394.

Subd. 2. ROUTE ELIMINATION; SERVICE REDUCTION. The council shall, before making a determination to eliminate or reduce service on existing transit routes, consider:

- (1) the level of subsidy per passenger on each route;
- (2) the availability and proximity of alternative transit routes; and
- (3) the percentage of transit dependent riders, including youth, elderly, low-income, and disabled riders currently using each route.

Sec. 6. Laws 1995, chapter 265, article 1, section 4, is amended to read:

**Sec. 4. EFFECTIVE DATE.**

Sections 1 to 3 are effective upon metropolitan council approval of plans presented by the commissioner to:

(1) construct one additional lane on each roadway of I-394 at or near its interchange with Penn Avenue;

(2) preserve the existence of an additional lane eastbound between Penn Avenue and the Dunwoody Boulevard exit;

(3) erect noise barriers adjacent to the westbound roadway of the highway continuously between Wirth Parkway and ~~Penn Avenue~~ the east end of bridge No. 27770, and on the eastbound roadway of the highway continuously between Madeira Avenue and Wirth Parkway, and extend the existing noise barriers easterly of France Avenue, all with the consent of all affected owners of commercial property;

(4) adopt a goal of achieving an average occupancy rate on the highway of 1.6 persons per vehicle by 2000, and implement a five-year program in cooperation with the council intended to achieve that goal by, among other means, significantly increasing the use of high-occupancy lanes on the highway and the use of other roadways;

(5) develop and implement, jointly with the commissioner of public safety, a plan and program for (i) enforcement of speed limits and other traffic laws and high-occupancy lane restrictions and the minimizing of late merging of traffic onto the eastbound highway, and (ii) demonstration of increased information and education through changeable message signs and the use of electronic detection to identify and warn traffic law violators; and

(6) ensure that the highway ~~has a bituminous surface and HOV lanes are ground or milled between June Avenue in Golden Valley and the highway's intersection with marked interstate highway No. 94 in Minneapolis~~ the west end of the bridge approach to bridge No. 27770 or has a bituminous surface on the mixed use lanes within the same limits.

**Sec. 7. BEST PRACTICES REPORT.**

The legislative audit commission is requested to direct the legislative auditor to prepare and submit to the legislature by December 1, 1996, a best practices report on coop-

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erative and integrated transit services that are effective and efficient. To the extent available, the report must include information on best practices for regular route public transit service, transit that links jobs and housing, integrating private transit services with public transit services, and integrating school transportation with public transit services.

#### **Sec. 8. METROPOLITAN TRANSIT REDESIGN.**

Subdivision 1. 1997 PLAN. The metropolitan council shall present to the 1997 legislature a status report on the implementation plan for improved transit service for the region. The plan must be developed with the assistance of an advisory committee established by the council. At a minimum, the plan must:

- (1) utilize community-based transit services;
- (2) encourage local initiatives for improved transit service;
- (3) encourage coordination of various public transit services and private, for-profit, and nonprofit transit services that do not receive transit subsidies from the council;
- (4) establish performance measures that further transit goals for the region that are consistent with and promote the policies of the Regional Blueprint and the metropolitan livable communities act; and
- (5) include an operating and capital budget projection for the biennium ending June 30, 1999.

Subd. 2. ADVISORY COMMITTEE. The council shall utilize an advisory committee to assist the council in preparing the plan required under subdivision 1. Members of the committee must represent local community interests. Members of the advisory committee shall serve without compensation but may be reimbursed by the council for reasonable expenses.

#### **Sec. 9. STUDY; PAYING FOR NEW GROWTH.**

The metropolitan council shall identify means of insuring that new development pays the costs associated with the new development, including, but not limited to, the costs of infrastructure to accommodate the new development and the present value of services provided by public entities. The council shall report its findings to the legislature by February 1, 1997.

#### **Sec. 10. PERFORMANCE MEASURES TO BE MET.**

Subdivision 1. METROPOLITAN COUNCIL. If the metropolitan council is appropriated money from the general fund for public transit operations for fiscal year 1997, 1.5 percent shall be made available to the council after June 1, 1997, only if the commissioner of finance determines that metropolitan council transit operations passengers per revenue hour productivity has increased in a one-year period between the effective date of this section and June 1, 1997. Another 1.5 percent shall be made available to the council after June 1, 1997, only if the commissioner of finance determines that metropolitan council transit operations subsidy per passenger has decreased in a one-year period between the effective date of this section and June 1, 1997.

