CHAPTER 290—H.F.No. 1350

An act relating to jobs and training; establishing limits for rates under the child care sliding fee program; amending Minnesota Statutes 1986, section 268.91, subdivision 8.

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

Section 1. Minnesota Statutes 1986, section 268.91, subdivision 8, is amended to read:

Subd. 8. ~~MAXIMUM COUNTY RATE~~ CHILD CARE RATES. The county board may limit the subsidy allowed by setting a maximum on the provider child care rate that the county shall subsidize. The rate set by any county shall not be lower than 110 percent or higher than 125 percent of the median rate for like care arrangements in that county. In order to be reimbursed for more than 110 percent of the median rate, a provider with employees must pay wages for teachers, assistants, and aides that are more than 110 percent of the county average rate for child care workers.

Approved May 28, 1987

CHAPTER 291—S.F.No. 170

An act relating to economic development; recodifying provisions governing housing and redevelopment authorities, port authorities, economic development authorities, area redevelopment, municipal development districts, mined underground space development, rural development finance authorities, public development debt, enterprise zones, tax increment financing, and other local economic development tools; extending duration of bond allocation act; removing certain service persons' preference provisions from the housing and redevelopment authority law; modifying requirements for developers' tax abatements under the housing and redevelopment authority law; removing a sunset on certain St. Paul port authority provisions; amending Minnesota Statutes 1986, sections 16B.61, subdivision 3; 41A.05, subdivision 2; 41A.06, subdivision 5; 115A.69, subdivision 9; 116J.27, subdivision 4; 116M.03, subdivisions 11, 19, and 28; 116M.06, subdivision 3; 116M.07, subdivision 11; 124.214, subdivision 3; 216B.49, subdivision 7; 268.38, subdivision 3; 272.02, subdivision 5; 272.026; 272.68, subdivision 4; 273.13, subdivisions 9 and 24; 273.1393; 282.01, subdivision 1; 290.61; 298.2211, subdivisions 1 and 3; 353.01, subdivision 6; 355.11, subdivision 5; 355.16; 412.251; 462C.02, subdivisions 6 and 9; 462C.05, subdivision 7; 462C.06; 465.54; 465.74, subdivision 7; 465.77; 471A.03, subdivision 9; 473.195, subdivision 1; 473.201, subdivision 1; 473.504, subdivision 11; 473.556, subdivision 6; 473.638, subdivision 2; 473.811, subdivision 8; 473.852, subdivision 6; 473F.02, subdivision 3; 473F.05; 473F.08, subdivisions 2, 4, and 6; 475.525, subdivision 3; 477A.011, subdivision 7; 504.24, subdivision 2; and 609.321, subdivision 12; repealing Minnesota Statutes 1986, sections 273.1312; 273.1313; 273.1314; 273.71; 273.72; 273.73; 273.74; 273.75; 273.76; 273.77; 273.78; 273.86; 362A.01; 362A.02; 362A.03; 362A.04; 362A.041; 362A.05; 362A.06; 373.31; 426.055; 458.09; 458.091; 458.10; 458.11; 458.12; 458.14; 458.15;

