CHAPTER 428A

SPECIAL SERVICE DISTRICTS; HOUSING IMPROVEMENT AREAS

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SPECIAL SERVICE DISTRICTS

428A.01 SPECIAL SERVICE DISTRICT PROCEDURES; DEFINITIONS.

Subdivision 1. **Applicability.** As used in sections 428A.01 to 428A.10, the terms defined in this section have the meanings given them.

Subd. 2. **City.** "City" means a home rule charter or statutory city.

Subd. 3. **Special services.** "Special services" has the meaning given in the city's ordinance but special services may not include a service that is ordinarily provided throughout the city from general fund revenues of the city unless an increased level of the service is provided in the special service district.

Subd. 4. **Special service district.** "Special service district" means a defined area within the city where special services are rendered and the costs of the special services are paid from revenues collected from service charges imposed within that area.

Subd. 5. **Net tax capacity.** Except as provided in section 428A.05, "net tax capacity" means the net tax capacity most recently certified by the county auditor under section 428A.03, subdivision 1a, before the effective date of the ordinance or resolution adopted under section 428A.02 or 428A.03.

Subd. 6. **Land area.** "Land area" means the land area in the district that is subject to property taxes.

Subd. 7. **Multiunit residential property.** "Multiunit residential property" means:

(1) property classified as class 4a under section 273.13, subdivision 25, paragraph (a);

(2) condominiums, as defined under section 515A.1-103, clause (7), that are classified as class 1a under section 273.13, subdivision 22, paragraph (a); class 4b under section 273.13, subdivision 25, paragraph (b), clause (1); class 4bb under section 273.13, subdivision 25, paragraph (c), clause (1); or condominiums under chapters 515 and 515A established prior to the enactment of the Minnesota Common Interest Ownership act under chapter 515B;

(3) condominium-type storage units classified as class 4bb under section 273.13, subdivision 25, paragraph (c), clause (3); and

(4) duplex or triplex property classified as class 1a under section 273.13, subdivision 22, paragraph (a); or classified as class 4b under section 273.13, subdivision 25, paragraph (b), clause (1).

Multiunit residential property does not include any unit that is an affordable housing unit classified as 4d low-income rental housing under section 273.13, subdivision 25, paragraph (e).

Subd. 8. **Nonresidential property.** "Nonresidential property" means property that is classified under section 273.13 and used for commercial, industrial, or public utility purposes, or is zoned for vacant land or designated on a land use plan for commercial or industrial use.

History: *1988 c 719 art 5 s 84; art 14 s 1; 1989 c 329 art 13 s 20; 1995 c 264 art 16 s 16; 1996 c 471 art 8 s 3,4; 2023 c 62 art 3 s 10,11*

428A.02 ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.

Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance establishing a special service district. Only nonresidential and multiunit residential property located in the special service district may be subject to the charges imposed by the city on the special service district. Other types of property may be included within the boundaries of the special service district but are not subject to the levies or charges imposed by the city on the special service district. If 50 percent or more of the estimated market value of a parcel of property is classified under section 273.13 as commercial, industrial, or vacant land zoned or designated on a land use plan for commercial or industrial use, or public utility for the current assessment year, then the entire taxable market value of the property is subject to a service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10. The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include the time and place of hearing, a map showing the boundaries of the proposed district, and a statement that all persons owning property in the proposed district that would be subject to a service charge will be given opportunity to be heard at the hearing. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Subd. 2. **Notice.** Notice of the hearing must be given by publication in at least two issues of the official newspaper of the city. The two publications must be two weeks apart and the hearing must be held at least three days after the last publication. Not less than ten days before the hearing, notice must also be mailed to the owner of each parcel within the area proposed to be included in the district. For the purpose of giving mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information. For properties that are tax exempt or subject to taxation on a gross earnings basis in lieu of property tax and are not listed on the records of the county auditor, the owners must be ascertained by any practicable means and mailed notice given them. At the public hearing a person affected by the proposed district may testify on any issues relevant to the proposed district. The hearing may be adjourned from time to time and the ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

Subd. 3. **Charges; relationship to services.** The city may impose service charges under sections 428A.01 to 428A.10 that are reasonably related to the special services provided. Charges for service shall be as nearly as possible proportionate to the cost of furnishing the service, and may be fixed on the basis of the service

directly rendered, or by reference to a reasonable classification of the types of premises to which service is furnished, or on any other equitable basis.