Subd. 2. DEPARTMENT OF TRANSPORTATION. If the commissioner of transportation is appropriated money from the trunk highway fund in 1996 for state road

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construction, five percent shall be made available to the commissioner after June 1, 1997, only if the commissioner of finance determines that the department of transportation's administrative costs have decreased as a percentage of construction costs in a one-year period between the effective date of this section and June 1, 1997.

**Sec. 11. PERFORMANCE AUDIT; DEADLINE.**

The metropolitan council's first performance audit report, required under section 2, must be submitted to the legislature by December 15, 1997.

**Sec. 12. APPLICATION.**

Sections 1 to 6, 8, 9, 10, subdivision 1, and 11 apply to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

**Sec. 13. EFFECTIVE DATE.**

This article is effective the day following final enactment.

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**ARTICLE 3**

**METROPOLITAN AIRPORT PROVISIONS**

Section 1. Minnesota Statutes 1994, section 473.155, is amended by adding a subdivision to read:

Subd. 5. ZONING OF REAL PROPERTY. The council shall not require a local government unit to continue a current use or to adopt a comprehensive plan designation or any change in zoning, zoning variance, or conditional use in order to ensure or preserve the availability of land for a new major airport.

Sec. 2. Minnesota Statutes 1994, section 473.608, subdivision 2, is amended to read:

Subd. 2. It may acquire by lease, purchase, gift, devise, or condemnation proceedings all necessary right, title, and interest in and to lands and personal property required for airports and all other real or personal property required for the purposes contemplated by sections 473.601 to 473.679, within the metropolitan area, pay therefor out of funds obtained as hereinafter provided, and hold and dispose of the same, subject to the limitations and conditions herein prescribed except that the corporation may not acquire by any means lands or personal property for a major new airport. Title to any such property acquired by condemnation or purchase shall be in fee simple, absolute, unqualified in any way, but any such real or personal property or interest therein otherwise acquired may be so acquired or accepted subject to any condition which may be imposed thereon by the grantor or donor and agreed to by the corporation, not inconsistent with the proper use of the property by the corporation for the purposes herein provided. Any properties, real or personal, acquired, owned, leased, controlled, used, and occupied by the corporation for any of the purposes of sections 473.601 to 473.679, are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and shall be exempt from taxation by the state or any of its political subdivisions.

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Nothing contained in sections 473.601 to 473.679, shall be construed as exempting properties, real or personal, leased from the metropolitan airports commission to a tenant or lessee who is a private person, association, or corporation from assessments or taxes.

Sec. 3. Minnesota Statutes 1994, section 473.608, subdivision 6, is amended to read:

Subd. 6. It may construct and equip new airports, with all powers of acquisition set out in subdivision 2, pay therefor out of the funds obtained as hereinafter provided, and hold, maintain, operate, regulate, police, and dispose of them or any of them as hereinafter provided. It may not construct, equip, or acquire land for a major new airport to replace the existing Minneapolis-St. Paul International airport, but it may conduct activities necessary to do long-range planning to make recommendations to the legislature on the need for new airport facilities.

Sec. 4. Minnesota Statutes 1994, section 473.608, subdivision 16, is amended to read:

Subd. 16. It may generally carry on the business of acquiring, establishing, developing, extending, maintaining, operating, and managing airports, with all powers incident thereto except it is expressly prohibited from exercising these powers for the purpose of future construction of a major new airport.

Sec. 5. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 24. **PROHIBITION OF USE OF CERTAIN AIRCRAFT.** After complying with the publication and public comment requirements of United States Code, title 49, section 47524(b) and other applicable federal requirements, the corporation shall prohibit operation at Minneapolis-St. Paul International airport of aircraft not complying with stage 3 noise levels after December 31, 1999.

Sec. 6. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 25. **IMPLEMENTATION OF LONG-TERM PLAN.** The corporation shall implement the Minneapolis-St. Paul International airport year 2010 long-term comprehensive plan.

