

CHAPTER 472A

MUNICIPAL DEVELOPMENT DISTRICTS

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472A.01 DEVELOPMENT PROGRAM; PURPOSE.

It is found that there is a need for new development in areas of a municipality which are already built up to provide employment opportunities to improve the tax base and to improve the general economy of the state. Therefore, municipalities are authorized to develop a program for improving a district of the municipality to provide impetus for commercial development; to increase employment; to protect pedestrians from vehicle traffic and inclement weather; to provide the necessary linkage between peripheral parking facilities and places of employment and shopping; to provide off-street parking to serve the shoppers and employees of the district; to provide open space relief within the district; and to provide other facilities as are outlined in the development program adopted by the governing body. It is hereby declared by the legislature of the state of Minnesota that the actions required to assist the implementation of these development programs are a public purpose and that the execution and financing of such programs are a public purpose.

History: 1974 c 485 s 1

472A.02 DEFINITIONS.

Subdivision 1. For the purposes of sections 472A.01 to 472A.13, the terms defined in this section shall have the meanings given them unless otherwise provided or indicated by the context.

Subd. 2. "Municipality" means any city, however organized.

Subd. 3. [Repealed, 1979 c 322 s 25]

Subd. 4. "Substantially residential development district" means any development district in which 40 percent or more of the land area, exclusive of streets and open space, is used for residential purposes at the time the district is designated by the governing body.

Subd. 5. A "development program" is a statement of objectives of the municipality for improvement of a development district which shall contain a complete statement as to the public facilities to be constructed within the district, the open space to be created, the environmental controls to be applied, the proposed reuse of private property, the proposed operations of the district after the capital improvements within the district have been completed.

Subd. 6. "Pedestrian skyway system" means any system of providing for pedestrian traffic circulation, mechanical or otherwise, elevated aboveground, within and without the public right of way, and through or above private property and buildings, and includes overpasses, bridges, passageways, walkways, concourses, hallways, corridors, arcades, courts, plazas, malls, elevators, escalators, heated canopies and accesses and all fixtures, furniture, signs, equipment, facilities, services, and appurtenances which in the judgment of the governing body of the municipality will enhance the movement, safety, security, convenience and enjoyment of pedestrians and benefit the municipality and adjoining properties. The use of a public street or public right of way for pedestrian travel only constitutes a public use and shall not require a vacation of the street or right of way.

Subd. 7. "Special lighting systems" means lights or light displays of any type located within or without the public right of way.

Subd. 8. "Parking structure" means any building the principal use of which is designed for and intended for parking of motor vehicles. Open air parking on parking lots shall also be construed as parking structures for the purpose of sections 472A.01 to 472A.13.

Subd. 9. "Maintenance and operation" means all activities necessary to maintain facilities after they have been developed and all activities necessary to operate the facilities including but not limited to informational and educational programs, and safety and surveillance activities.

Subd. 10. "Governing body" means the duly elected council of a city, notwithstanding any contrary definition thereof contained in chapter 475.

Subd. 11. A "development district" is a specific area within the corporate limits of a municipality which has been so designated and separately numbered by the governing body.

History: 1974 c 485 s 2; 1980 c 607 art 6 s 21

472A.03 AUTHORITY GRANTED.

A municipality may after consultation with its planning agency or planning department and after public hearings, notice of which shall have been published in the official newspaper of the municipality, or if the municipality has no official newspaper, in a newspaper of general distribution within the municipality, designate development districts within the boundaries of the municipality. The municipality shall also provide for relocation pursuant to section 472A.12 and consult with the advisory board created by section 472A.11 before making this designation. Within these districts the municipality may adopt a development program consistent with which the municipality may acquire, construct, reconstruct, improve, alter, extend, operate, maintain, or promote developments aimed at improving the physical facilities, quality of life and quality of transportation. The municipality may acquire land or easements through negotiation or through powers of eminent domain. The municipal council may adopt ordinances regulating traffic in pedestrian skyway systems, public parking structures, and other facilities constructed within the development district. The municipal council may pass ordinances regulating access to pedestrian skyway systems and the conditions under which such access is allowed. The council may designate districts for mined underground space development under sections 472B.03 to 472B.07.