Subd. 4. **Benefit; objection.** Before the ordinance is adopted or at the hearing at which it is to be adopted, any affected landowner may file a written objection with the city clerk asserting that the landowner's property should not be included in the district or should not be subjected to a service charge and objecting to:

(1) the inclusion of the landowner's property in the district, for the reason that the property would not receive services that are not provided throughout the city to the same degree;

(2) the levy of a service charge on the landowner's property, for the reason that the property is exempted under sections 428A.01 to 428A.10 or the special law under which the district was created; or

(3) the fact that neither the landowner's property nor its use is benefited by the proposed special service.

The governing body shall make a determination on the objection within 30 days of its filing. Pending its determination, the governing body may delay adoption of the ordinance or it may adopt the ordinance with a reservation that the landowner's property may be excluded from the district or district service charges when the determination is made.

Subd. 5. **Appeal to district court.** Within 30 days after the determination of the objection, any person aggrieved, who is not precluded by failure to object before or at the hearing, or whose failure to object is due to a reasonable cause, may appeal to the district court by serving a notice upon the mayor or city clerk. The notice shall be filed with the court administrator of the district court within ten days after its service. The city clerk shall furnish the appellant a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the appellant's objections have merit, modify or cancel it. If the appellant does not prevail upon the appeal, the costs incurred shall be taxed to the appellant by the court and judgment entered for them. All objections shall be deemed waived unless presented on appeal.

History: *1988 c 719 art 5 s 84; art 14 s 2; 1989 c 329 art 13 s 20; 1996 c 471 art 8 s 5; 2013 c 143 art 14 s 67; 2023 c 62 art 3 s 12*

428A.03 SERVICE CHARGE AUTHORITY; NOTICE, HEARING REQUIREMENT.

Subdivision 1. **Hearing.** Service charges may be imposed by the city within the special service district at a rate or amount sufficient to produce the revenues required to provide special services in the district. To determine the appropriate rate for a service charge based on net tax capacity, taxable property or net tax capacity must be determined without regard to captured or original net tax capacity under section 469.177 or to the distribution or contribution value under section 473F.08. Service charges may not be imposed to finance a special service if the service is ordinarily provided by the city from its general fund revenues unless the service is provided in the district at an increased level. In that case, a service charge may be imposed only in the amount needed to pay for the increased level of service. A service charge may not be imposed on the receipts from the sale of intoxicating liquor, food, or lodging. Before the imposition of service charges in a district, for each calendar year, a hearing must be held under section 428A.02 and notice must be given and must be mailed to any owner, individual, or business organization subject to a service charge. For purposes of this section, the notice shall also include:

(1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed service charge;

(2) the estimated cost of improvements to be paid for in whole or in part by service charges imposed under this section, the estimated cost of operating and maintaining the improvements during the first year and upon completion of the improvements, the proposed method and source of financing the improvements, and the annual cost of operating and maintaining the improvements;

(3) the proposed rate or amount of the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year in which the service charge is to be collected; and

(4) a statement that the petition requirements of section 428A.08 have either been met or do not apply to the proposed service charge.

Within six months of the public hearing, the city may adopt a resolution imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued under this section.

Subd. 1a. **Certification of net tax capacity.** Upon a request of the city, the county auditor must certify the most recent net tax capacity of the taxable property subject to service charges within the special service district.

Subd. 2. **Exemption of certain properties from taxes and service charges.** Property exempt from taxation by section 272.02 is exempt from any service charges based on net tax capacity imposed under sections 428A.01 to 428A.10.

Subd. 3. **Levy limit.** Service charges imposed under sections 428A.01 to 428A.10 are not included in the calculation of levies or limits on levies imposed under law or charter.

Subd. 4. **Common interest community charges.** Service charges may not be imposed on a unit in a common interest community for a service that is ordinarily provided by the unit's owner's association unless an increased level of service is provided by the special service district. A unit in a common interest community is defined under section 515B.1-103, clause (10), and also includes common interest communities under chapters 515 and 515A that were established prior to the enactment of the Minnesota Common Interest Ownership Act under chapter 515B.

History: *1988 c 719 art 5 s 84; art 14 s 3; 1989 c 329 art 13 s 20; 1995 c 264 art 16 s 17; 2009 c 88 art 6 s 8; 2023 c 62 art 3 s 13*

428A.04 ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.

Boundaries of a special service district may be enlarged only after hearing and notice as provided in sections 428A.02 and 428A.03. Notice must be served in the original district and in the area proposed to be added to the district. Property added to the district is subject to all service charges imposed within the district after the property becomes a part of the district if it is property of the type that is subject to service charges in the district. On the question of enlargement, the petition requirement in section 428A.08 and the veto power in section 428A.09 apply only to owners, individuals, and business organizations in the area proposed to be added to the district.