Sec. 7. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 26. **FINAL ENVIRONMENTAL IMPACT STATEMENT.** The corporation shall not be required to provide environmental or technical analysis of the new airport alternative in the dual track planning process final environmental impact statement.

Sec. 8. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 27. **USE OF RELIEVER AIRPORTS.** The corporation shall develop and implement a plan to divert the maximum feasible number of general aviation operations from Minneapolis-St. Paul International airport to those airports designated by the federal aviation administration as reliever airports for Minneapolis-St. Paul International airport.

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Sec. 9. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 28. **PROHIBITION CONCERNING REPLACEMENT PASSENGER TERMINAL.** The corporation is prohibited from constructing a replacement passenger terminal on the west side of Minneapolis-St. Paul International airport without legislative approval.

Sec. 10. Minnesota Statutes 1994, section 473.608, is amended by adding a subdivision to read:

Subd. 29. **CONSTRUCTION OF A THIRD PARALLEL RUNWAY.** (a) The corporation must enter into a contract with each affected city that provides the corporation may not construct a third parallel runway at the Minneapolis-St. Paul international airport without the affected city's approval. The corporation must enter into the contracts by January 1, 1997.

(b) If a contract with a city as required by this subdivision is not executed by January 1, 1997, as a result of the corporation failing to act in good faith, the amount the corporation must spend for noise mitigation in the affected city is increased by 100 percent of the amount spent in the most recent year in which an expenditure was made for noise mitigation in the affected city.

(c) A contract entered into by a city and the corporation under this subdivision creates and the contract must provide third party beneficiary rights on behalf of the affected property owners in the affected cities. These third party beneficiary rights apply only if a state law changes, supersedes, or invalidates the contract or authorizes or enables the corporation to construct a third parallel runway notwithstanding the contract.

(d) An "affected city" is any city that would experience an increase in the area located within the 60 Ldn noise contour as a result of operations using the third parallel runway.

Sec. 11. Minnesota Statutes 1994, section 473.614, is amended by adding a subdivision to read:

Subd. 2a. **ENVIRONMENTAL IMPACT REPORT.** Notwithstanding the provisions of subdivision 2, the commission shall prepare a report documenting the environmental effects of projects included in the MSP 2010 long-term comprehensive plan. Environmental effects of and costs associated with, noise impacts, noise mitigation measures, and land use compatibility measures must be evaluated according to alternative assumptions of 600,000, 650,000, 700,000, and 750,000 aircraft operations at Minneapolis-St. Paul International airport.

Sec. 12. Minnesota Statutes 1994, section 473.621, is amended by adding a subdivision to read:

Subd. 1b. **ANNUAL REPORT TO LEGISLATURE.** The corporation shall report to the legislature by February 15 of each year concerning operations at Minneapolis-St. Paul International airport. The report must include the number of aircraft operations and passenger enplanements at the airport in the preceding year, current airport capacity in terms of operations and passenger enplanements, average length of delay statistics, and technological developments affecting aviation and their effect on operations and ca-

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capacity at the airport. The report must include information in all the foregoing categories as it relates to operations at Wayne county metropolitan airport in Detroit. The report must compare the number of passenger enplanements and the number of aircraft operations with the 1993 metropolitan airport commission baseline forecasts of total passengers and total aircraft operations.

Sec. 13. Minnesota Statutes 1994, section 473.661, subdivision 4, is amended to read:

Subd. 4. **NOISE MITIGATION.** (a) According to the schedule in paragraph (b), commission funds must be dedicated (1) to supplement the implementation of corrective land use management measures approved by the Federal Aviation Administration as part of the commission's Federal Aviation Regulations, part 150 noise compatibility program, and (2) for soundproofing and accompanying air conditioning of residences, schools, and other public buildings when there is a demonstrated need because of aircraft noise, regardless of the location of the building to be soundproofed, or any combination of the three.

