

Subd. 6. **VIOLATIONS.** If the commissioner determines that a distributor is violating any provision of this chapter, the commissioner must give the distributor a written warning explaining the violation and an explanation of what must be done to comply with this chapter. Within ten days of issuance of the warning, the distributor must notify the commissioner that the distributor has complied with the commissioner's recommendation or request that the commissioner set the issue for a hearing pursuant to chapter 14. If a hearing is requested, the hearing shall be scheduled within 20 days of the request and the recommendation of the administrative law judge shall be issued within five working days of the close of the hearing. The commissioner's final determination shall be issued within five working days of the receipt of the administrative law judge's recommendation. If the commissioner's final determination is adverse to the distributor and the distributor does not comply within ten days of receipt of the commissioner's final determination, the commissioner may order the distributor to immediately cease the stamping of cigarettes. As soon as practicable after the order, the commissioner must remove the meter and any unapplied cigarette stamps from the premises of the distributor.

If within ten days of issuance of the written warning the distributor has not complied with the commissioner's recommendation or requested a hearing, the commissioner may order the distributor to immediately cease the stamping of cigarettes and remove the meter and unapplied stamps from the distributor's premises.

~~If, within any 12-month period, the commissioner has issued three written warnings to any distributor, even if the distributor has complied within ten days, the commissioner shall notify the distributor of the commissioner's intent to revoke the distributor's license for a continuing course of conduct contrary to this chapter. For purposes of this paragraph, a written warning that was ultimately resolved by removal of the warning by the commissioner is not deemed to be a warning. The commissioner must notify the distributor of the date and time of a hearing pursuant to chapter 14 at least 20 days before the hearing is held. The hearing must provide an opportunity for the distributor to show cause why the license should not be revoked. If the commissioner revokes a distributor's license, the commissioner shall not issue a new license to that distributor for 180 days.~~

EFFECTIVE DATE. This section is effective the day following final enactment.

Presented to the governor May 31, 2005

Signed by the governor June 2, 2005, 11:50 a.m.

CHAPTER 152—H.F.No. 2498

An act relating to public finance; authorizing purchases of certain guaranteed investment contracts; authorizing a special levy; modifying a taconite fund provision; modifying the authority of cities and counties to finance purchases of computers and related items; extending

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the term of certain notes; clarifying the financing of conservation easements; extending sunsets on establishment of special service districts and housing improvement areas; authorizing municipalities to improve streets and roads outside municipal boundaries; providing for financing of certain improvements; extending the maximum maturity of certain bonds; revising time for certain notices of issues; exempting obligations issued to pay judgments from net debt limits; modifying limits on city capital improvement bonds and enabling certain towns to issue bonds under a capital improvement plan; authorizing the issuance of certain revenue bonds; modifying certain tax increment financing provisions; providing a bidding exception; increasing reserve from public facilities pool for certain purposes; providing for payment of certain refunding bonds; abolishing the housing bond credit enhancement program and providing for debt service on the bonds; authorizing a tax abatement extension; appropriating money for certain refunds; amending Minnesota Statutes 2004, sections 13.55, by adding a subdivision; 116J.556; 118A.05, subdivision 5; 272.02, subdivision 64; 272.0212, subdivisions 1, 2; 275.70, subdivision 5; 298.223, subdivision 1; 343.11; 373.01, subdivision 3; 373.40, subdivision 1; 410.32; 412.301; 428A.101; 428A.21; 469.015, subdivision 4; 469.034, subdivision 2; 469.158; 469.174, subdivisions 11, 25; 469.175, subdivisions 1, 2, 4a, 5, 6; 469.176, subdivisions 2, 4d; 469.1761, subdivisions 1, 3; 469.1763, subdivisions 2, 6; 469.177, subdivision 1; 469.1771, subdivision 5; 469.178, subdivision 1; 469.1813, subdivision 6; 473.197, subdivision 4; 473.39, by adding subdivisions; 474A.061, subdivision 2c; 474A.131, subdivision 1; 475.51, subdivision 4; 475.52, subdivisions 1, 3, 4; 475.521, subdivisions 1, 2, 3, 4; 475.58, subdivision 3b; 477A.013, by adding a subdivision; Laws 1996, chapter 412, article 5, section 24; Laws 1998, chapter 389, article 11, section 19, subdivision 3; Laws 2003, chapter 127, article 12, section 38; proposing coding for new law in Minnesota Statutes, chapters 429; 452; repealing Minnesota Statutes 2004, sections 469.176, subdivision 1a; 469.1766; 473.197, subdivisions 1, 2, 3, 5; 473.39, subdivision 1f; Laws 1994, chapter 587, article 9, section 20, subdivision 4.

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

ARTICLE 1

PUBLIC FINANCE

Section 1. Minnesota Statutes 2004, section 13.55, is amended by adding a subdivision to read:

Subd. 4. CITY OF ST. PAUL DATA. (a) For purposes of this subdivision, “nonprofit organization” means the nonprofit organization with which the city of St. Paul contracts to market and promote the city as a tourist or convention center.

(b) Data collected, received, created, or maintained by the nonprofit organization in the course of preparing or submitting any responses to requests for proposals or requests for bids relating to events hosted, conducted, or sponsored by the nonprofit organization is classified as nonpublic data under section 13.02, subdivision 9; or private data under section 13.02, subdivision 12, until the time provided in subdivision 2, paragraph (a) or (b), of this section. The nonprofit organization is a “civic center authority” for purposes of this section.

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Sec. 2. Minnesota Statutes 2004, section 118A.05, subdivision 5, is amended to read:

Subd. 5. **GUARANTEED INVESTMENT CONTRACTS.** Agreements or contracts for guaranteed investment contracts may be entered into if they are issued or guaranteed by United States commercial banks, domestic branches of foreign banks, United States insurance companies, or their Canadian subsidiaries, or the domestic affiliates of any of the foregoing. The credit quality of the issuer's or guarantor's short- and long-term unsecured debt must be rated in one of the two highest categories by a nationally recognized rating agency. Should the issuer's or guarantor's credit quality be downgraded below "A", the government entity must have withdrawal rights.

Sec. 3. Minnesota Statutes 2004, section 275.70, subdivision 5, is amended to read:

Subd. 5. **SPECIAL LEVIES.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

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(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353 that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the

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district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a; and

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001; and

(16) for purposes of a storm sewer improvement district, pursuant to section 444.20.

Sec. 4. Minnesota Statutes 2004, section 298.223, subdivision 1, is amended to read:

Subdivision 1. **CREATION; PURPOSES.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota located within the taconite assistance area defined in section 273.1341, that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(a) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(b) reclamation, restoration, or reforestation of minelands not otherwise provided for by state law;

(c) local economic development projects ~~including construction of sewer and water systems, and other~~ but only if those projects are approved by the board, and public works, including construction of sewer and water systems located within the taconite assistance area defined in section 273.1341;

(d) monitoring of mineral industry related health problems among mining employees.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2004, section 343.11, is amended to read:

343.11 ACQUISITION OF PROPERTY, APPROPRIATIONS.

Every county and district society for the prevention of cruelty to animals may acquire, by purchase, gift, grant, or devise, and hold, use, or convey, real estate and personal property, and lease, mortgage, sell, or use the same in any manner conducive to its interest, to the same extent as natural persons. The county board of any county, or the council of any city, in which such societies exist, may, in its discretion, appropriate for the maintenance and support of such societies in the transaction of the

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work for which they are organized, any sums of money not otherwise appropriated, not to exceed in any one year the sum of \$4,800 or the sum of 50 cents \$1 per capita based upon the county's or city's population as of the most recent federal census, whichever is greater; provided, that no part of the appropriation shall be expended for the payment of the salary of any officer of the society.

EFFECTIVE DATE. This section is effective January 1, 2006.

Sec. 6. Minnesota Statutes 2004, section 373.01, subdivision 3, is amended to read:

Subd. 3. **CAPITAL NOTES.** (a) A county board may, by resolution and without referendum, issue capital notes subject to the county debt limit to purchase capital equipment useful for county purposes that has an expected useful life at least equal to the term of the notes. The notes shall be payable in not more than five ten years and shall be issued on terms and in a manner the board determines. A tax levy shall be made for payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(b) For purposes of this subdivision, "capital equipment" means:

(1) public safety, ambulance, road construction or maintenance, and medical equipment; and

(2) computer hardware and original operating system software, whether bundled with machinery or equipment or unbundled. The authority to issue capital notes for original operating systems software expires on July 1, 2005 2007.

Sec. 7. Minnesota Statutes 2004, section 373.40, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, the following terms have the meanings given.

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, ~~development rights in the form of conservation easements under chapter 84C,~~ buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, and roads and bridges, and the acquisition of development rights in the form of conservation easements under chapter 84C. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include light rail transit or any activity related to it or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Commissioner" means the commissioner of employment and economic development.

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(d) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(e) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the Metropolitan Council or by the state demographer under section 4A.02.

(f) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

(g) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 8. Minnesota Statutes 2004, section 410.32, is amended to read:

410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.

(a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and ~~original operating system~~ software, provided whether bundled with machinery or equipment or unbundled.

(c) The equipment or software ~~has~~ must have an expected useful life at least as long as the term of the notes. The authority to issue capital notes for ~~original operating system~~ software expires on July 1, ~~2005~~ 2007.

(d) The notes shall be payable in not more than ~~five~~ ten years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the market value of taxable property in the city for that year.

(e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

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Sec. 9. Minnesota Statutes 2004, section 412.301, is amended to read:

412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction or and maintenance equipment, and other capital equipment; and

(2) computer hardware and original operating system software, provided whether bundled with machinery or equipment or unbundled.

(c) The equipment or software has must have an expected useful life at least as long as the terms of the certificates or notes. The authority to issue capital notes for original operating system software expires on July 1, 2005 2007.

(d) Such certificates or notes shall be payable in not more than five ten years and shall be issued on such terms and in such manner as the council may determine.

(e) If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 10. Minnesota Statutes 2004, section 428A.101, is amended to read:

428A.101 DEADLINE FOR SPECIAL SERVICE DISTRICT UNDER GENERAL LAW.

The establishment of a new special service district after June 30, 2005 2009, requires enactment of a special law authorizing the establishment.