History: *1988 c 719 art 14 s 4*

428A.05 COLLECTION OF SERVICE CHARGES.

Service charges may be imposed on the basis of the net tax capacity of the property on which the service charge is imposed but must be spread only upon the net tax capacity of the taxable property located in the geographic area described in the ordinance. Service charges based on net tax capacity may be payable and

collected at the same time and in the same manner as provided for payment and collection of ad valorem taxes. When made payable in the same manner as ad valorem taxes, service charges not paid on or before the applicable due date shall be subject to the same penalty and interest as in the case of ad valorem tax amounts not paid by the respective due date. The due date for a service charge payable in the same manner as ad valorem taxes is the due date given in law for the real or personal property tax for the property on which the service charge is imposed. Service charges imposed on net tax capacity which are to become payable in the following year must be certified to the county auditor by the date provided in section 429.061, subdivision 3, for the annual certification of special assessment installments. Other service charges imposed must be collected as provided by ordinance. Service charges based on net tax capacity collected under sections 428A.01 to 428A.10 are not included in computations under section 469.177, chapter 276A or 473F, or any other law that applies to general ad valorem levies. For the purpose of this section, "net tax capacity" means the net tax capacity most recently determined at the time that tax rates are determined under section 275.08.

History: *1988 c 719 art 5 s 84; art 14 s 5; 1989 c 329 art 13 s 20; 1995 c 264 art 16 s 18; 1996 c 471 art 11 s 12*

428A.06 BONDS.

At any time after a contract for the construction of all or part of an improvement authorized under sections 428A.01 to 428A.10 has been entered into or the work has been ordered done by day labor, the governing body of the city may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing. The obligations are payable primarily out of the proceeds of the service charge based on net tax capacity imposed under section 428A.03, or from any other special assessments or nontax revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to assure payment of the principal and interest if the proceeds of the service charge in the district are insufficient to pay the principal and interest. The obligations must be issued in accordance with chapter 475, except that an election is not required, and the amount of the obligations need not be included in determining the net debt of the city under the provisions of any law or charter limiting debt.

History: *1988 c 719 art 5 s 84; art 14 s 6; 1989 c 329 art 13 s 20*

428A.07 ADVISORY BOARD.

The governing body of the city may create and appoint an advisory board for each special service district in the city to advise the governing body in connection with the construction, maintenance, and operation of improvements, and the furnishing of special services in a district. The advisory board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose service charges within the district, the advisory board of the district shall have an opportunity to review and comment upon the proposal.

History: *1988 c 719 art 14 s 7*

428A.08 PETITION REQUIRED.

No action may be taken under section 428A.02 or 428A.03, unless owners of 25 percent or more of the land area of property that would be subject to service charges in the proposed special service district and either: (1) owners of 25 percent or more of the net tax capacity of property that would be subject to a proposed service charge, based on net tax capacity; or (2) owners, individuals, and business organizations subject to 25 percent or more of a proposed service charge based on other than net tax capacity file a petition requesting a public hearing on the proposed action with the city clerk. If the boundaries of a proposed district are changed or the land area or net tax capacity subject to a service charge or the individuals or business organizations subject to a service charge are changed after the public hearing, a petition meeting the requirements of this section must be filed with the city clerk before the ordinance establishing the district or resolution imposing the service charge may become effective.

History: *1988 c 719 art 5 s 84; art 14 s 8; 1989 c 329 art 13 s 20; 2009 c 88 art 6 s 9*

428A.09 VETO POWER OF OWNERS.

Subdivision 1. **Notice of right to file objections.** Except as provided in section 428A.10, the effective date of any ordinance or resolution adopted under sections 428A.02 and 428A.03 must be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a summary of the ordinance or resolution must be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge in the same manner that notice is mailed under section 428A.02. The mailing must include a notice that owners subject to a service charge based on net tax capacity and owners, individuals, and business organizations subject to a service charge imposed on another basis have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution and that a copy of the ordinance or resolution is on file with the city clerk for public inspection.