(b) The noise mitigation program described in paragraph (a) shall be funded by the commission from whatever source of funds according to the following schedule:

In 1993, an amount equal to 20 percent of the passenger facilities charges revenue amount budgeted by the commission for 1993;

In 1994, an amount equal to 20 percent of the passenger facilities charges revenue amount budgeted by the commission for 1994;

In 1995, an amount equal to 35 percent of the passenger facilities charges revenue amount budgeted by the commission for 1995; and

In 1996, an amount equal to 40 percent of the passenger facilities charges revenue amount budgeted by the commission for 1996.

(c) From 1996 to 2002, the commission shall spend no less than \$185,000,000 from any source of funds for insulation and accompanying air conditioning of residences, schools, and other publicly owned buildings where there is a demonstrated need because of aircraft noise; and property acquisition, limited to residences, schools, and other publicly owned buildings, within the noise impacted area. In addition, the corporation shall insulate and air condition four schools in Minneapolis and two schools in Richfield that are located in the 1996 60 Ldn contour.

(d) Before the commission constructs a new runway at Minneapolis-St. Paul International airport, the commission shall determine the probable levels of noise that will result in various parts of the metropolitan area from the operation of aircraft on the new runway and shall develop a program to mitigate noise in those parts of the metropolitan area that are located outside the 1996 65 Ldn contour but will be located within the 65 Ldn contour as established after the new runway is in operation. Based upon this determination, the commission shall reserve in its annual budget, until noise mitigation measures are completed, an amount of money necessary to implement this noise mitigation program in the newly impacted areas.

(e) The commission's capital improvement projects, program, and plan must reflect the requirements of this section. As part of the commission's report to the legislature un-

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der section 473.621, subdivision 1a, the commission must provide a description and the status of each noise mitigation project implemented under this section.

(d) ~~(f)~~ Within 60 180 days of submitting the commission's and the metropolitan council's report and recommendations on major airport planning to the legislature as required by section 473.618, the commission, with the assistance of its sound abatement advisory committee, shall make a recommendation to the legislature state advisory council on metropolitan airport planning regarding proposed mitigation activities and appropriate funding levels for noise mitigation activities at Minneapolis-St. Paul International Airport and in the neighboring communities. The recommendation shall examine mitigation measures to the 60 Ldn level. The state advisory council on metropolitan airport planning shall review the recommendation and comment to the legislature within 60 days after the recommendation is submitted to the council.

Sec. 14. Laws 1989, chapter 279, section 7, subdivision 6, is amended to read:

Subd. 6. **TERMINATION.** The advisory council ceases to exist when the actions required by section 3, subdivision 3, and section 4 this article of this chapter of Laws 1996, sections 13 and 15, are completed.

**Sec. 15. ANALYSIS OF AVIATION SERVICES AND COMMERCIAL DEVELOPMENT.**

The metropolitan airports commission shall contract with the University of Minnesota to prepare an aviation service and facilities analysis. The commission shall utilize funds from any available source to pay the University of Minnesota an agreed amount not to exceed \$50,000 for the performance of the analysis. The analysis shall include:

(1) a description of various types and levels of aviation service and an examination of the relationship between aviation service levels and the level of commercial and industrial activity in the state; and

(2) an examination of the relationship between available levels of aviation service and the relocation of commercial and industrial enterprises to the state.

The commission shall report the results of the analysis to the state advisory council on metropolitan airport planning no later than February 10, 1997. The council shall review the report and analysis and comment to the legislature within 60 days after the results of the analysis are reported to the council.

**Sec. 16. REPEALER.**

Minnesota Statutes 1994, sections 473.1551, subdivision 2; 473.636; and 473.637, are repealed.

**Sec. 17. EFFECTIVE DATE.**

This article is effective the day following final enactment and applies to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

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## ARTICLE 4

## AIRPORT NOISE IMPACT RELIEF

Section 1. Laws 1995, chapter 255, article 3, section 2, subdivision 1, is amended to read:

Subdivision 1. **URBAN REVITALIZATION AND STABILIZATION ZONES.** (a) By September 1, 1995, the metropolitan council shall designate one or more urban revitalization and stabilization zones in the metropolitan area, as defined in section 473.121, subdivision 2. The designated zones must contain no more than 1,000 single family homes in total. In designating urban revitalization and stabilization zones, the council shall choose areas that are in transition toward blight and poverty. The council shall use indicators that evidence increasing neighborhood distress such as declining residential property values, declining resident incomes, declining rates of owner-occupancy, and other indicators of blight and poverty in determining which areas are to be urban revitalization and stabilization zones.