Sec. 11. Minnesota Statutes 2004, section 428A.21, is amended to read:

428A.21 SUNSET DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER GENERAL LAW.

No ~~The establishment of a new housing improvement areas may be established under sections 428A.11 to 428A.20 area after June 30, 2005. After June 30, 2005, a city may establish a housing improvement area, provided that it receives enabling~~

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~~legislation 2009, requires enactment of a special law~~ authorizing the establishment of the area.

Sec. 12. [429.052] STREET OR ROAD IMPROVEMENTS OUTSIDE MUNICIPAL BOUNDARIES.

A municipality may construct street or road improvements outside its jurisdiction with the consent of the affected township, or if the property is located in unorganized territory, the county. When property is brought within the corporate limits of the municipality, the municipality may subsequently reimburse itself for all or any portion of the cost of the improvement for which municipal funds have been expended, by levying an assessment upon any property abutting on, but not previously assessed for, the improvement. No assessment may be so levied unless the property to be assessed was given notice and hearing of the improvements under section 429.031 at the time the improvement was ordered, and subsequently in accordance with the notice, hearing, and appeal rights, provided for under sections 429.061 and 429.081.

EFFECTIVE DATE. This section is effective for street and road improvements first ordered after August 1, 2005.

Sec. 13. [452.26] UTILITY JOINT VENTURE.

To provide reduced cost financing or to otherwise help in carrying out its functions, a municipal gas agency created under chapter 453A and any municipal utility authorized to provide gas facilities or services may enter into a joint venture that was incorporated before June 30, 2004, under section 452.25. The joint venture, and any municipal gas agency which is a member of the joint venture, may provide gas utility service.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2004, section 469.015, subdivision 4, is amended to read:

Subd. 4. **EXCEPTIONS.** (a) An authority need not require competitive bidding in the following circumstances:

(1) in the case of a contract for the acquisition of a low-rent housing project:

(i) for which financial assistance is provided by the federal government;

(ii) which does not require any direct loan or grant of money from the municipality as a condition of the federal financial assistance; and

(iii) for which the contract provides for the construction of the project upon land that is either owned by the authority for redevelopment purposes or not owned by the authority at the time of the contract but the contract provides for the conveyance or lease to the authority of the project or improvements upon completion of construction;

(2) with respect to a structured parking facility:

(i) constructed in conjunction with, and directly above or below, a development; and

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(ii) financed with the proceeds of tax increment or parking ramp general obligation or revenue bonds; and

(3) until August 1, 2009, with respect to a facility built for the purpose of facilitating the operation of public transit or encouraging its use:

(i) constructed in conjunction with, and directly above or below, a development; and

(ii) financed with the proceeds of parking ramp general obligation or revenue bonds or with at least 60 percent of the construction cost being financed with funding provided by the federal government; and

(4) in the case of any building in which at least 75 percent of the usable square footage constitutes a housing development project if:

(i) the project is financed with the proceeds of bonds issued under section 469.034 or from nongovernmental sources;

(ii) the project is either located on land that is owned or is being acquired by the authority only for development purposes, or is not owned by the authority at the time the contract is entered into but the contract provides for conveyance or lease to the authority of the project or improvements upon completion of construction; and

(iii) the authority finds and determines that elimination of the public bidding requirements is necessary in order for the housing development project to be economical and feasible.

(b) An authority need not require a performance bond for the following projects:

(1) a contract described in paragraph (a), clause (1);

(2) a construction change order for a housing project in which 30 percent of the construction has been completed;

(3) a construction contract for a single-family housing project in which the authority acts as the general construction contractor; or

(4) a services or materials contract for a housing project.

For purposes of this paragraph, "services or materials contract" does not include construction contracts.

Sec. 15. Minnesota Statutes 2004, section 469.034, subdivision 2, is amended to read:

Subd. 2. **GENERAL OBLIGATION REVENUE BONDS.** (a) An authority may pledge the general obligation of the general jurisdiction governmental unit as additional security for bonds payable from income or revenues of the project or the authority. The authority must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds for each year. The proceeds of the bonds must be used for a qualified housing development project or projects. The obligations must be issued and sold in the manner and following the procedures

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provided by chapter 475, except the obligations are not subject to approval by the electors, and the maturities may extend to not more than ~~30~~ 35 years ~~from the estimated date of completion of the project for obligations sold to finance housing for the elderly and 40 years for other obligations issued under this subdivision.~~ The authority is the municipality for purposes of chapter 475.

(b) The principal amount of the issue must be approved by the governing body of the general jurisdiction governmental unit whose general obligation is pledged. Public hearings must be held on issuance of the obligations by both the authority and the general jurisdiction governmental unit. The hearings must be held at least 15 days, but not more than 120 days, before the sale of the obligations.

(c) The maximum amount of general obligation bonds that may be issued and outstanding under this section equals the greater of (1) one-half of one percent of the taxable market value of the general jurisdiction governmental unit whose general obligation which includes a tax on property is pledged, or (2) \$3,000,000. In the case of county or multicounty general obligation bonds, the outstanding general obligation bonds of all cities in the county or counties issued under this subdivision must be added in calculating the limit under clause (1).

(d) "General jurisdiction governmental unit" means the city in which the housing development project is located. In the case of a county or multicounty authority, the county or counties may act as the general jurisdiction governmental unit. In the case of a multicounty authority, the pledge of the general obligation is a pledge of a tax on the taxable property in each of the counties.

(e) "Qualified housing development project" means a housing development project providing housing either for the elderly or for individuals and families with incomes not greater than 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the standard metropolitan statistical area or the nonmetropolitan county in which the project is located, ~~and will.~~ The project must be owned for the term of the bonds either by the authority for the term of the bonds, or by a limited partnership or other entity in which the authority or another entity under the sole control of the authority is the sole general partner and the partnership or other entity must receive (1) an allocation from the Department of Finance or an entitlement issuer of tax-exempt bonding authority for the project and a preliminary determination by the Minnesota Housing Finance Agency or the applicable suballocator of tax credits that the project will qualify for four percent low-income housing tax credits or (2) a reservation of nine percent low-income housing tax credits from the Minnesota Housing Finance Agency or a suballocator of tax credits for the project. A qualified housing development project may admit nonelderly individuals and families with higher incomes if:

(1) three years have passed since initial occupancy;

(2) the authority finds the project is experiencing unanticipated vacancies resulting in insufficient revenues, because of changes in population or other unforeseen circumstances that occurred after the initial finding of adequate revenues; and

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(3) the authority finds a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher income individuals or families are not admitted.

Sec. 16. Minnesota Statutes 2004, section 469.158, is amended to read:

469.158 MANNER OF ISSUANCE OF BONDS; INTEREST RATE.

Bonds authorized under sections 469.152 to 469.165 must be issued in accordance with the provisions of chapter 475 relating to bonds payable from income of revenue producing conveniences, except that public sale is not required, the provisions of sections 475.62 and 475.63 do not apply, and the bonds may mature at the time or times, in the amount or amounts, within ~~30~~ 40 years from date of issue, and may be sold at a price equal to the percentage of the par value thereof, plus accrued interest, and bearing interest at the rate or rates agreed by the contracting party, the purchaser, and the municipality or redevelopment agency, notwithstanding any limitation of interest rate or cost or of the amounts of annual maturities contained in any other law. Bonds issued to refund bonds previously issued pursuant to sections 469.152 to 469.165 may be issued in amounts determined by the municipality or redevelopment agency notwithstanding the provisions of section 475.67, subdivision 3.

Sec. 17. Minnesota Statutes 2004, section 469.1813, subdivision 6, is amended to read:

Subd. 6. **DURATION LIMIT.** (a) A political subdivision may grant an abatement for a period no longer than ~~ten~~ 15 years, except as provided under paragraph (b). The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement.

(b) A political subdivision proposing to abate taxes for a parcel may request, in writing, that the other political subdivisions in which the parcel is located grant an abatement for the property. If one of the other political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel by the requesting political subdivision and any other participating political subdivision is increased to ~~15~~ 20 years. If the political subdivision which declined to grant an abatement later grants an abatement for the parcel, the ~~15-year~~ 20-year duration limit is reduced by one year for each year that the declining political subdivision grants an abatement for the parcel during the period of the abatement granted by the requesting political subdivision. The duration limit may not be reduced below the limit under paragraph (a).

Sec. 18. Minnesota Statutes 2004, section 473.197, subdivision 4, is amended to read:

Subd. 4. **DEBT RESERVE; LEVY.** To provide money to pay debt service on bonds issued under the credit enhancement program if ~~pledged revenues are insuffi-~~

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cient to pay debt service in repealed subdivision 1 of Minnesota Statutes 2004, section 473.197, the council must maintain a debt reserve fund in the manner and with the effect provided by section 118A.04 for public funds until such a reserve is no longer pledged or otherwise needed to pay debt service on such bonds. To provide funds for the debt reserve fund, the council may use up to \$3,000,000 of the proceeds of solid waste bonds issued by the council under section 473.831 before its repeal. To provide additional funds for the debt reserve fund, the council may levy a tax on all taxable property in the metropolitan area and must levy the tax if sums in the debt reserve fund are insufficient to cure any deficiency in the debt service fund established for the bonds, the council must levy a tax on all taxable property in the metropolitan area in the amount needed to cure the deficiency. The tax authorized by this section does not affect the amount or rate of taxes that may be levied by the council for other purposes and is not subject to limit as to rate or amount.

Sec. 19. Minnesota Statutes 2004, section 473.39, is amended by adding a subdivision to read:

Subd. 1k. **OBLIGATIONS.** After July 1, 2005, in addition to the authority in subdivisions 1a, 1b, 1c, 1d, 1e, 1g, 1h, 1i, and 1j, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$64,000,000 for capital expenditures as prescribed in the council's regional transit master plan and transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

Sec. 20. Minnesota Statutes 2004, section 473.39, is amended by adding a subdivision to read:

Subd. 2a. **USES OF INVESTMENT INCOME.** Interest or other investment earnings on the proceeds of bonds issued under this section and on a debt service account for bonds issued under this section must be used only to:

(1) pay capital expenditures and related expenses for which the obligations were authorized by this section;

(2) to pay debt service on the obligations or to reduce the council's property tax levy imposed to pay debt service on obligations issued under this section;

(3) pay rebate or yield reduction payments for the bonds to the United States;

(4) redeem or purchase the bonds; or

(5) make other payments with respect to the bonds that are necessary or desirable to comply with federal tax rules applicable to the bonds or to comply with covenants made with respect to the bonds.