Subd. 2. **Requirements for veto.** If owners of 35 percent or more of the land area in the district subject to the service charge based on net tax capacity or owners, individuals, and business organizations subject to 35 percent or more of the service charges to be imposed in the district, file an objection to the ordinance adopted by the city under section 428A.02 with the city clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of 35 percent or more of the land area subject to the service charge based on net tax capacity or owners of 35 percent or more of the net tax capacity subject to the service charge based on net tax capacity file an objection to the resolution adopted imposing a service charge based on net tax capacity under section 428A.03 with the city clerk before the effective date of the resolution, the resolution does not become effective. If owners, individuals, and business organizations subject to 35 percent or more of the service charges to be imposed in the district file an objection to the resolution adopted imposing a service charge on a basis other than net tax capacity under section 428A.03 with the city clerk before the effective date of the resolution, the resolution does not become effective. In the event of a veto, no district shall be established during the current calendar year and until a petition meeting the qualifications set forth in this subdivision for a veto has been filed.

History: *1988 c 719 art 5 s 84; art 14 s 9; 1989 c 329 art 13 s 20; 2009 c 88 art 6 s 10*

428A.10 EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.

The petition requirements of section 428A.08 do not apply to second or subsequent years' action to impose service charges under section 428A.03. The right of owners and those subject to a service charge to veto a resolution in section 428A.09 does not apply to second or subsequent years' applications of a service charge that is authorized to be in effect for more than one year under a resolution that has not been vetoed

under section 428A.09 for the first year's application. A resolution imposing a service charge for more than one year must not be adopted unless the notice of public hearing required by section 428A.03 and the notice mailed with the adopted resolution under section 428A.09 include the following information:

(1) in the case of improvements, the maximum service charge to be imposed in any year and the maximum number of years the service charge is imposed to pay for the improvement; and

(2) in the case of operating and maintenance services, the maximum service charge to be imposed in any year and the maximum number of years, or a statement that the service charge will be imposed for an indefinite number of years, the service charges will be imposed to pay for operation and maintenance services.

The resolution may provide that the maximum service charge to be imposed in any year will increase or decrease from the maximum amount authorized in the preceding year based on an indicator of increased cost or a percentage amount established by the resolution.

History: *1988 c 719 art 14 s 10; 2009 c 88 art 6 s 11*

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

The establishment of a new special service district after June 30, 2028, requires enactment of a special law authorizing the establishment.

History: *1996 c 471 art 8 s 6; 2000 c 493 s 4; 2005 c 152 art 1 s 10; 2009 c 88 art 2 s 27; 2013 c 143 art 4 s 30*

HOUSING IMPROVEMENT AREAS

428A.11 HOUSING IMPROVEMENT AREAS; DEFINITIONS.

Subdivision 1. **Applicability.** As used in sections 428A.11 to 428A.20, the terms defined in this section have the meanings given them.

Subd. 2. **City.** "City" means a home rule charter or statutory city.

Subd. 3. **Enabling ordinance.** "Enabling ordinance" means the ordinance adopted by the city council establishing the housing improvement area.

Subd. 4. **Housing improvements.** "Housing improvements" has the meaning given in the city's enabling ordinance. Housing improvements may include improvements to common elements of a condominium or other common interest community or to a manufactured home park.

Subd. 5. **Housing improvement area.** "Housing improvement area" means a defined area within the city where housing improvements are made or constructed and the costs of the improvements are paid in whole or in part from fees imposed within the area.

Subd. 6. **Housing unit.** "Housing unit" means real property and improvements thereon consisting of a one-dwelling unit, or an apartment or unit as described in chapter 515, 515A, or 515B, respectively, or a manufactured home in a manufactured home park that is occupied by a person or family for use as a residence.

Subd. 7. **Authority.** "Authority" means an economic development authority or housing and redevelopment authority created pursuant to section 469.003, 469.004, or 469.091 or another entity authorized by law to exercise the powers of an authority created pursuant to one of those sections.

Subd. 8. **Implementing entity.** "Implementing entity" means the city or authority designated in the enabling ordinance as responsible for implementing and administering the housing improvement area.

History: *1996 c 471 art 8 s 7; 1999 c 11 art 3 s 13,14; 2000 c 490 art 11 s 2,3; 1Sp2019 c 1 art 6 s 18,19*

428A.12 PETITION REQUIRED.

No action may be taken under sections 428A.13 and 428A.14 unless owners of 50 percent or more of the housing units that would be subject to fees in the proposed housing improvement area file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken under section 428A.14 to impose a fee unless owners of 50 percent or more of the housing units subject to the proposed fee file a petition requesting a public hearing on the proposed fee with the city clerk or other appropriate official.

History: *1996 c 471 art 8 s 8; 2010 c 389 art 1 s 22*

428A.13 ESTABLISHMENT OF HOUSING IMPROVEMENT AREA.