Traffic regulations may include but shall not be limited to direction and speed of traffic, policing of pedestrianways, hours that pedestrianways are open to the public, kinds of service activities that will be allowed in arcades, parks and plazas, fares to be charged on the people movers, and rates to be charged in the parking structures. The municipality shall have the power to require private developers to construct buildings so as to accommodate and support pedestrian systems which are part of the program for the development district. When the municipality requires the developer to construct columns, beams or girders with greater strength than required for normal building purposes, the municipality shall reimburse the developer for the added expense from development district funds. The municipality shall have the authority to install special lighting systems, special street signs and street furniture, special landscaping of streets and public property; to install special snow removal systems; to acquire property for the district; to lease or sell air rights over public buildings and to spend public funds for constructing the foundations and columns in the public buildings strong enough to support the buildings to be constructed on air rights; to lease all or portions of basement, ground and second floors of the public buildings constructed in the district; to negotiate the sale or lease of property for private development if the development is consistent with the development program for the district.

History: 1974 c 485 s 3; 1984 c 650 s 2; 1985 c 194 s 27

472A.04 TAX STATUS.

The pedestrian skyway system, underground pedestrian concourse, the people mover system, and publicly owned parking structures are all declared to be public property to be used for essential public and governmental purposes which shall be exempt from all taxes and special assessments of city, county, state, or any political subdivision thereof. Taxes do not include charges for utilities and special services such as heat, water, electricity, gas, sewage disposal, or garbage removal.

History: 1974 c 485 s 4

472A.05 GRANTS.

A municipality may accept grants or other financial assistance from the government of the United States or any other entity to do studies, construct and operate the pedestrian skyway system, underground pedestrian concourses, people mover systems, and other public improvements authorized by sections 472A.01 to 472A.13.

History: 1974 c 485 s 5

472A.06 ISSUANCE OF BONDS.

(a) The governing body of the municipality, may authorize, issue and sell general obligation bonds, which shall mature within 30 years from the date of issue, to finance the acquisition and betterment of real and personal property needed to carry out the development program within the development district together with all relocation costs incidental thereto in accordance with sections 475.51, 475.53, 475.54, 475.55, 475.56, 475.60, 475.61, 475.62, 475.63, 475.65, 475.66, 475.69, 475.70, 475.71. All tax increments received by the municipality pursuant to section 472A.08 shall be pledged for the payment of these bonds and used to reduce or cancel the taxes otherwise required to be extended for that purpose, and the bonds shall not be included when computing the municipality's net debt. Bonds shall not be issued under this paragraph subsequent to August 1, 1979.

(b) A municipality or authority may authorize, issue and sell revenue bonds under section 273.77, clause (c) to refund the principal of and interest on general obligation bonds originally issued to finance a development district, or one or more series of bonds one of which series was originally issued to finance a development district, for the purpose of relieving the municipality or authority of restrictions on the application of tax increments or for other purposes authorized by law. The refunding bonds shall not be subject to the conditions set out in section 475.67, subdivisions 11 and 12. Tax increments received by the municipality or authority with respect to the district or districts may be used to pay the principal of and interest on the refunding bonds and to pay premiums for insurance or other security guaranteeing the payment of their principal and interest when due. Tax increments may be applied in any manner permitted by section 273.75, subdivisions 2 and 4.

History: 1974 c 485 s 6; 1979 c 322 s 16; 1984 c 650 s 3

472A.07 TAX INCREMENT FINANCING PLAN.

Subdivision 1. **Statement of objectives, costs and tax impact.** A tax increment financing plan shall contain a statement of objectives of a municipality for improvement of a development district. Such plan shall contain a complete statement as to the development program for the district. It shall also contain estimates of the following: cost of the development program; sources of revenue to finance these costs including estimates of tax increments; amount of bonded indebtedness to be incurred; and the duration of the program's existence. The plan shall also contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the district is located.

Subd. 2. **Notice, hearing.** Before approving any tax increment financing plan, the governing body shall hold a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days

nor more than 30 days prior to the date of hearing. This hearing may be a part of a hearing on the development program.

Subd. 3. Consultations with other jurisdictions. Before formation of a development district the governing body shall provide a reasonable opportunity to the members of the county board of commissioners of any county in which any portion of the development district is located and to the members of the school board of any school district in which any portion of the development district is located to meet with the governing body. The governing body shall fully inform members of the county boards of commissioners and of the school boards of the fiscal and economic implications of the proposed development district. The members of the county boards of commissioners and of the school boards may present their recommendations at the public hearing on the tax increment financing plan. A governing body may enter into agreements with the county boards of commissioners, the school boards and the governing body of the municipality in which the district is located to share a portion of the captured assessed value of the district.

Subd. 4. [Repealed, 1979 c 322 s 25]

Subd. 5. Time of application to development districts. The provisions of this section shall not apply to a development district created subsequent to August 1, 1979.