EFFECTIVE DATE. This section is effective for investment earnings received after June 30, 2005.

Sec. 21. Minnesota Statutes 2004, section 474A.061, subdivision 2c, is amended to read:

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Subd. 2c. **PUBLIC FACILITIES POOL ALLOCATION.** From the beginning of the calendar year and continuing for a period of 120 days, the commissioner shall reserve ~~\$3,000,000~~ \$5,000,000 of the available bonding authority from the public facilities pool for applications for public facilities projects to be financed by the Western Lake Superior Sanitary District. Commencing on the second Tuesday in January and continuing on each Monday through the last Monday in July, the commissioner shall allocate available bonding authority from the public facilities pool to applications for eligible public facilities projects received on or before the Monday of the preceding week. If there are two or more applications for public facilities projects from the pool and there is insufficient available bonding authority to provide allocations for all projects in any one week, the available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

Sec. 22. Minnesota Statutes 2004, section 474A.131, subdivision 1, is amended to read:

Subdivision 1. **NOTICE OF ISSUE.** Each issuer that issues bonds with an allocation received under this chapter shall provide a notice of issue to the department on forms provided by the department stating:

- (1) the date of issuance of the bonds;
- (2) the title of the issue;
- (3) the principal amount of the bonds;
- (4) the type of qualified bonds under federal tax law;
- (5) the dollar amount of the bonds issued that were subject to the annual volume cap; and
- (6) for entitlement issuers, whether the allocation is from current year entitlement authority or is from carryforward authority.

For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. A penalty of one-half of the amount of the application deposit not to exceed \$5,000 shall apply to any issue of obligations for which a notice of issue is not provided to the department within five business days after issuance or before ~~the last Monday 4:30 p.m. on the last business day~~ in December, whichever occurs first. Within 30 days after receipt of a notice of issue the department shall refund a portion of the application deposit equal to one percent of the amount of the bonding authority actually issued if a one percent application deposit was made, or equal to two percent of the amount of the bonding authority actually issued if a two percent application deposit was made, less any penalty amount.

Sec. 23. Minnesota Statutes 2004, section 475.51, subdivision 4, is amended to read:

Subd. 4. **NET DEBT.** "Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the

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current fiscal year to the payment of any debt and the aggregate of the principal of the following:

(1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

(2) Warrants or orders having no definite or fixed maturity.

(3) Obligations payable wholly from the income from revenue producing conveniences.

(4) Obligations issued to create or maintain a permanent improvement revolving fund.

(5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

(6) Debt service loans and capital loans made to a school district under the provisions of sections 126C.68 and 126C.69.

(7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

(8) Obligations to repay loans made under section 216C.37.

(9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

(10) Obligations issued to pay pension fund liabilities under section 475.52, subdivision 6, or any charter authority.

(11) Obligations issued to pay judgments against the municipality under section 475.52, subdivision 6, or any charter authority.

(12) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Sec. 24. Minnesota Statutes 2004, section 475.52, subdivision 1, is amended to read:

Subdivision 1. **STATUTORY CITIES.** Any statutory city may issue bonds or other obligations for the acquisition or betterment of public buildings, means of garbage disposal, hospitals, nursing homes, homes for the aged, schools, libraries, museums, art galleries, parks, playgrounds, stadia, sewers, sewage disposal plants, subways, streets, sidewalks, warning systems; for any utility or other public convenience from which a revenue is or may be derived; for a permanent improvement revolving fund; for changing, controlling or bridging streams and other waterways; for the acquisition and betterment of bridges and roads within two miles of the corporate

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limits; for the acquisition of development rights in the form of conservation easements under chapter 84C; and for acquisition of equipment for snow removal, street construction and maintenance, or fire fighting. Without limitation by the foregoing the city may issue bonds to provide money for any authorized corporate purpose except current expenses.

Sec. 25. Minnesota Statutes 2004, section 475.52, subdivision 3, is amended to read:

Subd. 3. **COUNTIES.** Any county may issue bonds for the acquisition or betterment of courthouses, county administrative buildings, health or social service facilities, correctional facilities, law enforcement centers, jails, morgues, libraries, parks, and hospitals, for roads and bridges within the county or bordering thereon and for road equipment and machinery and for ambulances and related equipment; for the acquisition of development rights in the form of conservation easements under chapter 84C, and for capital equipment for the administration and conduct of elections providing the equipment is uniform countywide, except that the power of counties to issue bonds in connection with a library shall not exist in Hennepin County.

Sec. 26. Minnesota Statutes 2004, section 475.52, subdivision 4, is amended to read:

Subd. 4. **TOWNS.** Any town may issue bonds for the acquisition and betterment of town halls, town roads and bridges, nursing homes and homes for the aged, and for acquisition of equipment for snow removal, road construction or maintenance, and fire fighting; for the acquisition of development rights in the form of conservation easements under chapter 84C; and for the acquisition and betterment of any buildings to house and maintain town equipment.

Sec. 27. Minnesota Statutes 2004, section 475.521, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, the following terms have the meanings given.

(a) "Bonds" mean an obligation defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings or other improvements for the purpose of a city hall, town hall, library, public safety facility, and public works facility. An improvement must have an expected useful life of five years or more to qualify. Capital improvement does not include light rail transit or any activity related to it, or a park, ~~library~~, road, bridge, administrative building other than a city or town hall, or land for any of those facilities.

(c) "~~City~~" "Municipality" means a home rule charter or statutory city or a town described in section 368.01, subdivision 1 or 1a.

Sec. 28. Minnesota Statutes 2004, section 475.521, subdivision 2, is amended to read:

Subd. 2. **ELECTION REQUIREMENT.** (a) Bonds issued by a city municipality to finance capital improvements under an approved capital improvements plan are not

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subject to the election requirements of section 475.58. ~~The bonds are subject to the net debt limits under section 475.53.~~ The bonds must be approved by an affirmative vote of three-fifths of the members of a five-member city council governing body. In the case of a city council governing body having more or less than five members, the bonds must be approved by a vote of at least two-thirds of the city council members of the governing body.

(b) Before the issuance of bonds qualifying under this section, the city municipality must publish a notice of its intention to issue the bonds and the date and time of the hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the city municipality or in a newspaper of general circulation in the city municipality. Additionally, the notice may be posted on the official Web site, if any, of the city municipality. The notice must be published at least 14 but not more than 28 days before the date of the hearing.

(c) A city municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the city municipality in the last general election and is filed with the city clerk within 30 days after the public hearing. The commissioner of revenue shall prepare a suggested form of the question to be presented at the election.

Sec. 29. Minnesota Statutes 2004, section 475.521, subdivision 3, is amended to read:

Subd. 3. **CAPITAL IMPROVEMENT PLAN.** (a) A city municipality may adopt a capital improvement plan. The plan must cover at least a five-year period beginning with the date of its adoption. The plan must set forth the estimated schedule, timing, and details of specific capital improvements by year, together with the estimated cost, the need for the improvement, and sources of revenue to pay for the improvement. In preparing the capital improvement plan, the city council governing body must consider for each project and for the overall plan:

- (1) the condition of the city's municipality's existing infrastructure, including the projected need for repair or replacement;
- (2) the likely demand for the improvement;
- (3) the estimated cost of the improvement;
- (4) the available public resources;
- (5) the level of overlapping debt in the city municipality;
- (6) the relative benefits and costs of alternative uses of the funds;
- (7) operating costs of the proposed improvements; and
- (8) alternatives for providing services most efficiently through shared facilities with other cities municipalities or local government units.

(b) The capital improvement plan and annual amendments to it must be approved by the city council governing body after public hearing.

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Sec. 30. Minnesota Statutes 2004, section 475.521, subdivision 4, is amended to read:

Subd. 4. **LIMITATIONS ON AMOUNT.** A city municipality may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued under this section, including the bonds to be issued, will equal or exceed ~~0.05367~~ 0.16 percent of the taxable market value of property in the ~~county~~ municipality. Calculation of the limit must be made using the taxable market value for the taxes payable year in which the obligations are issued and sold. In the case of a municipality with a population of 2,500 or more, the bonds are subject to the net debt limits under section 475.53. In the case of a shared facility in which more than one municipality participates, upon compliance by each participating municipality with the requirements of subdivision 2, the limitations in this subdivision and the net debt represented by the bonds shall be allocated to each participating municipality in proportion to its required financial contribution to the financing of the shared facility, as set forth in the joint powers agreement relating to the shared facility. This section does not limit the authority to issue bonds under any other special or general law.

Sec. 31. Minnesota Statutes 2004, section 475.58, subdivision 3b, is amended to read:

Subd. 3b. **STREET RECONSTRUCTION.** (a) A municipality may, without regard to the election requirement under subdivision 1, issue and sell obligations for street reconstruction, if the following conditions are met:

(1) the streets are reconstructed under a street reconstruction plan that describes the streets to be reconstructed, the estimated costs, and any planned reconstruction of other streets in the municipality over the next five years, and the plan and issuance of the obligations has been approved by a vote of all of the members of the governing body following a public hearing for which notice has been published in the official newspaper at least ten days but not more than 28 days prior to the hearing; and

(2) if a petition requesting a vote on the issuance is signed by voters equal to five percent of the votes cast in the last municipal general election and is filed with the municipal clerk within 30 days of the public hearing, the municipality may issue the bonds only after obtaining the approval of a majority of the voters voting on the question of the issuance of the obligations.

(b) Obligations issued under this subdivision are subject to the debt limit of the municipality and are not excluded from net debt under section 475.51, subdivision 4.

(c) For purposes of this subdivision, street reconstruction includes utility replacement and relocation and other activities incidental to the street reconstruction, ~~but~~ turn lanes and other improvements having a substantial public safety function, realignments, other modifications to intersect with state and county roads, and the local share of state and county road projects.

(d) Except in the case of turn lanes, safety improvements, realignments, intersection modifications, and the local share of state and county road projects, street

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reconstruction does not include the portion of project cost allocable to widening a street or adding curbs and gutters where none previously existed.