458.16; 458.17; 458.18; 458.19; 458.191; 458.192; 458.193; 458.194; 458.1941; 458.195; 458.196; 458.197; 458.198; 458.199; 458.1991; 458.70; 458.701; 458.702; 458.703; 458.711; 458.712; 458.713; 458.72; 458.74; 458.741; 458.75; 458.76; 458.77; 458.771; 458.772; 458.773; 458.774; 458.775; 458.776; 458.777; 458.778; 458.79; 458.80; 458.801; 458.81; 458C.01; 458C.03; 458C.04; 458C.05; 458C.06; 458C.07; 458C.08; 458C.09; 458C.10; 458C.11; 458C.12; 458C.13; 458C.14; 458C.15; 458C.16; 458C.17; 458C.18; 458C.19; 458C.20; 458C.22; 458C.23; 459.01; 459.02; 459.03; 459.04; 459.05; 459.31; 459.32; 459.33; 459.34; 462.411; 462.415; 462.421; 462.425; 462.426; 462.427; 462.428; 462.429; 462.4291; 462.432; 462.435; 462.441; 462.445; 462.451; 462.455; 462.461; 462.465; 462.466; 462.471; 462.475; 462.481; 462.485; 462.491; 462.495; 462.501; 462.505; 462.511; 462.515; 462.521; 462.525; 462.531; 462.535; 462.541; 462.545; 462.551; 462.555; 462.556; 462.561; 462.565; 462.571; 462.575; 462.581; 462.585; 462.591; 462.595; 462.601; 462.605; 462.611; 462.615; 462.621; 462.625; 462.631; 462.635; 462.641; 462.645; 462.651; 462.655; 462.661; 462.665; 462.671; 462.675; 462.681; 462.685; 462.691; 462.695; 462.701; 462.705; 462.712; 462.713; 462.714; 462.715; 462.716; 465.026; 465.53; 465.55; 465.56; 472.01; 472.02; 472.03; 472.04; 472.05; 472.06; 472.07; 472.08; 472.09; 472.10; 472.11; 472.12; 472.125; 472.13; 472.14; 472.15; 472.16; 472A.01; 472A.02; 472A.03; 472A.04; 472A.05; 472A.06; 472A.07; 472A.09; 472A.10; 472A.11; 472A.12; 472A.13; 472B.01; 472B.02; 472B.03; 472B.04; 472B.05; 472B.06; 472B.07; 472B.08; 474.01; 474.02; 474.03; 474.04; 474.05; 474.06; 474.07; 474.08; 474.09; 474.10; 474.11; 474.13; 474.15; Laws 1961, chapter 545; Laws 1963, chapters 254; and 827; Laws 1967, chapter 541; Laws 1969, chapter 98; Laws 1973, chapter 114; Laws 1974, chapter 218; Laws 1975, chapter 326; Laws 1976, chapter 234, section 3; Laws 1979, chapter 269, section 1; Laws 1980, chapters 453; and 595, sections 5 and 8; Laws 1982, chapter 523, article 24, section 2; Laws 1983, chapters 110; and 257, section 1; Laws 1984, chapters 397; 498; and 548, section 9; and Laws 1985, chapters 173; 177; 188; 189; 192; 199; 205; 206, sections 2 and 3; and 301, sections 3 and 4; proposing coding for new law as Minnesota Statutes, chapter 469.

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

HOUSING AND REDEVELOPMENT AUTHORITIES

Section 1. **[469.001] PURPOSES.**

The purposes of sections 1 to 47 are:

(1) to provide a sufficient supply of adequate, safe, and sanitary dwellings in order to protect the health, safety, morals, and welfare of the citizens of this state;

(2) to clear and redevelop blighted areas;

(3) to perform those duties according to comprehensive plans;

(4) to remedy the shortage of housing for low and moderate income residents, and to redevelop blighted areas, in situations in which private enterprise would not act without government participation or subsidies; and

(5) in cities of the first class, to provide housing for persons of all incomes.

Public participation in activities intended to meet the purposes of sections 1 to 47 and the exercise of powers confined by sections 1 to 47 are public uses and purposes for which private property may be acquired and public money spent.

Sec. 2. **[469.002] DEFINITIONS.**

Subdivision 1. **GENERALLY.** In sections 1 to 47, the terms defined in this section have the meanings given to them herein, unless the context indicates a different meaning.

Subd. 2. **AUTHORITY.** "Authority" means a housing and redevelopment authority created or authorized to be created by sections 1 to 47.

Subd. 3. **CITY.** "City" means a home rule charter or statutory city.

Subd. 4. **STATE PUBLIC BODY.** "State public body" means any city, county, commission, district, authority, or other political subdivision or instrumentality of this state.

Subd. 5. **GOVERNING BODY.** "Governing body" means the council, board of trustees, or other body charged with governing any state public body.

Subd. 6. **MAYOR.** "Mayor" means the mayor of a city.

Subd. 7. **CLERK.** "Clerk" means the clerk of a city or the officer of any other state public body charged with the duties customarily imposed on the clerk of a city.

