CHAPTER 375B

COUNTY SUBORDINATE SERVICE DISTRICTS

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375B.01 PURPOSE OF SUBORDINATE GOVERNMENTAL SERVICE DISTRICTS.

It is the purpose of this chapter to provide a means by which a county as a unit of general local government can effectively provide and finance various governmental services for its residents.

History: *1982 c 507 s 8; 1983 c 216 art 1 s 63*

375B.02 DEFINITION.

"Subordinate service district" means a compact and contiguous district within the county in which one or more governmental services or additions to countywide services are provided by the county and financed from revenues secured from within that district. The boundaries of a single subordinate service district may not embrace an entire county.

History: *1982 c 507 s 9*

375B.03 ESTABLISHMENT OF SERVICE DISTRICTS.

Notwithstanding any provision of law requiring uniform property tax rates on real or personal property within the county, any county in this state, except a metropolitan county as defined in section 473.121, subdivision 4, and any other county containing a city of the first class, may establish subordinate service districts to provide and finance any governmental service or function which it is otherwise authorized to undertake. A function or service to be provided shall not include a function or service which the county generally provides throughout the county unless an increase in the level of the service is to be supplied in the service district.

History: *1982 c 507 s 10*

375B.04 CREATION BY COUNTY BOARD.

The county board of commissioners of any county, except a metropolitan county as defined in section 473.121, subdivision 4, and any other county containing a city of the first class, may establish a subordinate service district in a portion of the county by adoption of an appropriate resolution. Before the adoption of the resolution, the county board shall hold a public hearing on the question of whether or not a subordinate service district shall be established. The resolution shall specify the service or services to be provided within the subordinate service district and shall specify the territorial boundaries of the district.

History: *1982 c 507 s 11*

375B.05 CREATION BY PETITION.

Subdivision 1. **Petition.** A petition signed by ten percent of the qualified voters within the portion of the county proposed for the subordinate service district may be submitted to the county board requesting the establishment of a subordinate county service district to provide any service or services which the county is otherwise authorized by law to provide. The petition shall include the territorial boundaries of the proposed district and shall specify the types of services to be provided within the district.

Subd. 2. **Public hearing.** Upon receipt of the petition, and verification of the signatures by the county auditor, the county board shall, within 30 days following verification, hold a public hearing on the question of whether or not the requested district shall be established.

Subd. 3. **Approval; disapproval.** Within 30 days following the holding of a public hearing, the county board, by resolution, shall approve or disapprove the establishment of the requested district. A resolution approving the creation of the district may contain amendments or modifications of the district's boundaries or functions as set forth in the petition.

History: *1982 c 507 s 12*

375B.06 PUBLICATION AND EFFECTIVE DATE.

Upon passage of a resolution authorizing the creation of a subordinate service district, the county board shall cause the resolution to be published once in the official newspaper. The resolution shall include a general description of the territory to be included within the district, the type of service or services to be undertaken in the district, a statement of the means by which the service or services will be financed, and a designation of the county agency or officer who will be responsible for supervising the provision of the service or services. The district shall be deemed established 30 days after publication or at a later date as may be specified in the resolution.

History: *1982 c 507 s 13*

375B.07 REFERENDUM.

Subdivision 1. **Petition.** Upon receipt of a petition signed by five percent of the qualified voters within the territory of the proposed district prior to the effective date of its creation as specified in section 375B.06, the creation shall be held in abeyance pending referendum vote of all qualified electors residing within the boundaries of the proposed district.

Subd. 2. **Election.** The county board shall make arrangements for the holding of a special election on a date authorized by section 205.10, subdivision 3a, within the boundaries of the proposed district. The question to be submitted and voted upon by the qualified voters within the territory of the proposed district shall be phrased substantially as follows:

"Shall a subordinate service district be established in order to provide (service or services to be provided) financed by (revenue sources)?"

If a majority of those voting on the question favor creation of the proposed district, the district shall be deemed created upon certification of the vote by the county auditor. The county auditor shall administer the election.

History: *1982 c 507 s 14; 2017 c 92 art 2 s 19*

375B.08 ENLARGING A SUBORDINATE SERVICE DISTRICT.

The county board, on its own motion or pursuant to petition, may enlarge any existing subordinate service district pursuant to the procedures specified in sections 375B.04 to 375B.07. Only qualified voters residing in the district to be added shall be eligible to participate in the election, but if five percent of the qualified voters residing in the existing service district petition to participate in the election, all qualified voters residing in the proposed service district shall be eligible.