(b) An urban revitalization and stabilization zone is created in the geographic area composed entirely of parcels that are in whole or in part located within the 1996 65Ldn contour surrounding the Minneapolis-St. Paul International Airport, or within one mile of the boundaries of the 1996 65Ldn contour. For residents of the zone created under this paragraph, eligibility for the program as provided in subdivision 2 is limited to persons buying and occupying a residence in the zone after June 1, 1996.

Sec. 2. Laws 1995, chapter 255, article 3, section 2, subdivision 4, is amended to read:

Subd. 4. **EXPIRATION.** Initial applications for the urban homesteading program in the zones designated under subdivision 1, paragraph (a), shall not be accepted after July 1, 1997.

Sec. 3. **AIRPORT NOISE IMPACT AREAS; HOUSING REPLACEMENT DISTRICTS; DEFINITIONS.**

Subdivision 1. **AIRPORT NOISE IMPACT AREA.** "Airport noise impact area" means a geographic area composed entirely of parcels that are in whole or in part located within the 1996 60Ldn contour surrounding the Minneapolis-St. Paul International Airport, or within one mile of the boundaries of the 1996 60Ldn contour.

Subd. 2. **AUTHORITY.** For each city that contains an airport noise impact area, "authority" is the authority as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the governing body of the city to be the authority for purposes of sections 3 to 6.

Subd. 3. **CAPTURED NET TAX CAPACITY.** "Captured net tax capacity" means the amount by which the current net tax capacity in a housing replacement district exceeds the original net tax capacity, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

Subd. 4. **ORIGINAL NET TAX CAPACITY.** "Original net tax capacity" means the net tax capacity of all taxable real property within a housing replacement district as

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certified by the commissioner of revenue for the previous assessment year less the net tax capacity attributable to existing improvements, provided that the request by the authority for certification of a new housing replacement district has been made to the county auditor by June 30. The original net tax capacity of housing replacement districts for which requests are filed after June 30 has an original net tax capacity based on the current assessment year. In any case, the original net tax capacity must be determined together with subsequent adjustments as set forth in Minnesota Statutes, section 469.177, subdivision 1, paragraph (c). In determining the original net tax capacity, the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

Subd. 5. PARCEL. "Parcel" means a tract or plat of land established prior to the certification of the housing replacement district as a single unit for purposes of assessment.

#### Sec. 4. ESTABLISHMENT OF HOUSING REPLACEMENT DISTRICTS.

Subdivision 1. CREATION OF PROJECTS. (a) An authority may create a housing replacement project under sections 3 to 6, as provided in this section.

(b) Parcels included in a district must be located in an airport noise impact area, and must be either (1) vacant sites, (2) parcels containing vacant houses, or (3) parcels containing buildings that are structurally substandard, as defined in Minnesota Statutes, section 469.174, subdivision 10.

(c) The city in which the authority is located must pay at least 25 percent of the project costs from its general fund, a property tax levy, or other unrestricted money, not including tax increments.

(d) The housing replacement district plan must have as its sole object the acquisition of parcels for the purpose of preparing the site to be sold for market rate housing or for commercial purposes consistent with the cities' plan for that area. As used in this section, "market rate housing" means housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in that municipality.

(e) An authority may not create a housing replacement project under this section, if the city has approved a special law providing the city with housing replacement district authority and if the authority has requested certification of a parcel to be included in the district.

Subd. 2. HOUSING REPLACEMENT DISTRICT PLAN. To establish a housing replacement district under sections 3 to 6, an authority shall adopt a housing replacement district plan which contains:

(1) a statement of the objectives and a description of the housing replacement projects proposed by the authority for the housing replacement district;

(2) a statement of the housing replacement district plan, demonstrating the coordination of that plan with the city's comprehensive plan;

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(3) estimates of the following:

(i) cost of the program, including administrative expenses;

(ii) sources of revenue to finance or otherwise pay public costs;

(iii) the most recent net tax capacity of taxable real property within the housing replacement district; and

(iv) the estimated captured net tax capacity of the housing replacement district at completion;

(4) statements of the authority's alternate estimates of the impact of the housing replacement district on the net tax capacities of all taxing jurisdictions in which the housing replacement district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the housing replacement district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the housing replacement district; and

(5) identification of all parcels to be included in the district.