Subd. 8. **AREA OF OPERATION.** "Area of operation" means, in the case of an authority created in and for a city, county, or group of counties, the area within the territorial boundaries of that city, county, or group of counties.

Subd. 9. **FEDERAL GOVERNMENT.** "Federal government" includes the United States of America, the department of housing and urban development, or any other department, agency, or instrumentality of the United States of America.

Subd. 10. **FEDERAL LEGISLATION.** "Federal legislation" includes the United States Housing Act of 1937, Public Act No. 412 of the 75th Congress of the United States, any act that amends it or adds to it, and any other legislation of the Congress of the United States relating to federal assistance for clearance or rehabilitation of substandard or blighted areas, land assembly, redevelopment projects, or housing.

Subd. 11. **BLIGHTED AREA.** "Blighted area" means any area with buildings or improvements which, by reason of dilapidation, obsolescence, overcrowding, faulty arrangement or design, lack of ventilation, light, and sanitary facilities, excessive land coverage, deleterious land use, or obsolete layout, or any combination of these or other factors, are detrimental to the safety, health, morals, or welfare of the community.

Subd. 12. **PROJECT.** "Project" means a housing project, a housing development project or a redevelopment project, or any combination of those projects. The term "project" also may be applied to all real and personal property, assets, cash, or other funds, held or used in connection with the development or operation of the project. The term "project" also includes an interest reduction program authorized by section 12, subdivision 7.

Subd. 13. **HOUSING PROJECT.** "Housing project" means any work or undertaking to provide decent, safe, and sanitary dwellings for persons of low income and their families.

Such work or undertaking may include acquisition or provision of buildings, land, equipment, facilities, and other real or personal property for necessary, convenient, or desirable appurtenances, streets, sewers, water service, utilities, site preparation, landscaping, administrative, community, health, recreational, welfare, or other purposes.

"Housing project" also includes the planning of the buildings and improvements, the acquisition of property, the demolition or removal of existing structures, the construction, reconstruction, alteration, and repair of the improvements and all other work in connection therewith.

Subd. 14. **REDEVELOPMENT PROJECT.** "Redevelopment project" means any work or undertaking:

(1) to acquire blighted areas and other real property for the purpose of removing, preventing, or reducing blight, blighting factors, or the causes of blight;

(2) to clear any areas acquired and install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with the redevelopment plan;

(3) to sell or lease land so acquired for uses in accordance with the redevelopment plan;

(4) to prepare a redevelopment plan, and to incur initiation, planning, survey and other administrative costs of a redevelopment project, and to prepare technical and financial plans and arrangements for buildings, structures, and improvements and all other work in connection therewith; or

(5) to conduct an urban renewal project. The term "urban renewal project" may include undertakings and activities for the elimination or for the prevention of the development or spread of slums or blighted or deteriorating areas and may involve any work or undertaking for that purpose constituting a redevelopment project or any rehabilitation or conservation work. For this purpose, "rehabilitation or conservation work" may include (i) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements; (ii) acquisition of real property and demolition, removal, or rehabilitation of buildings and improvements thereon where necessary to eliminate unhealthful, unsanitary or unsafe conditions, lessen density, reduce

traffic hazards, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, to promote historic and architectural preservation, or to provide land for needed public facilities; (iii) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out the objectives of the urban renewal project; (iv) the disposition, for uses in accordance with the objectives of the urban renewal project, of any property or part thereof acquired in the area of the project; provided that the disposition shall be in the manner prescribed in sections 1 to 47 for the disposition of property in a redevelopment project area; (v) relocation within or outside the project area of structures that will be restored and maintained for architectural or historic purposes; (vi) restoration of acquired properties of historic or architectural value; and (vii) construction of foundations and platforms necessary for the provision of air rights sites.

The term "redevelopment project" also means a redevelopment project initiated as then provided by law and approved by the governing body of the city prior to July 1, 1951, as prescribed by Minnesota Statutes 1949, section 462.521.