Sec. 32. Minnesota Statutes 2004, section 477A.013, is amended by adding a subdivision to read:

Subd. 10. LEVY ADJUSTMENTS FOR AID DECREASES. Notwithstanding any local ordinance or charter provision, a city whose certified aid under subdivision 9 is less than the amount it received in the previous year under the same subdivision may increase its levy payable in the same year as the certified aid is paid by an amount equal to the aid decrease for that year.

EFFECTIVE DATE. This section is effective beginning with property tax levies payable in 2006 and thereafter.

Sec. 33. Laws 1996, chapter 412, article 5, section 24, is amended to read:

Sec. 24. **BONDS PAID FROM TACONITE PRODUCTION TAX REVENUES.**

Subdivision 1. **REFUNDING BONDS.** The appropriation of funds from the distribution of taconite production tax revenues to the taconite environmental protection tax fund and the northeast Minnesota economic protection fund made by Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20 Laws 1996, chapter 412, article 5, sections 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to 26, shall continue to apply to bonds issued under Minnesota Statutes, chapter 475, to refund bonds originally issued pursuant to those chapters.

Subd. 2. **LOCAL PAYMENTS.** School districts that are required in Laws 1988, chapter 718, article 7, sections 62 and 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990, chapter 604, article 8, section 13, Laws 1992, chapter 499, article 5, section 29, and by sections 18 to 20 Laws 1996, chapter 412, article 5, sections 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to 26, to impose levies to pay debt service on the bonds issued under those provisions to the extent the principal and interest on the bonds is not paid by distributions from the taconite environmental protection fund and the northeast Minnesota economic protection trust, may pay their portion of the principal and interest from any funds available to them. To the extent a school district uses funds other than the proceeds of a property tax levy to pay its share of the principal and interest on the bonds, the requirement to impose a property tax to pay the local share does not apply to the school district.

Sec. 34. Laws 2003, chapter 127, article 12, section 38, is amended to read:

Sec. 38. **MEMBERS MUST AUTHORITY TO LEVY TAXES FOR AUTHORITY.**

(a) A member shall, at the request of the authority, levy a tax in any year for the benefit of the authority. The authority is a special taxing district as defined in Minnesota Statutes, section 275.066, clause (13), with the power to adopt and certify

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a property tax levy to the county auditor. The authority may levy a tax in any year for the benefit of the authority. The tax is, for each member, is a pro rata portion of the total amount of tax requested by the authority based on the taxable market value within the member's jurisdiction, but in no event may the tax in any year exceed 0.01813 percent of taxable market value. For purposes of this section, "taxable market value" has the meaning as given in Minnesota Statutes, section 273.032.

(b) The treasurer of each member city or town shall, within 15 days after receiving the property tax settlements from the county treasurer, pay to the treasurer of the authority the amount collected for this purpose. The money must be used by the authority for the purposes provided by sections 35 to 41.

EFFECTIVE DATE. This section is effective for taxes levied in 2005, payable in 2006, and thereafter.

Sec. 35. CITY OF BEMIDJI; DURATION EXTENSION FOR TAX ABATEMENT.

Notwithstanding the limitation in Minnesota Statutes, section 469.1813, subdivision 6, the city of Bemidji may extend the duration of the tax abatement given to support development within the fairgrounds district of the city for an additional four years beyond the duration permitted under that section.

Sec. 36. TOWN OF WHITE; OBLIGATIONS AUTHORIZED.

Subdivision 1. OBLIGATIONS. Notwithstanding any provision of law or charter to the contrary, the town of White may pledge its general obligation, as defined in Minnesota Statutes, section 475.51, subdivision 10, to secure the financing of local improvements as provided in this section.

Subd. 2. SPECIAL RULES. (a) The obligations are subject to the provisions of Minnesota Statutes, chapter 429, except as provided in this subdivision.

(b) The obligations must be issued to finance:

(1) the cost of local improvements described in Minnesota Statutes, section 429.021, located within the area referred to in Laws 2003, chapter 119, section 2;

(2) any reserves required to market the obligation; and

(3) the costs of issuing the obligations.

(c) The obligations must be additionally secured by special assessments levied or to be levied by the city of Biwabik within the area referred to in paragraph (b).

(d) The pledge of special assessments by the city of Biwabik for the payment of the obligations must be made by written agreement by and between the town of White and the city of Biwabik and must be filed with the county auditor.

(e) Notwithstanding Minnesota Statutes, section 475.58, no election is required to approve the obligations.

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(f) The obligations are not included in computing any debt limitation applicable to the town of White or the city of Biwabik, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the obligations is not subject to any levy limitation.

EFFECTIVE DATE. This section is effective upon local approval by the town of White and the city of Biwabik in compliance with the requirements of Minnesota Statutes, section 645.021.

Sec. 37. SAUK RIVER WATERSHED DISTRICT.

Notwithstanding Minnesota Statutes, section 103D.905, subdivision 3, the Sauk River Watershed District may annually levy up to 0.01 percent of taxable market value for its general fund.

EFFECTIVE DATE. This section is effective, without local approval, beginning with the taxes levied in 2005, payable in 2006.

Sec. 38. CITY OF ST. PAUL; RIVERCENTRE COMPLEX OPERATION.

Subdivision 1. DEFINITIONS. (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "City" means the city of St. Paul, its mayor, city council, and any other board, authority, commission, or officer authorized by law, charter, or ordinance to exercise city powers of the nature referred to in this section.

(c) "RiverCentre complex" means collectively the auditorium; convention, conference and education center; arena; and parking ramp facilities presently and commonly known as the Roy Wilkins Auditorium, St. Paul RiverCentre, Xcel Energy Center, and RiverCentre Parking Ramp, including all property, real or personal, tangible or intangible, located in the city, intended to be used as part of the RiverCentre complex or additions to or extensions of it.

Subd. 2. CREATION OF NONPROFIT ORGANIZATION. As required under Minnesota Statutes, section 465.717, and notwithstanding any other law, city charter provision, or ordinance to the contrary, the city of St. Paul may participate in the creation of a nonprofit organization for the purposes provided in this section.

Subd. 3. GOVERNING BOARD. (a) The mayor of the city, subject to approval by the city council, shall appoint a majority of the members of the governing board of the nonprofit organization performing all or a part of the activities necessary to carry out the purposes specified in this section. The mayor may designate any officer or employee of the city to serve as a member of the governing board of any nonprofit organization.

(b) In addition to the appointments made by the mayor under paragraph (a), the mayor shall designate three members of the city council to serve on the governing board of the nonprofit organization.

(c) Notwithstanding any provision contained in the articles of incorporation and bylaws of the nonprofit organization, any member of the governing board appointed by

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the mayor may be removed only by the mayor for cause.

(d) The governing board of the nonprofit organization shall select, subject to the approval of the mayor, a president to serve as chief executive officer and general manager of the nonprofit organization.

(e) The procedures in Minnesota Statutes, section 317A.255, subdivision 1, paragraph (b), relating to director conflicts of interest, are not required if the contract or other transaction is between the city and the nonprofit organization.

Subd. 4. RIVERCENTRE MANAGEMENT; AUTHORITY TO CONTRACT WITH NONPROFIT ORGANIZATION. The city may enter into an agreement with the nonprofit organization created in subdivision 2 to equip, maintain, manage, and operate all or a portion of the RiverCentre complex and to manage and operate a convention bureau to market and promote the city as a tourist or convention center. Except as otherwise provided in this section, the nonprofit organization may only contract and utilize and expend funds for these purposes under the direction of its governing board, subject to the accounting, financial reporting, and other conditions that the city may prescribe in a contract made under this section between the city and the nonprofit organization. The nonprofit organization may use the services of the office of the city attorney and the city's purchasing department. All activities performed to carry out these purposes are deemed to be for a public purpose.

Subd. 5. BONDHOLDERS' RIGHTS AND RIVERCENTRE COMPLEX TAX EXEMPTIONS PRESERVED. (a) The city must protect the rights of holders of bonds issued for the RiverCentre complex, including preserving the tax-exempt status of the bonds.

(b) The use and operation of the RiverCentre complex by the nonprofit organization with which the city contracts under this act is a use, lease, or occupancy for public, governmental, and municipal purposes, and the complex is exempt from taxation by the state or any political subdivision of the state during such use, to the extent it would be exempt if the complex was equipped, maintained, managed, and operated by the city.

(c) Gross receipts of tickets and admissions to events at the RiverCentre complex sponsored by the nonprofit organization created in this section do not qualify for the sales tax exemption under Minnesota Statutes, section 297A.70, subdivision 10.

Subd. 6. APPLICABLE GENERAL LAWS. The following statutes apply to the nonprofit organization with which the city contracts under this section the same as they apply to the city:

- (1) Minnesota Statutes, chapter 13D, the Minnesota Open Meeting Law; and
- (2) Minnesota Statutes, chapter 13, the Government Data Practices Act.

Subd. 7. SUCCESSION. The nonprofit organization with which the city contracts under this section is the successor to all powers, rights, assets, privileges, and interests held and enjoyed by the RiverCentre authority on the effective date of this section, and established by the provisions of Laws 1967, chapter 459, sections 1, 2, 4,

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and 8, subdivisions 2 and 3, clause (3), as amended; Laws 1982, chapter 523, article 25, sections 4 and 5; Laws 1998, chapter 404, sections 81 and 82; and Minnesota Statutes, section 297A.98. On the effective date of the contract between the city and the nonprofit organization authorized by this section, the RiverCentre authority ceases to exist for only so long as the contract is in effect, and all other laws or provisions specifically relating to the RiverCentre authority and the RiverCentre complex that are not otherwise referenced in this section, do not apply to the nonprofit organization.

Subd. 8. LIABILITY. The nonprofit organization with which the city contracts under this section is a "municipality," and the officers, directors, employees, and agents of the nonprofit organization are "employees, officers, or agents," under Minnesota Statutes, chapter 466, relating to tort liability. The city must defend, save harmless, and indemnify the nonprofit organization, including the nonprofit's officers, directors, employees, and agents, against any claim or demand arising out of the nonprofit organization's performance under the contract.

EFFECTIVE DATE. This section is effective the day after the city council and the chief clerical officer of the city of St. Paul have timely completed their compliance with Minnesota Statutes, section 645.023, subdivisions 2 and 3.

