CHAPTER 572A

LAND USE PLANNING DISPUTE RESOLUTION

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572A.01 COMPREHENSIVE PLANNING DISPUTES; MEDIATION.

Subdivision 1. **Filing.** In the event of a dispute between a county and a city under section 462.3535, regarding the development, content, or approval of a community-based comprehensive land use plan, an aggrieved party may file a written request for mediation, as provided in subdivision 2, with the Bureau of Mediation Services at any time prior to a final action on a community-based comprehensive plan or within 30 days of a final action on a community-based comprehensive plan.

Subd. 2. **Mediation.** Within ten days of receiving a request for mediation in subdivision 1, the Bureau of Mediation Services shall provide written notice of the request for mediation to the parties and provide a list of neutrals experienced in land use planning or local government issues obtained from the supreme court, chief administrative law judge of the state Court of Administrative Hearings, Bureau of Mediation Services, Minnesota State Bar Association, Hennepin County Bar Association, Office of Dispute Resolution, and others. Within 30 days thereafter, the affected parties shall select a mediator from the list of neutrals or someone else acceptable to the parties and submit to mediation for a period of 30 days facilitated by the bureau. If the dispute remains unresolved after the close of the 30-day mediation period, the bureau shall prepare a report of its recommendations and transmit the report within 30 days to the parties. Within 60 days after the date of issuance of the mediator's report, the dispute shall be submitted to binding arbitration as provided in this chapter. The mediator's report submitted to the parties is informational only and is not admissible in arbitration.

History: *1997 c 202 art 6 s 1; 2008 c 196 art 2 s 12; 2011 c 76 art 4 s 4; 2025 c 39 art 2 s 68*

572A.015 CHAPTER 414 DISPUTES; MEDIATION.

Subdivision 1. MS 2002 [Repealed, 2003 c 2 art 5 s 17]

Subd. 2. **Mediation.** Within ten days of receiving a request for mediation that the chief administrative law judge of the state Court of Administrative Hearings has required under section 414.12, subdivision 1, the bureau shall provide written notice of the request for mediation to the parties and provide a list of neutrals experienced in land use planning and local government issues obtained from the supreme court, Bureau of Mediation Services, Minnesota State Bar Association, Hennepin County Bar Association, Office of Dispute Resolution, and others. Within 30 days thereafter, the affected parties, shall select a mediator from the list of neutrals or someone else acceptable to the parties and submit to mediation for a period of 30 days facilitated by the bureau. If the dispute remains unresolved after the close of the 30-day mediation period, the bureau shall prepare a report of its recommendations and transmit the report within 30 days to the parties. Within 60 days after the date of issuance of the mediator's report, the dispute shall be submitted to binding arbitration as provided in this chapter. The mediator's report submitted to the parties is informational only and is not admissible in arbitration.

History: *1997 c 202 art 6 s 2; 2003 c 2 art 5 s 14; 2008 c 196 art 2 s 13; 2025 c 39 art 2 s 68*

572A.02 ARBITRATION.

Subdivision 1. **Submittal to binding arbitration.** If a dispute remains unresolved after the close of mediation, the dispute shall be submitted to binding arbitration within 60 days of issuance of the mediation report pursuant to the terms of this section and the Uniform Arbitration Act, sections 572B.01 to 572B.31, except the period may be extended for an additional 15 days as provided in this section. In the event of a conflict between the provisions of the Uniform Arbitration Act and this section, this section controls.

Subd. 2. **Appointment of panel.** (a) The parties shall each appoint one qualified arbitrator within 30 days of issuance of the mediation report. If a party does not appoint an arbitrator within 30 days, the Bureau of Mediation Services shall appoint a qualified arbitrator from the list of neutrals under sections 572A.01, subdivision 2, and 572A.015, subdivision 2, or someone else for the party. The parties shall notify the bureau prior to the close of the 30-day appointment period of the name and address of their respective appointed arbitrator. Each party is responsible for the fees and expenses for the arbitrator it selects.

(b) After appointment of the two arbitrators to the arbitration panel by the parties, or by the bureau should one or both of the parties fail to act, the two appointed arbitrators shall appoint a third arbitrator who must be learned in the law, within 15 days of the close of the initial 30-day arbitrator appointment period. If the arbitrators cannot agree on the selection of the third arbitrator within 15 days, the arbitrators shall jointly submit a request to the district court of the county in which the disputed area is located in accordance with the selection procedures established in section 572B.11. Within 15 days of receipt of an application by the district court, the district court shall select a neutral arbitrator and notify the parties and the Bureau of Mediation Services of the name and address of the selected arbitrator. The fees and expenses of the third arbitrator shall be shared equally by the parties. The third appointed arbitrator shall act as chair of the arbitration panel and shall conduct the proceedings. If the district court selects the third arbitrator, the date required for first hearing the matter may be extended an additional 15 days.