Subd. 15. **HOUSING DEVELOPMENT PROJECT.** "Housing development project" means any work or undertaking to provide housing for persons of moderate income and their families. This work or undertaking may include the planning of building and improvements, the acquisition of real property which may be needed immediately or in the future for housing purposes, the construction, reconstruction, alteration and repair of new or existing buildings and the provisions of all equipment, facilities and other real or personal property for necessary, convenient or desirable appurtenances, streets, sewers, water service, utilities, site preparation, landscaping, administrative, community health, recreation or welfare or other purposes.

Subd. 16. **REDEVELOPMENT PLAN.** "Redevelopment plan" means a plan approved by the governing body, or by an agency designated by the governing body for the purpose of approving such plans or authorized by law to do so, of each city in which any of a redevelopment project is to be carried out, which plan provides an outline for the development or redevelopment of the area and is sufficiently complete (1) to indicate its relationship to definite local objectives as to appropriate land uses; and (2) to indicate general land uses and general standards of development or redevelopment.

Subd. 17. **PERSONS OF LOW INCOME AND THEIR FAMILIES.** "Persons of low income and their families" means persons or families who lack a sufficient income to enable them, without financial assistance, to live in decent, safe, and sanitary dwellings, without overcrowding.

Subd. 18. **PERSONS OF MODERATE INCOME AND THEIR FAMILIES.** "Persons of moderate income and their families" means persons and families whose income is not adequate to cause private enterprise to provide without governmental assistance a substantial supply of decent, safe, and sanitary housing at rents or prices within their financial means.

Subd. 19. **BONDS.** "Bonds" means any bonds, including refunding bonds, notes, interim certificates, debentures, or other obligations issued by an authority pursuant to sections 1 to 47.

Subd. 20. **REAL PROPERTY.** "Real property" includes all lands, together with improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest, and right, legal or equitable, therein, including terms for years.

Subd. 21. **OBLIGEE OF THE AUTHORITY; OBLIGEE.** "Obligee of the authority" or "obligee" includes any bondholder, and the federal government when it is a party to any contract with the authority.

Subd. 22. **GENERAL PLAN FOR THE DEVELOPMENT OF THE LOCALITY AS A WHOLE.** "General plan for the development of the locality as a whole" means a plan adopted by a local planning agency or approved by the governing body of the city establishing general objectives for the future use of land in a locality, or if no such plan has been adopted or approved, the general land use proposals for the development of the locality established from time to time by the local planning agency or by the governing body of the city.

Subd. 23. **VETERANS.** "Veterans" has the meaning given in section 197.447, except as otherwise defined in a contract with the federal government providing for veterans' preferences, or as may be required by any federal law or regulation as a condition of federal financial assistance for a project.

Sec. 3. **[469.003] CITY HOUSING AND REDEVELOPMENT AUTHORITY.**

Subdivision 1. **PRELIMINARY CITY FINDINGS AND DECLARATION.** There is created in each city in this state a public body, corporate and politic, to be known as the housing and redevelopment authority in and for that city. No such authority shall transact any business or exercise any powers until the governing body of the city shall, by resolution, find that in that city (1) substandard, slum, or blighted areas exist which cannot be redeveloped without government assistance, or (2) there is a shortage of decent, safe, and sanitary dwelling accommodations available to persons of low income and their families at rentals they can afford, and shall declare that there is need for a housing and redevelopment authority to function in that city. In determining whether dwelling accommodations are unsafe or unsanitary, or whether substandard, slum, or blighted areas exist, the governing body may consider the degree of deterioration, obsolescence, or overcrowding, the percentage of land coverage, the light, air, space, and access available to inhabitants of the dwelling accommodations, the size and arrangement of rooms, the sanitary facilities, the extent to which conditions exist in the buildings that endanger life or property by fire or other causes, and the original land planning, lot layout, and conditions of title in the area.

Subd. 2. **PUBLIC HEARING.** The governing body of a city shall consider such a resolution only after a public hearing is held on it after publication of

notice in a newspaper of general circulation in the city at least once not less than ten days nor more than 30 days prior to the date of the hearing. Opportunity to be heard shall be granted to all residents of the city and to all other interested persons. The resolution shall be published in the same manner in which ordinances are published in the municipality.