Sec. 39. IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER; BONDS AUTHORIZED.

Subdivision 1. ISSUANCE; PURPOSE. Notwithstanding any provision of Minnesota Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and rehabilitation may issue revenue bonds in a principal amount of \$15,000,000 in one or more series, and bonds to refund those bonds. The proceeds of the bonds must be used to make grants to school districts located in the taconite tax relief area defined in Minnesota Statutes, section 273.134, or the taconite assistance area defined in Minnesota Statutes, section 273.1341, to be used by the school districts to pay for health, safety, and maintenance improvements but only if the school district has levied the maximum amount allowable under law for those purposes.

Subd. 2. APPROPRIATION. There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the Douglas J. Johnson economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the Douglas J. Johnson economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency is appropriated from the taconite environmental protection fund. The appropriation under this subdivision terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 3. CREDIT ENHANCEMENT. The bonds issued under this section are "debt obligations" and the commissioner of Iron Range resources and rehabilitation is a "district" for purposes of Minnesota Statutes, section 126C.55, provided that advances made under Minnesota Statutes, section 126C.55, subdivision 2, are not

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subject to Minnesota Statutes, section 126C.55, subdivisions 4 to 7.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 40. CROW WING COUNTY SEWER DISTRICT; PILOT PROJECT.

Subdivision 1. POWERS. In addition to the powers granted in Minnesota Statutes, chapter 116A, the county board for Crow Wing County, by resolution, may grant the following powers to a sewer district created by the county board under Minnesota Statutes, chapter 116A:

(1) provide that an authorized representative of the district, after presentation of credentials, may enter at reasonable times any premise to inspect or maintain an individual sewage treatment system, as defined in Minnesota Statutes, section 115.55, subdivision 1, paragraph (g);

(2) include areas of the county within the sewer district that are not contiguous and establish different systems for wastewater treatment in specific areas of the county;

(3) provide that each special service area that is managed by the sewer system or combination thereof constitutes a system under Minnesota Statutes, chapter 116A;

(4) delegate to the sewer district, by resolution, all or a portion of its administrative and enforcement obligations with respect to individual sewage treatment systems under Minnesota Statutes, chapter 115, and rules adopted by the Pollution Control Agency;

(5) modify any individual sewage treatment system to provide reasonable access to it for inspection and maintenance; and

(6) neither the approval nor the waiver of the county board, nor confirmation by order of the district court, is required for the sewer commission to exercise the powers set forth in Minnesota Statutes, section 116A.24.

Subd. 2. REPORT. If the Crow Wing County Board exercises the powers granted under subdivision 1, the county shall report by January 15, 2009, to the senate and house committees with jurisdiction over environmental policy and taxes on the establishment and operation of the sewer district. The report must include:

(1) a description of the implementation of the additional powers granted under subdivision 1;

(2) available information on the effectiveness of the additional powers to control pollution in the county; and

(3) any recommendations for changes to Minnesota Statutes, chapter 116A, to broaden the authority for sewer districts to include any of the additional powers granted under subdivision 1.

EFFECTIVE DATE. This section is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 2.

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Sec. 41. CITY OF WHITE BEAR LAKE.

Subdivision 1. PAYMENT REQUIRED. The commissioner of revenue must make payments of \$52,482 on each of July 20, 2005, and December 26, 2005, to the city of White Bear Lake.

Subd. 2. APPROPRIATION. \$104,964 is appropriated from the general fund to the commissioner of revenue to make the payments required in this section.

Sec. 42. APPLICATION.

Sections 18, 19, 20, and 43 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 43. REPEALER.

Minnesota Statutes 2004, sections 473.197, subdivisions 1, 2, 3, and 5; and 473.39, subdivision 1f, are repealed.

Sec. 44. EFFECTIVE DATE.

(a) Section 1 is effective the day after the city council and the chief clerical officer of the city of St. Paul have timely completed their compliance with Minnesota Statutes, section 645.023, subdivisions 2 and 3.

(b) Except as otherwise provided, this article is effective the day following final enactment.

ARTICLE 2**TAX INCREMENT FINANCING**

Section 1. Minnesota Statutes 2004, section 116J.556, is amended to read:

116J.556 LOCAL MATCH REQUIREMENT.

(a) In order to qualify for a grant under sections 116J.551 to 116J.557, the municipality must pay for at least one-quarter of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 12 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 12 percent of cleanup costs. The rest of the local match may be paid with tax increments, regional, state, or federal money available for the redevelopment of brownfields or any other money available to the municipality.

(b) If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, the district or subdistrict must be decertified when an amount of tax

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increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2004, section 272.02, subdivision 64, is amended to read:

Subd. 64. **JOB OPPORTUNITY BUILDING ZONE PROPERTY.** (a) Improvements to real property, and personal property, classified under section 273.13, subdivision 24, and located within a job opportunity building zone, designated under section 469.314, are exempt from ad valorem taxes levied under chapter 275.

(b) Improvements to real property, and tangible personal property, of an agricultural production facility located within an agricultural processing facility zone, designated under section 469.314, is exempt from ad valorem taxes levied under chapter 275.

(c) For property to qualify for exemption under paragraph (a), the occupant must be a qualified business, as defined in section 469.310.

(d) The exemption applies beginning for the first assessment year after designation of the job opportunity building zone by the commissioner of employment and economic development. The exemption applies to each assessment year that begins during the duration of the job opportunity building zone and to property occupied by July 1 of the assessment year by a qualified business. This exemption does not apply to:

(1) the levy under section 475.61 or similar levy provisions under any other law to pay general obligation bonds; or

(2) a levy under section 126C.17, if the levy was approved by the voters before the designation of the job opportunity building zone.

(e) This subdivision does not apply to captured net tax capacity in a tax increment financing district to the extent necessary to meet the debt repayment obligations of the authority if the property is also located within an agricultural processing zone.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2006.

Sec. 3. Minnesota Statutes 2004, section 272.0212, subdivision 1, is amended to read:

Subdivision 1. **EXEMPTION.** All qualified property in a zone is exempt to the extent and for a period up to the duration provided by the zone designation and under sections 469.1731 to 469.1735.

EFFECTIVE DATE. This section is effective for development agreements approved after the day following final enactment and beginning for property taxes payable in 2006.

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

Sec. 4. Minnesota Statutes 2004, section 272.0212, subdivision 2, is amended to read:

Subd. 2. **LIMITS ON EXEMPTION.** (a) Property in a zone is not exempt under this section from the following:

- (1) special assessments;
- (2) ad valorem property taxes specifically levied for the payment of principal and interest on debt obligations; and
- (3) all taxes levied by a school district, except school referendum levies as defined in section 126C.17.

(b) The city may limit the property tax exemption to a shorter period than the duration of the zone or to a percentage of the property taxes payable or both.

EFFECTIVE DATE. This section is effective for development agreements approved after the day following final enactment and beginning for property taxes payable in 2006.

Sec. 5. Minnesota Statutes 2004, section 469.174, subdivision 11, is amended to read:

Subd. 11. **HOUSING DISTRICT.** "Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts. ~~A district does not qualify as a housing district under this subdivision if the fair market value of the improvements which are constructed in the district for commercial uses or for uses other than low and moderate income housing consists of more than 20 percent of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value, and that satisfies the requirements of section 469.1761.~~ Housing project means a project, or a portion of a project, that meets all of the qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was filed with the county auditor after October 5, 1989, except (1) the new language is effective for requests for certification made after June 30, 2005, and (2) the fair market value of the improvements which are constructed for commercial uses in a district for which the request for certification was filed with the county auditor after October 5, 1989, and before July 1, 2005, may not exceed more than 20 percent of total fair market value of the planned improvements in the development plan or agreement.

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

Sec. 6. Minnesota Statutes 2004, section 469.174, subdivision 25, is amended to read:

Subd. 25. **INCREMENT.** "Increment," "tax increment," "tax increment revenues," "revenues derived from tax increment," and other similar terms for a district include:

- (1) taxes paid by the captured net tax capacity, but excluding any excess taxes, as computed under section 469.177;
- (2) the proceeds from the sale or lease of property, tangible or intangible, to the extent the property was purchased by the authority with tax increments;
- (3) principal and interest received on loans or other advances made by the authority with tax increments; and
- (4) interest or other investment earnings on or from tax increments;
- (5) repayments or return of tax increments made to the authority under agreements for districts for which the request for certification was made after August 1, 1993; and
- (6) the market value homestead credit paid to the authority under section 273.1384.

EFFECTIVE DATE. This section is effective for tax increment financing districts, regardless of when the request for certification was made, including districts for which the request for certification was made before August 1, 1979, provided that the amendment to clause (2) applies only to the extent that the underlying provisions of clause (2) apply to the district and to the sale or lease under prior law. This effective date does not affect the application of clause (1), (3), or (4).

Sec. 7. Minnesota Statutes 2004, section 469.175, subdivision 1, is amended to read:

Subdivision 1. **TAX INCREMENT FINANCING PLAN.** A tax increment financing plan shall contain:

- (1) a statement of objectives of an authority for the improvement of a project;
- (2) a statement as to the development program for the project, including the property within the project, if any, that the authority intends to acquire, identified by parcel number, identifiable property name, block, or other appropriate means indicating the area in which the authority intends to acquire properties;
- (3) a list of any development activities that the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;
- (4) identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

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(5) estimates of the following:

(i) cost of the project, including administrative expenses, except that if part of the cost of the project is paid or financed with increment from the tax increment financing district, the tax increment financing plan for the district must contain an estimate of the amount of the cost of the project, including administrative expenses, that will be paid or financed with tax increments from the district;

(ii) amount of bonded indebtedness to be incurred;

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

(iv) the most recent net tax capacity of taxable real property within the tax increment financing district and within any subdistrict;

(v) the estimated captured net tax capacity of the tax increment financing district at completion; and

(vi) the duration of the tax increment financing district's and any subdistrict's existence;

(6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing 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 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 district or subdistrict;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district or any subdistrict.

EFFECTIVE DATE. This section is effective for tax increment financing plans and amendments to tax increment financing plans approved after June 30, 2005.