Subd. 3. PROCEDURE. The provisions of Minnesota Statutes, section 469.175, subdivisions 3, 4, 5, and 6, apply to the establishment and operation of the housing replacement districts created under sections 3 to 6, except as follows:

(1) creation of a district within a municipality is subject to the approval of the metropolitan council in addition to other approvals required by law; and

(2) the determination specified in Minnesota Statutes, section 469.175, subdivision 3, clause (1), is not required.

#### **Sec. 5. LIMITATIONS.**

Subdivision 1. DURATION LIMITS. No tax increment may be paid to the authority on each parcel in a housing replacement district after 15 years from date of receipt by the county of the first tax increment from that parcel.

Subd. 2. LIMITATION ON USE OF TAX INCREMENTS. All revenues derived from tax increments must be used in accordance with the housing replacement district plan. The revenues must be used solely to pay the costs of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on parcels identified in the housing replacement district plan, as well as public improvements and administrative costs directly related to those parcels.

#### **Sec. 6. APPLICATION OF OTHER LAWS.**

Subdivision 1. COMPUTATION OF TAX INCREMENT. The provisions of Minnesota Statutes, section 469.177, subdivisions 1a, and 5 to 10, apply to the computation of tax increment for the housing replacement districts created under sections 3 to 6.

Subd. 2. OTHER PROVISIONS. References in Minnesota Statutes to tax increment financing districts created and tax increments generated under Minnesota Statutes, sections 469.174 to 469.179, other than references in Minnesota Statutes, section

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273.1399, include housing replacement districts and tax increments subject to sections 3 to 6, provided that Minnesota Statutes, sections 469.174 to 469.179, apply only to the extent specified in sections 1 to 4.

Subd. 3. MINNEAPOLIS SPECIAL LAW. Laws 1980, chapter 595, section 2, subdivision 2, does not apply to a district created under sections 3 to 6.

**Sec. 7. EFFECTIVE DATE.**

Sections 1 and 2 are effective for taxable years beginning after December 31, 1997. Sections 3 to 6 are effective July 1, 1997.

Presented to the governor April 4, 1996

Signed by the governor April 12, 1996, 2:30 p.m.

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**CHAPTER 465—H.F.No. 219**

*An act relating to human services; providing for MNJOBS program; making changes to MFIP and income assistance programs; changing assistance programs; changing health plan regulations; requiring coverage for treatment of Lyme disease; appropriating money; amending Minnesota Statutes 1994, sections 53A.09; 62A.047; 256.031, by adding a subdivision; 256.033, by adding a subdivision; 256.034, by adding a subdivision; 256.035, subdivisions 1 and 6a; 256.73, subdivision 1, and by adding subdivisions; 256.736, subdivisions 1a, 3b, 4, and 12; 256D.06, by adding a subdivision; 256D.10; 256D.49, subdivision 3; 256E.08, subdivision 8; and 336.3—206; Minnesota Statutes 1995 Supplement, sections 256.0475, by adding a subdivision; 256.048, subdivisions 1, 4, 6, and 13; 256.73, subdivision 8; 256.736, subdivisions 10, 10a, 14, and 16; 256.737, subdivision 7; 256.76, subdivision 1; 256.81; 256D.02, subdivision 12a; 256D.03, subdivisions 2, 2a, and 3; 256D.05, subdivision 1; 256D.051, subdivisions 1 and 6; 256D.055; and 256D.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62A and 256; repealing Minnesota Statutes 1994, section 256.736, subdivisions 10b and 11; Minnesota Statutes 1995 Supplement, section 256.736, subdivision 13.*

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

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**ARTICLE 1**

**MNJOBS PROGRAM**

**Section 1. [256.7381] MNJOBS PROGRAM.**

Subdivision 1. CITATION. Sections 256.7381 to 256.7387 may be cited as the MNJOBS program.

Subd. 2. DEFINITIONS. As used in sections 256.7381 to 256.7387, the following words have the meanings given them.

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