Subd. 3. **CONCLUSIVENESS OF RESOLUTION.** When the resolution becomes finally effective, it shall be sufficient and conclusive for all purposes if it declares that there is need for an authority and finds in substantially the terms provided in subdivision 1 that the conditions therein described exist.

Subd. 4. **COPY FILED WITH COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT.** When the resolution becomes finally effective, the clerk of the city shall file a certified copy of it with the commissioner of energy and economic development. In any suit, action, or proceeding involving the validity or enforcement of or relating to any contract of an authority, the authority shall be conclusively deemed to have become established and authorized to transact business and exercise its powers upon that filing. Proof of the resolution and of that filing may be made in any such suit, action, or proceeding by a certificate of the commissioner of energy and economic development.

Subd. 5. **COMMISSIONERS.** An authority shall consist of five commissioners, who shall be residents of the area of operation of the authority, who shall be appointed after the resolution becomes finally effective.

Subd. 6. **APPOINTMENT; APPROVAL; TERM; VACANCY.** The commissioners shall be appointed by the mayor, with the approval of the governing body. Those initially appointed shall be appointed for terms of one, two, three, four, and five years, respectively. Thereafter all commissioners shall be appointed for five-year terms. Each vacancy in an unexpired term shall be filled for the remainder of the term for which the original appointment was made. Any member of the governing body of a city may be appointed and may serve as a commissioner of the authority for the city. The council of any city which appoints members of the city council as commissioners may set the terms of office of the commissioner to coincide with his term of office as a council member.

Subd. 7. **CERTIFICATE OF APPOINTMENT; FILING.** Commissioners shall hold office until their successors have been appointed and qualified. A certificate of appointment of each commissioner shall be filed with the clerk and a certified copy shall be transmitted to the commissioner of energy and economic development. A certificate so filed shall be conclusive evidence of appointment.

Sec. 4. **[469.004] COUNTY AND MULTI-COUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.**

Subdivision 1. **PRELIMINARY COUNTY FINDINGS AND DECLARATION.** There is created in each county in this state other than Hennepin and

Ramsey and other than those counties in which a county housing authority has been created by special act, a public body, corporate and politic, to be known as the housing and redevelopment authority of that county, hereinafter referred to as "county authority." No county authority shall transact any business or exercise any powers until the governing body of the county, by resolution, finds that there is need for a county authority to function in the county. The governing body shall consider the need for a county authority to function (1) on the governing body's own motion or (2) upon the filing of a petition signed by 25 qualified voters of the county asserting that there is need for a county authority to function in the county and requesting that the governing body so declare. The governing body shall adopt a resolution declaring that there is need for a county authority to function in the county if it makes the findings required in section 3, subdivision 1.

Subd. 2. **MULTI-COUNTY AUTHORITIES.** If the governing body of each of two or more cities or counties, or combinations of cities and counties, hereinafter referred to as "political subdivisions," by resolution declares that there is a need for one housing and redevelopment authority to exercise in those political subdivisions the powers and other functions prescribed for a multi-county housing and redevelopment authority, a public body corporate and politic to be known as a multi-county housing and redevelopment authority shall exist for all of those political subdivisions. That authority shall exercise its powers and other functions in those political subdivisions in lieu of the authority for each such political subdivision.

Subd. 3. **FINDINGS.** The governing body shall make that declaration if it finds (a) that substandard, slum, or deteriorated areas exist in the political subdivision which cannot be redeveloped without government assistance, or there is a shortage of decent, safe and sanitary dwelling accommodations available to persons of low income at rentals or prices they can afford, and (b) that a multi-county authority would be a more effective, efficient or economical administrative unit than the housing and redevelopment authority of the political subdivision to carry out the purposes of sections 1 to 47, in the political subdivision.

In determining whether dwelling accommodations are unsafe or unsanitary a governing body may take into consideration the factors provided in section 3.

Subd. 4. **SUFFICIENCY AND CONCLUSIVENESS OF RESOLUTION.** When the resolution becomes finally effective, it shall be deemed sufficient and conclusive for all purposes if it declares that there is need for a county or multi-county authority and finds in substantially the terms provided in subdivision 3 that the conditions therein described exist.