Sec. 8. Minnesota Statutes 2004, section 469.175, subdivision 2, is amended to read:

Subd. 2. **CONSULTATIONS; COMMENT AND FILING.** (a) Before formation of a tax increment financing district, the authority shall provide the county auditor and clerk of the school board with the proposed tax increment financing plan for the district and the authority's estimate of the fiscal and economic implications of the proposed tax increment financing district. The authority must provide the proposed tax increment financing plan and the information on the fiscal and economic implications of the plan to the county auditor and the clerk of the school district board at least 30 days before the public hearing required by subdivision 3. The information on the fiscal and economic implications may be included in or as part of the tax increment financing plan. The county auditor and clerk of the school board shall provide copies to the members of the boards, as directed by their respective boards. The 30-day requirement

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is waived if the boards of the county and school district submit written comments on the proposal and any modification of the proposal to the authority after receipt of the information.

(b) For purposes of this subdivision, "fiscal and economic implications of the proposed tax increment financing district" includes:

(1) an estimate of the total amount of tax increment that will be generated over the life of the district;

(2) a description of the probable impact of the district on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district;

(3) the estimated amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same;

(4) the estimated amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same; and

(5) any additional information requested by the county or the school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

EFFECTIVE DATE. This section is effective for all districts for which certification is requested after December 31, 2005.

Sec. 9. Minnesota Statutes 2004, section 469.175, subdivision 4a, is amended to read:

Subd. 4a. **FILING PLAN WITH STATE.** (a) The authority must file a copy of the tax increment financing plan and amendments to the plan with the commissioner of revenue and the state auditor. The authority must also file a copy of the development plan or the project plan for the project area with the commissioner of revenue. ~~The commissioner of revenue shall provide a copy of a plan to the state auditor upon request and the state auditor.~~

(b) Filing under this subdivision must be made within 60 days after the latest of:

(1) the filing of the request for certification of the district;

(2) approval of the plan by the municipality; or

(3) adoption of the plan by the authority.

EFFECTIVE DATE. This section is effective for plans and amendments approved after June 30, 2005.

Sec. 10. Minnesota Statutes 2004, section 469.175, subdivision 5, is amended to read:

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Subd. 5. **ANNUAL DISCLOSURE.** An annual statement showing for each district the information required to be reported under subdivision 6, paragraph (c), clauses (1), (2), (3), (11), (12), ~~(20)~~, and ~~(21)~~ (18), and (19); the amounts of tax increment received and expended in the reporting period; and any additional information the authority deems necessary must be published in a newspaper of general circulation in the municipality that approved the tax increment financing plan. The annual statement must inform readers that additional information regarding each district may be obtained from the authority, and must explain how the additional information may be requested. The authority must publish the annual statement for a year no later than August 15 of the next year. The authority must identify the newspaper of general circulation in the municipality to which the annual statement has been or will be submitted for publication and provide a copy of the annual statement to the county board, the county auditor, the school board, the state auditor, and, if the authority is other than the municipality, the governing body of the municipality on or before August 1 of the year in which the statement must be published.

The disclosure requirements imposed by this subdivision apply to districts certified before, on, or after August 1, 1979.

EFFECTIVE DATE. This section is effective for reports required to be filed after December 31, 2005.

Sec. 11. Minnesota Statutes 2004, section 469.175, subdivision 6, is amended to read:

Subd. 6. **ANNUAL FINANCIAL REPORTING.** (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

(1) provide for full disclosure of the sources and uses of public funds in the district;

(2) permit comparison and reconciliation with the affected local government's accounts and financial reports;

(3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;

(4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed

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pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

(1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;

(2) the net tax capacity for the reporting period of the district and any subdistrict;

(3) the captured net tax capacity of the district;

(4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;

(5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (a), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the month and year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

(iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

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(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) bond or loan proceeds;

(vi) special assessments;

(vii) grants; and

(viii) transfers from funds not exclusively associated with the district; and

(ix) the market value homestead credit paid to the authority under section 273.1384;

(14) for the reporting period and for the prior years of the district, the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority;

(v) public park facilities, facilities for social, recreational, or conference purposes, or other similar public improvements; and

(vi) transfers to funds not exclusively associated with the district;

(15) ~~for properties sold to developers, the total cost of the property to the authority and the price paid by the developer;~~

~~(16) the amount of any payments and the value of any in-kind benefits, such as physical improvements and the use of building space, that are paid or financed with tax increments and are provided to another governmental unit other than the municipality during the reporting period;~~

(17) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

~~(18)~~ (16) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds; and

(iii) notes and pay-as-you-go contracts;

~~(19)~~ (17) the principal amount, at the end of the reporting period, of any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds; and

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(iii) notes and pay-as-you-go contracts;

~~(20)~~ (18) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds; and

(iii) notes and pay-as-you-go contracts;

~~(24)~~ (19) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of increased property taxes imposed on other properties in the municipality that approved the tax increment financing plan as a result of the fiscal disparities contribution;

~~(22)~~ whether the tax increment financing plan or other governing document permits increment revenues to be expended:

(i) to pay bonds, the proceeds of which were or may be expended on activities outside of the district;

(ii) for deposit into a common bond fund from which money may be expended on activities located outside of the district; or

(iii) to otherwise finance activities located outside of the tax increment financing district;

~~(23)~~ (20) the estimate, if any, contained in the tax increment financing plan of the amount of the cost of the project, including administrative expenses, that will be paid or financed with tax increment; and

~~(24)~~ (21) any additional information the state auditor may require.

(d) The commissioner of revenue shall prescribe the method of calculating the increased property taxes under paragraph (c), clause ~~(24)~~ (19), and the form of the statement disclosing this information on the annual statement under subdivision 5.

(e) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.

EFFECTIVE DATE. This section is effective for reports required to be filed after December 31, 2005.

Sec. 12. Minnesota Statutes 2004, section 469.176, subdivision 2, is amended to read:

Subd. 2. **EXCESS INCREMENTS.** (a) The authority shall annually determine the amount of excess increments for a district, if any. This determination must be based on the tax increment financing plan in effect on December 31 of the year and the increments and other revenues received as of December 31 of the year. The authority must spend or return the excess increments under paragraph (c) within nine months after the end of the year.

(b) For purposes of this subdivision, "excess increments" equals the excess of:

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(1) total increments collected from the district since its certification, reduced by any excess increments paid under paragraph (c), clause (4), for a prior year, over

(2) the total costs authorized by the tax increment financing plan to be paid with increments from the district, reduced, but not below zero, by the sum of:

(i) the amounts of those authorized costs that have been paid from sources other than tax increments from the district;

(ii) revenues, other than tax increments from the district, that are dedicated for or otherwise required to be used to pay those authorized costs and that the authority has received and that are not included in item (i); and

(iii) the amount of principal and interest obligations due on outstanding bonds after December 31 of the year and not prepaid under paragraph (c) in a prior year; and

(iv) increased by the sum of the transfers of increments made under section 469.1763, subdivision 6, to reduce deficits in other districts made by December 31 of the year.

(c) The authority shall use excess increment only to do one or more of the following:

(1) prepay any outstanding bonds;

(2) discharge the pledge of tax increment for any outstanding bonds;

(3) pay into an escrow account dedicated to the payment of any outstanding bonds; or

(4) return the excess amount to the county auditor who shall distribute the excess amount to the city or town, county, and school district in which the tax increment financing district is located in direct proportion to their respective local tax rates.

(d) For purposes of a district for which the request for certification was made prior to August 1, 1979, excess increments equal the amount of increments on hand on December 31, less the principal and interest obligations due on outstanding bonds or advances, qualifying under subdivision 1c, clauses (1), (2), and (5), after December 31 of the year and not prepaid under paragraph (c).

(e) The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.

(f) For purposes of this subdivision, "outstanding bonds" means bonds which are secured by increments from the district.

EFFECTIVE DATE. This section is effective for districts, regardless of when the request for certification was made, and applies to calculations of excess increments beginning in calendar year 2005.

Sec. 13. Minnesota Statutes 2004, section 469.176, subdivision 4d, is amended to read:

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Subd. 4d. **HOUSING DISTRICTS.** Revenue derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in ~~section~~ sections 469.174, subdivision 11, and 469.1761. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the authority may be included in the cost of a housing project.

EFFECTIVE DATE. This section is effective for all districts to which the provisions of Minnesota Statutes, section 469.1761, apply.

Sec. 14. Minnesota Statutes 2004, section 469.1761, subdivision 1, is amended to read:

Subdivision 1. **REQUIREMENT IMPOSED.** (a) In order for a tax increment financing district to qualify as a housing district:

(1) the income limitations provided in this section must be satisfied; and

(2) no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential uses.

(b) The requirements imposed by this section apply to residential property receiving assistance financed with tax increments, including interest reduction, land transfers at less than the authority's cost of acquisition, utility service or connections, roads, parking facilities, or other subsidies. The provisions of this section do not apply to districts located in a targeted area as defined in section 462C.02, subdivision 9, clause (e).

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2005.

Sec. 15. Minnesota Statutes 2004, section 469.1761, subdivision 3, is amended to read:

Subd. 3. **RENTAL PROPERTY.** For residential rental property, the property must satisfy the income requirements for a qualified residential rental project as defined in section 142(d) of the Internal Revenue Code. A property also satisfies the requirements of section 142(d) if 50 percent of the residential units in the project are occupied by individuals whose income is 80 percent or less of area median gross income. The requirements of this subdivision apply for the duration of the tax increment financing district.

EFFECTIVE DATE. This section is effective for districts for which the request for certification was made after June 30, 2004.

Sec. 16. Minnesota Statutes 2004, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **EXPENDITURES OUTSIDE DISTRICT.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used

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to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code;

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing.

(e) For a district created within a biotechnology and health sciences industry zone as defined in section 469.330, subdivision 6, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone.