History: *1982 c 507 s 15*

375B.09 FINANCING.

Subdivision 1. **Budget.** (a) Upon adoption of the next annual budget following the creation of a subordinate service district the county board shall include in the budget appropriate provisions for the operation of the district including, as appropriate, either a property tax levied only on property within the boundaries of the district or a levy of a service charge against the users of the service within the district, or any combination of a property tax and a service charge.

(b) A tax or service charge or a combination thereof shall not be imposed to finance a function or service in the subordinate service district which the county generally provides throughout the county unless an increase in the level of the service is to be supplied in the subordinate service district in which case, in addition to the countywide tax levy, only an amount necessary to pay for the increased level of service may be imposed.

Subd. 2. **Bonds.** At any time after the requirements of section 375B.07 have been met and the subordinate service district created, the county board may issue obligations in an amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making capital improvements necessary to operate the subordinate service district and provide the special services in the district, including every item of cost from inception to completion and all fees and expenses incurred in connection with the capital improvements or the financing. The obligations shall be payable primarily out of the proceeds of the taxes and service charges imposed pursuant to subdivision 1, net revenues as described in section 444.075, and special assessments under chapter 429. The county board may by resolution pledge the full faith credit and taxing power of the county to ensure payment of the principal and interest on the obligations if the proceeds of the taxes and service charges are insufficient to pay the principal and interest. Obligations must be issued in accordance with chapter 475, except that an election is not required, and the amount of the obligations is not included in determining the net indebtedness of the county under the provisions of any law limiting indebtedness.

Subd. 3. **Covenants to secure obligations.** In resolutions authorizing the issuance of general or special obligations and pledging taxes and service charges imposed under subdivision 1, net revenues, or special assessments to their payment, the county board may make covenants for the protection of holders of the obligations and taxpayers of the county as it deems necessary, including a covenant that the county will impose and collect charges of the nature authorized by this chapter at the time and in the amounts required to produce, together with any taxes or special assessments designated as a primary source of payment of the obligations, funds adequate to pay all principal and interest when due on the obligations and to create and maintain reserves securing the payments as may be provided in the resolutions.

Subd. 4. **Continuance in event of withdrawal.** If obligations have been issued for the benefit of the subordinate service district, and the district is withdrawn or removed pursuant to either section 375B.10 or

375B.11, the rates, charges, and tax levies, if any, in the withdrawn or removed district must continue until the obligations and any obligations issued to refund them have been paid in full.

History: *1982 c 507 s 16; 2008 c 154 art 10 s 11*

375B.10 WITHDRAWAL; ELECTION.

Upon receipt of a petition signed by ten percent of the qualified voters within the territory of the subordinate service district requesting the removal of the district, or pursuant to its own resolution, the county board shall make arrangements for the holding of a special election within the boundaries of the service district on a date authorized by section 205.10, subdivision 3a. The question to be submitted and voted upon by the qualified voters within the territory of the district shall be phrased substantially as follows:

"Shall the subordinate service district presently established be removed and the service or services of the county as provided for the service district be discontinued?"

If a majority of those voting on the question favor the removal and discontinuance of the services, the service district shall be removed and the services shall be discontinued upon certification of the vote by the county auditor. The county auditor shall administer the election.

History: *1982 c 507 s 17; 2017 c 92 art 2 s 20*

375B.11 WITHDRAWAL; BY RESOLUTION OF COUNTY BOARD.

The county board may by resolution withdraw a subordinate service district from the provisions of this chapter and discontinue the service provided within the service district. The county board shall cause notice of its intention to withdraw the service district to be published at least once in the official newspaper not more than six months or less than three months before the resolution is adopted. If a joint powers agreement is a part of the subordinate service district arrangement no withdrawal shall be effective under this section unless all parties to the joint powers agreement agree to the withdrawal.

History: *1982 c 507 s 18*

375B.12 LOCAL LAWS SUPERSEDED.

A special law for a single county, except a metropolitan county as defined in section 473.121, subdivision 4, and any other county containing a city of the first class, which authorizes the county to establish subordinate service districts or areas is hereby superseded. Any service being provided pursuant to the special law on or before the effective date of Laws 1982, chapter 507, sections 1 to 12 may continue to be provided pursuant to the special law.

History: *1982 c 507 s 19*