Subd. 3. **Hearing.** Except as otherwise provided, within 60 days, the matter must be brought on for hearing in accordance with section 572B.15. The Bureau of Mediation Services shall provide for the proceedings to occur in the county in which the majority of the affected property is located.

Subd. 4. **Contracts; information.** The arbitration panel shall have authority to contract with regional, state, county, or local planning commissions or to hire expert consultants to provide specialized information and assistance. Any member of the panel conducting or participating in any hearing shall have the power to administer oaths and affirmations, to issue subpoenas, and to compel the attendance and testimony of witnesses and the production of papers, books, and documents. Any costs related to this subdivision shall be shared equally by the parties.

Subd. 5. **Decision factors.** In disputes brought under this section, the arbitration panel shall consider the following factors in making a decision:

(1) present population and number of households, past population, and projected population growth of the subject area and adjacent units of local government;

(2) quantity of land within the subject area and adjacent units of local government; and natural terrain including recognizable physical features, general topography, major watersheds, soil conditions, and such natural features as rivers, lakes, and major bluffs;

(3) degree of contiguity of the boundaries between the municipality and the subject area;

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

(5) the present transportation network and potential transportation issues, including proposed highway development;

(6) land use controls and planning presently being utilized in the municipality and the subject area, including comprehensive plans for development in the area and plans and policies of the Metropolitan Council, and whether there are inconsistencies between proposed development and existing land use controls and the reasons therefore;

(7) existing levels of governmental services being provided in the municipality and the subject area, including water and sewer service, fire rating and protection, law enforcement, street improvements and maintenance, administrative services, and recreational facilities and the impact of the proposed action on the delivery of said services;

(8) existing or potential environmental problems and whether the proposed action is likely to improve or resolve these problems;

(9) plans and programs by the municipality for providing needed governmental services to the subject area;

(10) an analysis of the fiscal impact on the municipality, the subject area, and adjacent units of local government, including net tax capacity and the present bonded indebtedness, and the local tax rates of the county, school district, and township;

(11) relationship and effect of the proposed action on affected and adjacent school districts and communities;

(12) adequacy of town government to deliver services to the subject area;

(13) analysis of whether necessary governmental services can best be provided through the proposed action or another type of boundary adjustment; and

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

Any party to the proceeding may present evidence and testimony on any of the above factors at the hearing on the matter.

Subd. 6. **Decision.** The arbitrators, after a hearing on the matter, shall make a decision regarding the dispute within 60 days and transmit an order to the parties in comprehensive planning disputes or to the chief administrative law judge in chapter 414 disputes. Unless appealed by an aggrieved party within 30 days of receipt of the arbitration panel's order by the office, the office shall execute an order in accordance with the arbitration panel's order and shall cause copies of the same to be mailed to all parties entitled to mailed notice, the secretary of state, the Department of Revenue, the state demographer, individual property owners if initiated in that manner, the affected county auditor, and any other party of record. The affected county auditor shall record the order against the affected property.

History: *1997 c 202 art 6 s 3; 2003 c 2 art 5 s 15; 2008 c 196 art 2 s 14; 2010 c 264 art 2 s 8; 2011 c 76 art 4 s 5,6; 2015 c 21 art 1 s 96,97*

572A.03 ARBITRATION PANEL DECISION STANDARDS.

Subdivision 1. **Decision standards.** The arbitration panel, based upon the factors in section 572A.02, subdivision 5, shall decide the matter based upon the decision standards in subdivisions 2 to 6.

Subd. 2. **Comprehensive land use planning.** For comprehensive land use planning disputes under section 462.3535, if the arbitrators find that the city's projected estimates found in its comprehensive plan are reasonable with respect to an identified urban growth area, the arbitration panel may order approval of the city plan. If the order is to approve the community-based comprehensive plan, the order shall contain notice directing the county to approve the city plan within ten days of receipt of the arbitration order. The city shall, thereafter, adopt the plan. If the order is to deny the plan, the arbitration order shall state the reasons for the denial in the order and transmit the order to the city and the county. The city shall within 30 days of receipt of the order amend its plan and resubmit the plan to the county for review and approval under this subdivision. The county shall not unreasonably withhold approval of the plan if the resubmitted city plan is in keeping with the arbitration panel's order.