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Sec. 17. Minnesota Statutes 2004, section 469.1763, subdivision 6, is amended to read:

Subd. 6. **POOLING PERMITTED FOR DEFICITS.** (a) This subdivision applies only to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

(b) The municipality for the district may transfer available increments from another tax increment financing district located in the municipality, if the transfer is necessary to eliminate a deficit in the district to which the increments are transferred. A deficit in the district for purposes of this subdivision means the lesser of the following two amounts:

(1)(i) the amount due during the calendar year to pay preexisting obligations of the district; minus

(ii) the total increments collected or to be collected from properties located within the district that are available for the calendar year including amounts collected in prior years that are currently available; plus

(iii) total increments from properties located in other districts in the municipality including amounts collected in prior years that are available to be used to meet the district's obligations under this section, excluding this subdivision, or other provisions of law (but excluding a special tax under section 469.1791 and the grant program under Laws 1997, chapter 231, article 1, section 19, or Laws 2001, First Special Session chapter 5); or

(2) the reduction in increments collected from properties located in the district for the calendar year as a result of the changes in class rates in Laws 1997, chapter 231, article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001, First Special Session chapter 5, or the elimination of the general education tax levy under Laws 2001, First Special Session chapter 5.

The authority may compute the deficit amount under clause (1) only (without regard to the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution, to use increments from the district to which increments are to be transferred and any transferred increments are only used to pay preexisting obligations and administrative expenses for the district that are required to be paid under section 469.176, subdivision 4h, paragraph (a).

(c) A preexisting obligation means:

(1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued to refund such bonds or to reimburse expenditures made in conjunction with a signed contractual agreement entered into before August 1, 2001, to the extent that the bonds are secured by a pledge of increments from the tax increment financing district; and

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(2) binding contracts entered into before August 1, 2001, to the extent that the contracts require payments secured by a pledge of increments from the tax increment financing district.

(d) The municipality may require a development authority, other than a seaway port authority, to transfer available increments including amounts collected in prior years that are currently available for any of its tax increment financing districts in the municipality to make up an insufficiency in another district in the municipality, regardless of whether the district was established by the development authority or another development authority. This authority applies notwithstanding any law to the contrary, but applies only to a development authority that:

(1) was established by the municipality; or

(2) the governing body of which is appointed, in whole or part, by the municipality or an officer of the municipality or which consists, in whole or part, of members of the governing body of the municipality. The municipality may use this authority only after it has first used all available increments of the receiving development authority to eliminate the insufficiency and exercised any permitted action under section 469.1792, subdivision 3, for preexisting districts of the receiving development authority to eliminate the insufficiency.

(e) The authority under this subdivision to spend tax increments outside of the area of the district from which the tax increments were collected:

(1) is an exception to the restrictions under section 469.176, subdivision subdivisions 4b, 4c, 4d, 4e, 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other provisions of this section; and the percentage restrictions under subdivision 2 must be calculated after deducting increments spent under this subdivision from the total increments for the district; and

(2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect for districts for which the request for certification was made before June 30, 1982, or any other law to the contrary.

(f) If a preexisting obligation requires the development authority to pay an amount that is limited to the increment from the district or a specific development within the district and if the obligation requires paying a higher amount to the extent that increments are available, the municipality may determine that the amount due under the preexisting obligation equals the higher amount and may authorize the transfer of increments under this subdivision to pay up to the higher amount. The existence of a guarantee of obligations by the individual or entity that would receive the payment under this paragraph is disregarded in the determination of eligibility to pool under this subdivision. The authority to transfer increments under this paragraph may only be used to the extent that the payment of all other preexisting obligations in the municipality due during the calendar year have been satisfied.

(g) For transfers of increments made in calendar year 2005 and later, the reduction in increments as a result of the elimination of the general education tax levy for purposes of paragraph (b), clause (2), for a taxes payable year equals the general

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education tax rate for the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes payable in 2001, multiplied by the captured tax capacity of the district for the current taxes payable year.

EFFECTIVE DATE. This section applies to transfers of increments made after the effective date of the original enactment of Minnesota Statutes, section 469.1763, subdivision 6.

Sec. 18. Minnesota Statutes 2004, section 469.177, subdivision 1, is amended to read:

Subdivision 1. **ORIGINAL NET TAX CAPACITY.** (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4.

(b) If the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(c) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If improvements are made to tax exempt property after certification of the district and before the parcel becomes taxable, the assessor shall, at the request of the authority, separately assess the estimated market value of the improvements. If the property becomes taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding the separately assessed improvements. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(d) If the net tax capacity of a property increases because the property no longer qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the

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Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act, chapter 473H, or because platted, unimproved property is improved or three years pass market value is increased after approval of the plat under section 273.11, subdivision ~~1~~ 14, 14a, or 14b, the increase in net tax capacity must be added to the original net tax capacity.

(e) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(f) If a parcel of property contained a substandard building that was demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying the class rates for the current year.

(g) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a building that suffered substantial damage as a result of the disaster or emergency.

EFFECTIVE DATE. This section is effective for land platted on or after August 1, 1991.

Sec. 19. Minnesota Statutes 2004, section 469.1771, subdivision 5, is amended to read:

Subd. 5. **DISPOSITION OF PAYMENTS.** If the authority does not have sufficient increments or other available money to make a payment required by this section, the municipality that approved the district must use any available money to make the payment including the levying of property taxes. Money received by the county auditor under this section must be distributed as excess increments under section 469.176, subdivision 2, paragraph ~~(a)~~ (c), clause (4), except that if the county auditor receives the payment after (1) 60 days from a municipality's receipt of the state auditor's notification under subdivision 1, paragraph (c), of noncompliance requiring the payment, or (2) the commencement of an action by the county attorney to compel

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the payment, then no distributions may be made to the municipality that approved the tax increment financing district.

EFFECTIVE DATE. This section is effective at the same time as the amendments to Minnesota Statutes, section 469.176, subdivision 2, by Laws 2003, chapter 127, article 10, section 11.

Sec. 20. Minnesota Statutes 2004, section 469.178, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** Notwithstanding any other law, no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken except as authorized in this section. The proceeds from the bonds shall be used only in accordance with section 469.176, ~~subdivision~~ subdivisions 4 to 41, as if the proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to laws not requiring a tax increment financing plan. The bonds are not included for purposes of computing the net debt of any municipality.

EFFECTIVE DATE. This section is effective for tax increment financing districts for which the request for certification was made after August 1, 1979.

Sec. 21. Laws 1998, chapter 389, article 11, section 19, subdivision 3, is amended to read:

Subd. 3. **DURATION OF DISTRICT.** Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, no tax increment may be paid to the authority or the city after 18 years from the date of receipt by the authority of the first increment generated from the final phase of redevelopment. In no case may increments be paid to the authority after 30 years from approval of the tax increment plan. "Final phase of redevelopment" means that phase of redevelopment activity which completes the rehabilitation of the Lake Street site.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 2.

Sec. 22. **EXTENSION OF TIME TO EXPEND TAX INCREMENT.**

Notwithstanding any contrary provision of law or charter, for tax increment financing district number 3, established on December 19, 1994, by Brooklyn Center Resolution No. 94-273, Minnesota Statutes, section 469.1763, subdivision 3, applies to the district by permitting a period of 13 years for commencement of activities within the district.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Brooklyn Center and compliance with Minnesota Statutes, section 645.021, subdivision 3.

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Sec. 23. FAIRMONT; ABATEMENT AUTHORITY.

The city of Fairmont, Martin County, and Independent School District No. 2752, Fairmont Area Schools, may each grant an abatement under Minnesota Statutes, sections 469.1812 to 469.1815, for property located in tax increment financing district No. 20 in the city of Fairmont, notwithstanding any law to the contrary. The total amount of the abatement for each political subdivision may not exceed the taxes paid by the original tax capacity of the district for each year of its existence. Notwithstanding Minnesota Statutes, section 471.87, or any other law governing conflicts of interest, a local elected official may have a financial interest in and benefit from the abatement authorized in this section if the official discloses the interest and potential benefit on the record, and abstains from voting on the matter.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 24. WABASHA TAX INCREMENT FINANCING DISTRICT.

Subdivision 1. DISTRICT EXTENSION. The governing body of the city of Wabasha may elect to compute the duration of its redevelopment tax increment financing district number 3 without regard to any increment received for taxes payable in 2001.

Subd. 2. FIVE-YEAR RULE. The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district must be considered to be met for the city of Wabasha redevelopment tax increment district number 3, if the activities are undertaken within ten years from the date of certification of the district.

Subd. 3. NATIONAL EAGLE CENTER. Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 4l, or any other law, the city of Wabasha may spend the proceeds of tax increment bonds issued prior to January 1, 2000, to pay the costs of acquiring and constructing a National Eagle Center in the city. The city of Wabasha may also use tax increment from its tax increment districts to pay the debt service on such bonds, or any bonds issued to refund such bonds, subject to legal restrictions on the pooling of tax increment. These bonds may not be treated as preexisting obligations under Minnesota Statutes, section 469.1794.

EFFECTIVE DATE. Subdivision 1 is effective upon compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021. Subdivisions 2 and 3 are effective upon compliance by the governing body of the city of Wabasha with Minnesota Statutes, section 645.021.

Sec. 25. CITY OF RICHFIELD; TAX INCREMENT FINANCING DISTRICT.

Subdivision 1. AUTHORIZATION. The city of Richfield may create a tax increment financing district consisting of an area lying west of Trunk Highway 77 extending: to 16th Avenue between Crosstown Highway 62 and 66th Street; to 17th Avenue between 66th and 69th Streets; and to 18th Avenue between 69th and 72nd Streets. The city or its housing and redevelopment authority may be the authority for the purposes of Minnesota Statutes, sections 469.174 to 469.179.

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Subd. 2. DISTRICT IS REDEVELOPMENT DISTRICT. The redevelopment tax increment district created pursuant to subdivision 1 is deemed to be a redevelopment district and is subject to Minnesota Statutes, sections 469.174 to 469.179, except that:

(1) expenditures for activities as defined in Minnesota Statutes, section 469.1763, subdivision 1, paragraph (b), anywhere in the district are deemed to be the costs of correcting conditions that allow the designation of redevelopment districts pursuant to Minnesota Statutes, section 469.174, subdivision 10; and

(2) the five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply.

EFFECTIVE DATE. This section is effective upon local approval by the city of Richfield in compliance with Minnesota Statutes, section 645.021.

Sec. 26. CITY OF MOUNDS VIEW; TAX INCREMENT FINANCING DISTRICT.

Subdivision 1. ESTABLISHMENT. (a) The city of Mounds View may establish within the corporate boundaries of the city one or more economic development tax increment financing districts subject to the special rules under subdivision 2. The districts must be located on property that is exempt from taxation for property taxes payable in 2005 and within the area defined in paragraph (b).