Subdivision 1. **Ordinance.** The governing body of the city may adopt an ordinance establishing one or more housing improvement areas. The ordinance must specifically describe the portion of the city to be included in the area, the basis for the imposition of the fees, and the number of years the fee will be in effect. In addition, the ordinance must include findings that without the housing improvement area, the proposed improvements could not be made by the condominium associations or housing unit owners, and the designation is needed to maintain and preserve the housing units within the housing improvement area. The ordinance shall designate the implementing entity. The ordinance may not be adopted until a public hearing has been held regarding the ordinance. The ordinance may be amended by the governing body of the city, provided the governing body complies with the public hearing notice provisions of subdivision 2. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Subd. 1a. **Prerequisites for establishing.** Prior to establishment of a housing improvement area, the governing body of the city must:

(1) provide full disclosure of public expenditures, as well as the terms of any loans, bonds, or other financing arrangements for housing improvement area projects; and

(2) determine whether the association or the implementing entity will contract for the housing improvements, and ensure that any contracts made by the implementing entity are subject to section 471.345.

Subd. 2. **Public hearing.** The notice of public hearing must include the time and place of hearing, a map showing the boundaries of the proposed area, and a statement that all persons owning housing units in the proposed area that would be subject to a fee for housing improvements will be given an opportunity to be heard at the hearing. Notice of the hearing must be given by publication in the official newspaper of the city. The public hearing must be held at least seven days after the publication. Not less than ten days before the hearing, notice must also be mailed to the owner of each housing unit within the proposed area. For the purpose of giving mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information. At the public hearing a person owning property in the proposed housing improvement area may testify on any issues relevant to the proposed area. The hearing may be adjourned from time to time. The ordinance establishing the area may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

Subd. 3. **Proposed housing improvements.** At the public hearing held under subdivision 2, the proposed implementing entity shall provide a preliminary listing of the housing improvements to be made in the area. The listing shall identify those improvements, if any, that are proposed to be made to all or a portion of the common elements of a condominium. The listing shall also identify those housing units that have completed the proposed housing improvements and are proposed to be exempted from a portion of the fee. In preparing the list the proposed implementing entity shall consult with the residents of the area and the condominium associations.

Subd. 4. **Benefit; objection.** Before the ordinance is adopted or at the hearing at which it is to be adopted, the owner of a housing unit in the proposed housing improvement area may file a written objection with the city clerk asserting that the owner's property should not be included in the area or should not be subjected to a fee and objecting to the inclusion of the housing unit in the area, for the reason that the property would not benefit from the improvements.

The governing body shall make a determination of the objection within 60 days of its filing. Pending its determination, the governing body may delay adoption of the ordinance or it may adopt the ordinance with a reservation that the landowner's property may be excluded from the housing improvement area or fee when the determination is made.

Subd. 5. **Appeal to district court.** Within 30 days after the determination of the objection, any person aggrieved, who is not precluded by failure to object before or at the hearing, or whose failure to object is due to a reasonable cause, may appeal to the district court by serving a notice upon the mayor or city clerk. The notice shall be filed with the court administrator of the district court within ten days after its service. The city clerk shall furnish the appellant a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the appellant's objections have merit, modify or cancel it. If the appellant does not prevail upon the appeal, the costs incurred are taxed to the appellant by the court and judgment entered for them. All objections are deemed waived unless presented on appeal.

History: *1996 c 471 art 8 s 9; 2000 c 490 art 11 s 4,5; 2009 c 88 art 2 s 28*

428A.14 IMPROVEMENT FEES AUTHORITY; NOTICE AND HEARING.

Subdivision 1. **Authority.** Fees may be imposed by the implementing entity on the housing units within the housing improvement area at a rate, term, or amount sufficient to produce revenue required to provide housing improvements in the area to reimburse the implementing entity for advances made to pay for the housing improvements or to pay principal of, interest on, and premiums, if any, on bonds issued by the implementing entity under section 428A.16. The fee can be imposed on the basis of the tax capacity of the housing unit, or the total amount of square footage of the housing unit, or a method determined by the council and specified in the resolution. If a fee is imposed on a basis other than the tax capacity or square footage of the housing unit, the council must make a finding that the alternative basis for the fee is more fair and reasonable. Before the imposition of the fees, a hearing must be held and notice must be published in the official newspaper at least seven days before the hearing and shall be mailed at least seven days before the hearing to any housing unit owner subject to a fee. For purposes of this section, the notice must also include:

(1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed housing improvement fee;

(2) the estimated cost of improvements including administrative costs to be paid for in whole or in part by the fee imposed under the ordinance;

(3) the amount to be charged against the particular property;

(4) the right of the property owner to prepay the entire fee;

(5) the number of years the fee will be in effect; and

(6) a statement that the petition requirements of section 428A.12 have either been met or do not apply to the proposed fee.