Subd. 3. **Municipal incorporations.** For municipal incorporations under section 414.02, the arbitration panel may order the incorporation if it finds that: (1) the property to be incorporated is now, or is about to become, urban or suburban in character; (2) that the existing township form of government is not adequate to protect the public health, safety, and welfare; or (3) the proposed incorporation would be in the best interests of the area under consideration. The panel may deny the incorporation if the area, or a part of it, would be better served by annexation to an adjacent municipality. The panel may alter the boundaries of the proposed incorporation by increasing or decreasing the area to be incorporated so as to include only that property which is now, or is about to become, urban or suburban in character, or may exclude property that may be better served by another unit of government. The panel may also alter the boundaries of the proposed incorporation so as to follow visible, clearly recognizable physical features for municipal boundaries. In all cases, the panel shall set forth the factors which are the basis for the decision.

Subd. 4. **Annexations of unincorporated property.** For annexations of unincorporated property under section 414.031 or 414.033, subdivisions 3 and 5, the arbitration panel may order the annexation: (1) if it finds that the subject area is now, or is about to become, urban or suburban in character; (2) if it finds that municipal government in the area proposed for annexation is required to protect the public health, safety, and welfare; or (3) if it finds that the annexation would be in the best interest of the subject area. If only a part of a township is to be annexed, the panel shall consider whether the remainder of the township can continue to carry on the functions of government without undue hardship. The panel shall deny the annexation if it finds that the increase in revenues for the annexing municipality bears no reasonable relation to the monetary value of benefits conferred upon the annexed area. The panel may deny the annexation: (1) if it appears that annexation of all or a part of the property to an adjacent municipality would better serve the interests of the residents of the property; or (2) if the remainder of the township would suffer undue hardship.

The panel may alter the boundaries of the area to be annexed by increasing or decreasing the area so as to include only that property which is now or is about to become urban or suburban in character or to add property of that character abutting the area proposed for annexation in order to preserve or improve the symmetry of the area, or to exclude property that may better be served by another unit of government. The panel may also alter the boundaries of the proposed annexation so as to follow visible, clearly recognizable physical features. If the panel determines that part of the area would be better served by another municipality or township, the panel may initiate and approve annexation on its own motion by conducting further hearings. In all cases, the arbitration panel shall set forth the factors that are the basis for the decision.

Subd. 5. **Orderly annexations within a designated area.** For orderly annexations within a designated area under section 414.0325, which require a hearing, the arbitration panel may order the annexation: (1) if it finds that the subject area is now or is about to become urban or suburban in character and that the annexing municipality is capable of providing the services required by the area within a reasonable time; (2) if it finds that the existing township form of government is not adequate to protect the public health, safety, and welfare; or (3) if it finds that annexation would be in the best interests of the subject area. The panel may deny the annexation if it conflicts with any provision of the joint agreement. The panel may alter the boundaries of the proposed annexation by increasing or decreasing the area so as to include that property within the designated area which is in need of municipal services or will be in need of municipal services.

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

Subd. 6. **Consolidation of municipalities.** For municipal consolidations under section 414.041, the arbitration panel shall consider and may accept, amend, return to the commission for amendment or further study, or reject the commission's findings and recommendations based upon the panel's written determination of what is in the best interests of the affected municipalities. The panel shall order the consolidation if it finds that consolidation will be for the best interests of the municipalities. In all cases, the arbitration panel shall set forth the factors that are the basis for the decision.

Subd. 7. **Detachment of property from a municipality.** For detachments of property from a municipality under section 414.06, the arbitration panel may order the detachment if it finds that the requisite number of property owners have signed the petition if initiated by the property owners, that the property is rural in character and not developed for urban residential, commercial, or industrial purposes, that the property is within the boundaries of the municipality and abuts a boundary, that the detachment would not unreasonably affect the symmetry of the detaching municipality, and that the land is not needed for reasonably anticipated future development. The panel shall deny the detachment if it finds that the remainder of the municipality cannot continue to carry on the functions of government without undue hardship. The panel shall have authority to decrease the area of property to be detached and may include only a part of the proposed area to be detached. If the tract abuts more than one township, it shall become a part of each township, being divided by projecting through it the boundary line between the townships. The detached area may be relieved of the primary responsibility for existing indebtedness of the municipality and be required to assume the indebtedness of the township of which it becomes a part, in the proportion that the panel deems just and equitable considering the amount of taxes due and delinquent and the indebtedness of each township and the municipality affected, if any, and for what purpose the indebtedness was incurred, in relation to the benefit inuring to the detached area as a result of the indebtedness and the last net tax capacity of the taxable property in each township and municipality.

Subd. 8. **Concurrent detachment and annexation of incorporated property.** For concurrent detachment and annexation of incorporated property under section 414.061, subdivisions 4 and 5, the arbitration panel shall order the proposed action if it finds that it will be for the best interests of the municipalities and the property owner. In all cases, the arbitration panel shall set forth the factors which are the basis for the decision.

History: *1997 c 202 art 6 s 4; 2003 c 2 art 5 s 16; 2011 c 76 art 4 s 7*