(b) For purposes of this section, "area" is bounded by, and including, on the north County Road J west of Coral Sea Street and 82nd Lane NE east of Coral Sea Street, on the east Coral Sea Street north of 82nd Lane NE and Interstate Highway 35W south of 82nd Lane NE, on the south and southwest U.S. Highway 10, and on the west the western boundary of Outlot A, Sysco, according to the recorded plat thereof, and situated in Ramsey County, Minnesota.

Subd. 2. SPECIAL RULES. (a) If the city elects upon the adoption of the tax increment financing plan for the district, the rules under this section apply to the district.

(b) The duration limit under Minnesota Statutes, section 469.176, subdivision 1b, clause (3), is extended to 25 years after receipt of the first increment.

(c) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to a ten-year period.

(d) The limitations on spending increment outside of the district under Minnesota Statutes, section 469.1763, subdivision 2, and on spending increment for developments more than 15 percent of the square footage of which is used for purposes other than those listed in Minnesota Statutes, section 469.176, subdivision 4c, do not apply. Except as provided in paragraph (e), increments may only be expended within the area defined in subdivision 1, paragraph (b), and related to development occurring within the area defined in subdivision 1, paragraph (b), whether or not included in a tax increment financing district. Increments may only be spent on one or more of the following costs, improvements, or activities:

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(1) acquisition and removal of existing billboards;

(2) acquisition of land and easements, if the parcel is occupied by a building constructed before 1990;

(3) sanitary sewer, sewer, and water improvements;

(4) road improvements;

(5) parking, including structured parking;

(6) administrative expenses;

(7) wetland mitigation;

(8) soils correction; and

(9) environmental cleanup.

(e) Increments may be expended on costs, improvements, or activities outside the area defined in subdivision 1, paragraph (b), wherever located, whether or not included in a tax increment financing district, for sanitary sewer, sewer, and water improvements and improvements to Coral Sea Street, Airport Road, 82nd Lane NE, County Road J, U.S. Highway 10, and Interstate Highway 35W so long as the improvements are related to development within the area defined in subdivision 1, paragraph (b).

(f) The limitation on the ability to elect the method of computation under Minnesota Statutes, section 469.177, subdivision 3, for an economic development district does not apply and the city or authority may elect the method of computation under paragraph (a) or (b) of section 469.177, subdivision 3.

Subd. 3. EXPIRATION. The authority to approve tax increment financing plans to establish a tax increment financing district under this section expires on December 31, 2015.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Mounds View and upon compliance by the city with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 27. CONVEYANCE OF STATE INTEREST IN REAL PROPERTY TO CITY OF MOUNDS VIEW.

(a) Notwithstanding Minnesota Statutes, section 16B.281, 16B.282, 92.45, or any other law to the contrary, the commissioner of transportation shall convey to the city of Mounds View all right, title, and interest of the state of Minnesota created by corrective deed dated March 16, 1989, in the land located in Ramsey County, described as:

The South Half of the Northeast Quarter of Section 5, Township 30 North, Range 23 West, Ramsey County, Minnesota; which lies northerly and westerly of the following described line: Commencing at the center of said Section 5; thence north on an azimuth of 359 degrees 23 minutes 10 seconds (azimuth oriented to Minnesota State Plane Coordinate

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System) along the north and south quarter line of said Section 5 for 781.42 feet to the point of beginning of the line to be described; thence on an azimuth of 108 degrees 12 minutes 41 seconds, 231.14 feet; thence on an azimuth of 98 degrees 27 minutes 03 seconds, 1486.78 feet; thence run northeasterly for 447.16 feet on a nontangential curve, concave to the northwest, having a radius of 720 feet, a delta angle of 35 degrees 35 minutes 02 seconds and a chord azimuth of 76 degrees 55 minutes 11 seconds; thence on an azimuth of 59 degrees 07 minutes 40 seconds, 192.89 feet; thence run northerly 398.14 feet on a nontangential curve, concave to the northwest, having a radius of 850 feet, a delta angle of 26 degrees 50 minutes 15 seconds and a chord azimuth of 29 degrees 26 minutes 05 seconds; thence on an azimuth of 16 degrees 00 minutes 57 seconds, 303.65 feet to the north line of said Tract A and there terminating;

Containing 40.41 acres, more or less.

(b) The conveyance shall be for consideration according to paragraph (d) in a form approved by the attorney general.

(c) This property was acquired by the Department of Transportation for construction of a new portion of Trunk Highway 10 west of Interstate Highway 35W. The property was not needed for highway purposes. In 1988, the commissioner of transportation deeded the property to the city of Mounds View subject to a right of reverter.

(d) If the city of Mounds View enters into a fully executed development agreement to redevelop the land described in paragraph (a) by January 1, 2007, the city shall pay the commissioner of transportation \$1,000,000 for deposit in the trunk highway fund. If the city of Mounds View does not enter into a fully executed development agreement to redevelop the land described in paragraph (a) by January 1, 2007, all right, title, and interest in the land shall revert back to the Department of Transportation unless the land is still used for a public purpose. If the land is not subject to a fully executed development agreement and is still used for a public purpose on or after January 1, 2007, the land may continue to be used for such public purpose by the city of Mounds View, subject to a right of reverter if the land ceases to be used for a public purpose.

Sec. 28. ST. PAUL; HOUSING AND REDEVELOPMENT AUTHORITY.

Subdivision 1. HOUSING AND REDEVELOPMENT SUBDISTRICTS. For its tax increment financing districts identified in subdivision 2, the Housing and Redevelopment Authority of the city of St. Paul may establish subdistricts up to the number set forth for each tax increment financing district in subdivision 2. The subdistricts shall be treated as set forth in subdivision 3, notwithstanding the provisions of any other law to the contrary.

Subd. 2. DIVISION INTO SUBDISTRICTS; AUTHORITY. The tax increment financing districts with the following Ramsey County identification numbers

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may be divided into a number of subdistricts not to exceed the number set forth as follows: No. 224/233, six subdistricts; No. 225, six subdistricts; No. 228, three subdistricts; and No. 234, two subdistricts.

Subd. 3. DESIGNATION OF PARCELS. All parcels in a tax increment financing district listed in subdivision 2 must be assigned to a subdistrict. Each subdistrict established pursuant to this section shall consist of those parcels in the tax increment financing district which are designated by the commissioners of the Housing and Redevelopment Authority of the city of St. Paul by resolution, which parcels need not be contiguous. For purposes of determining tax increments and the parcels treated as paying tax increments, each subdistrict shall be treated as a separate tax increment district.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 29. CITY OF BROOKLYN PARK TAX INCREMENT FINANCING DISTRICT EXTENSION.

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the duration limit that applies to the economic development tax increment financing district established under Laws 1994, chapter 587, article 9, section 20, is extended to December 31, 2006. The city and county may prepare a plan for submission to the legislature by February 1, 2006, providing for expenditure of increment resulting from an additional duration extension of the district. The plan must specify the proposed duration extension, as well the planned uses of the increment.

Sec. 30. CITY OF FERGUS FALLS; ECONOMIC DEVELOPMENT PROPERTY.

The provisions of Minnesota Statutes, section 272.02, subdivision 39, apply to property located in the city of Fergus Falls as if the city had a population of 5,000 or less.

EFFECTIVE DATE. This section is effective for taxes levied in 2005, payable in 2006, and thereafter.

Sec. 31. REPEALER.

Minnesota Statutes 2004, sections 469.176, subdivision 1a; and 469.1766 are repealed.

Laws 1994, chapter 587, article 9, section 20, subdivision 4, is repealed.

EFFECTIVE DATE. The repeal of Minnesota Statutes, section 469.1766, is effective for districts for which the request for certification was made after August 1, 1993. The repeal of Minnesota Statutes, section 469.176, subdivision 1a, is effective the day following final enactment, provided that Minnesota Statutes, section 469.176, subdivision 1a, is satisfied for any district to which it applies, if bonds have been issued, property acquired, or public improvements constructed before the end of the

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three-year period, regardless of whether the action was undertaken before or after certification of the district.

Presented to the governor May 31, 2005

Signed by the governor June 2, 2005, 1:45 p.m.

CHAPTER 153—H.F.No. 1272

An act relating to professional firms; including marriage and family therapy in the definition of professional services; allowing marriage and family therapists to practice professional services in combination; amending Minnesota Statutes 2004, sections 319B.02, subdivision 19; 319B.40.

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

Section 1. Minnesota Statutes 2004, section 319B.02, subdivision 19, is amended to read:

Subd. 19. **PROFESSIONAL SERVICES.** "Professional services" means services of the type required or permitted to be furnished by a professional under a license, registration, or certificate issued by the state of Minnesota to practice medicine and surgery under sections 147.01 to 147.22, as a physician assistant pursuant to sections 147A.01 to 147A.27, chiropractic under sections 148.01 to 148.105, registered nursing under sections 148.171 to 148.285, optometry under sections 148.52 to 148.62, psychology under sections 148.88 to 148.98, social work under sections 148B.18 to 148B.289, marriage and family therapy under sections 148B.29 to 148B.39, dentistry and dental hygiene under sections 150A.01 to 150A.12, pharmacy under sections 151.01 to 151.40, podiatric medicine under sections 153.01 to 153.25, veterinary medicine under sections 156.001 to 156.14, architecture, engineering, surveying, landscape architecture, geoscience, and certified interior design under sections 326.02 to 326.15, accountancy under chapter 326A, or law under sections 481.01 to 481.17, or under a license or certificate issued by another state under similar laws. Professional services includes services of the type required to be furnished by a professional pursuant to a license or other authority to practice law under the laws of a foreign nation.

Sec. 2. Minnesota Statutes 2004, section 319B.40, is amended to read:

319B.40 PROFESSIONAL HEALTH SERVICES.

(a) Individuals who furnish professional services pursuant to a license, registration, or certificate issued by the state of Minnesota to practice medicine pursuant to sections 147.01 to 147.22, as a physician assistant pursuant to sections 147A.01 to 147A.27, chiropractic pursuant to sections 148.01 to 148.106, registered nursing pursuant to sections 148.171 to 148.285, optometry pursuant to sections 148.52 to

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