Within six months of the public hearing, the implementing entity may adopt a resolution imposing a fee within the area not exceeding the amount expressed in the notice issued under this section.

Prior to adoption of the resolution approving the fee, the condominium associations located in the housing improvement area shall submit to the implementing entity a financial plan prepared by an independent third party, acceptable to the implementing entity and associations, that provides for the associations to finance maintenance and operation of the common elements in the condominium and a long-range plan to conduct and finance capital improvements.

Subd. 2. **Levy limit.** Fees imposed under this section are not included in the calculation of levies or limits on levies imposed under any law or charter.

History: *1996 c 471 art 8 s 10; 2000 c 490 art 11 s 6; 2009 c 88 art 2 s 29*

428A.15 COLLECTION OF FEES.

The implementing entity may provide for the collection of the housing improvement fees according to the terms of section 428A.05.

History: *1996 c 471 art 8 s 11; 2000 c 490 art 11 s 7*

428A.16 BONDS.

At any time after a contract for the construction of all or part of an improvement authorized under sections 428A.11 to 428A.20 has been entered into or the work has been ordered, the implementing entity may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing.

The obligations are payable primarily out of the proceeds of the fees imposed under section 428A.14, or from any other special assessments or revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The governing body of the city, or if the governing bodies are the same or consist of identical membership, the authority may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to bonds issued by it to ensure payment of the principal and interest if the proceeds of the fees in the area are insufficient to pay the principal and interest. The obligations must be issued in accordance with chapter 475, except that an election is not required, and the amount of the obligations are not included in determination of the net debt of the city under the provisions of any law or charter limiting debt.

History: *1996 c 471 art 8 s 12; 2000 c 490 art 11 s 8*

428A.17 ADVISORY BOARD.

The implementing entity may create and appoint an advisory board for the housing improvement area in the city to advise the implementing entity in connection with the planning and construction of housing improvements. In appointing the board, the implementing entity shall consider for membership members

of condominium associations located in the housing improvement area. The advisory board shall make recommendations to the implementing entity to provide improvements or impose fees within the housing improvement area. Before the adoption of a proposal by the implementing entity to provide improvements within the housing improvement area, the advisory board of the housing improvement area shall have an opportunity to review and comment upon the proposal.

History: *1996 c 471 art 8 s 13; 2000 c 490 art 11 s 9*

428A.18 VETO POWERS.

Subdivision 1. **Notice of right to file objections.** The effective date of any ordinance or resolution adopted under sections 428A.13 and 428A.14 must be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a summary of the ordinance or resolution shall be mailed to the owner of each housing unit included in the multiunit housing improvement area. The mailing shall include a notice that owners subject to a fee have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution and that a copy of the ordinance or resolution is on file with the city clerk for public inspection.

Subd. 2. **Requirements for veto.** If residents of 45 percent or more of the housing units in the area subject to the fee file an objection to the ordinance adopted by the city under section 428A.13 with the city clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of 45 percent or more of the housing units' tax capacity subject to the fee under section 428A.14 file an objection with the city clerk before the effective date of the resolution, the resolution does not become effective.

History: *1996 c 471 art 8 s 14; 2010 c 389 art 1 s 23*

428A.19 ANNUAL REPORTS.

Each condominium association located within the housing improvement area must, by August 15 annually, submit a copy of its audited financial statements to the implementing entity. The city may also, as part of the enabling ordinance, require the submission of other relevant information from the associations.

History: *1996 c 471 art 8 s 15; 2000 c 490 art 11 s 10*

428A.20 SPECIAL ASSESSMENTS.

Within a housing improvement area, the governing body of the city may, in addition to the fee authorized in section 428A.14, special assess housing improvements to benefited property. The governing body of the city may by ordinance adopt regulations consistent with this section.

History: *1996 c 471 art 8 s 16*

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

The establishment of a new housing improvement area after June 30, 2028, requires enactment of a special law authorizing the establishment of the area.

History: *1996 c 471 art 8 s 17; 2000 c 490 art 11 s 11; 2005 c 152 art 1 s 11; 2009 c 88 art 2 s 30; 2013 c 143 art 4 s 31*