History: 1974 c 485 s 7; 1979 c 322 s 17

472A.08 [Repealed, 1979 c 322 s 25]

472A.09 MAINTENANCE AND OPERATION.

Maintenance and operation of the pedestrian systems, special lighting systems, parking structures, and other public improvements constructed under provisions of sections 472A.01 to 472A.13 shall be under the supervision of the administrator as designated in section 472A.10. The cost of maintenance and operation of the non-revenue facilities together with the excess costs of operation and maintenance of revenue producing facilities, if any, shall be charged against the development district in which it is located. The amount of assessment against each property within the district shall be in proportion to the benefit to the several properties within the district. By July 1 of each year the administrator of the development district shall submit to the governing body of the municipality the maintenance and operating budget for the following year, and the pro rata share of the budget to be charged to each property in the district. The governing body of the municipality shall certify the assessments to the county auditor for collection. The governing body shall levy these assessments in accordance with the procedures established in Minnesota Statutes 1971, Section 429.061.

History: 1974 c 485 s 9

472A.10 ADMINISTRATION.

The governing body of a municipality may create a department or designate an existing department or office, or agency or municipal housing or redevelopment authority, to administer all districts authorized under sections 472A.01 to 472A.13. The head of this department may, subject to such rules and limitations as may be adopted by the governing body be granted the following powers:

- (a) To acquire property or easements through negotiation;
- (b) To enter into operating contracts on behalf of the municipality for operation of any of the facilities authorized to be constructed under the terms of sections 472A.01 to 472A.13;
- (c) To lease space to private individuals or corporations within the buildings constructed under the terms of sections 472A.01 to 472A.13;
- (d) To lease or sell land and to lease or sell air rights over structures constructed under the authority of sections 472A.01 to 472A.13;
- (e) To enter into contracts for construction of the several facilities or portion thereof authorized under sections 472A.01 to 472A.13;

(f) Contract with the housing and redevelopment authority of the municipality for the administration of any or all of the provisions of sections 472A.01 to 472A.13;

(g) Certify to the governing body of the municipality for acquisition through eminent domain property that cannot be acquired by negotiation, but is required for implementation of the development program;

(h) Certify to the governing body of the municipality the amount of funds, if any, which must be raised through sale of bonds to finance the program for development districts;

(i) Apply for grants from the United States of America;

(j) Apply for grants from other sources.

History: 1974 c 485 s 10

472A.11 ADVISORY BOARD.

Subdivision 1. The governing body of the municipality may create an advisory board except in cities of the first class where the governing body shall create an advisory board. Except as provided in subdivision 2, a majority of the members shall be owners or occupants of real property located in or adjacent to the development district which they serve. The advisory board shall advise the governing body and the administrator on the planning, construction and implementation of the development program, and maintenance and operation of the district after the program has been completed.

Subd. 2. In a substantially residential development district the board shall be comprised of owners and occupants of real property within or adjacent to the district's boundaries. The board may be appointed or elected (except in the cities of Minneapolis and St. Paul where the board shall be elected) according to guidelines established by the governing body.

Subd. 3. The governing body shall by resolution delineate the respective powers and duties of the advisory board and the planning staff or agency. The resolution shall establish reasonable time limits for approval by the advisory board of the phases of the development program, and provide a mechanism for appealing to the governing body for a final decision when conflicts arise between the advisory board and the planning staff or agency, regarding the development program in its initial and subsequent stages.

History: 1974 c 485 s 11

472A.12 RELOCATION.

Unless they desire otherwise, provision must be made for relocation of all persons who would be displaced by a proposed development district prior to displacement in accordance with the provisions of sections 117.50 to 117.56. Prior to undertaking any relocation of displaced persons, the governing body of a municipality shall insure that housing and other facilities of at least comparable quality be made available to the persons to be displaced.

History: 1974 c 485 s 12

472A.13 EXISTING PROJECTS.

This law does not affect any project or program using tax increment financing which was approved by a city council under Laws 1971, chapter 548 or 677 or Laws 1973, chapter 196, 761 or 764 prior to July 1, 1974 and such projects or programs may be completed and financed in accordance with the provisions of the laws under which they were initiated notwithstanding any provision of this law. Provided, however, that Laws 1971, chapters 548 and 677 and Laws 1973, chapters 196, 761 and 764 are hereby specifically superseded, except as to those projects or programs which have been approved prior to July 1, 1974.

History: 1974 c 485 s 13