Subd. 5. **FUNCTION OF AUTHORITY.** A county or multi-county housing authority will serve, program, develop and manage all housing programs under its jurisdiction. Where a county or multi-county authority has been established, additional city housing and redevelopment authorities shall not be created within the area of operation of the county or multi-county authority without the explicit concurrence of the county or multi-county housing and

redevelopment authority and the commissioner of energy and economic development. City housing and redevelopment authorities must petition the county or multi-county authority for authorization to establish a local housing authority and this petition must be approved by the commissioner of energy and economic development. This subdivision does not apply if a county or multi-county authority has not initiated or does not have in progress an active program or has not applied for a public housing or redevelopment program from the federal government for a period of 12 months after its establishment.

Subd. 6. **COPY FILED WITH COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT.** When the resolution becomes finally effective, the clerk of the political subdivision shall file a certified copy with the commissioner of energy and economic development. The provisions of section 3, subdivision 4, regarding establishment of authorities apply to filings under this subdivision.

Sec. 5. **[469.005] AREA OF OPERATION.**

Subdivision 1. **COUNTY AND MULTI-COUNTY AUTHORITIES.** The area of operation of a county authority shall include all of the county for which it is created, and in case of a multi-county authority, it shall include all of the political subdivisions for which the multi-county authority is created; provided, that a county authority or a multi-county authority shall not undertake any project within the boundaries of any city which has not empowered the authority to function therein as provided in section 4 unless a resolution has been adopted by the governing body of the city, and by any authority which has been established in the city, declaring that there is a need for the county or multi-county authority to exercise its powers in the city.

Subd. 2. **MULTI-COUNTY AUTHORITIES; INCREASE OR DECREASE.** The area of operation of a multi-county authority shall be increased to include one or more additional political subdivisions not already within a multi-county authority if the governing body of the additional political subdivision makes the findings required by section 4 and if the political subdivisions then included in the area of operation of the multi-county authority and the commissioners of the multi-county authority adopt a resolution declaring that the multi-county authority would be a more effective, efficient or economical administrative unit to carry out the purposes of sections 1 to 47 if the area of operation of the multi-county authority were increased to include the additional political subdivision.

The area of operation of a multi-county authority may be decreased to exclude one or more political subdivisions from the area if the governing body of each of the political subdivisions in the area and the commissioners of the multi-county authority each adopt a resolution declaring that there is a need for excluding the political subdivision from the area. No such action may be taken if the multi-county authority has outstanding any bonds involving a housing project in the political subdivision to be excluded unless all holders of the bonds

consent in writing to the action. If the action decreases the area of operation of the multi-county authority to only one political subdivision, the authority shall become a housing and redevelopment authority for that county or city in the same manner as though the authority were initially created by and authorized to exercise its powers in that county or city, and the commissioners of that authority shall be appointed as provided for the appointment of commissioners of a housing and redevelopment authority created for a county or a city.

The governing body of each of the political subdivisions in the area of operation of the multi-county authority and the commissioners of the multi-county authority shall adopt a resolution declaring that there is a need for excluding a political subdivision from the area if:

(1) each governing body of the political subdivisions to remain in the area of operation of the multi-county authority and the commissioners of the multi-county authority find that, because of facts arising or determined subsequent to the time when the area first included the political subdivision to be excluded, the multi-county authority would be a more effective, efficient or economical administrative unit for the purposes of sections 1 to 47 if the political subdivision were excluded from the area; and

(2) the governing body of the political subdivision to be excluded and the commissioners of the multi-county authority each find that, because of those changed facts, the purposes of sections 1 to 47 could be carried out more efficiently or economically in the political subdivision if the area of operation of the multi-county authority did not include the political subdivision.

Subd. 3. **PUBLIC HEARING; NOTICE; PUBLICATION; RESOLUTION.** The governing body of a political subdivision shall not adopt any resolution authorized by this section and section 4 unless a public hearing has been held. The clerk of the political subdivision shall give notice of the time, place, and purpose of the public hearing not less than ten days nor more than 30 days prior to the day on which the hearing is to be held, in a manner appropriate to inform the public. Upon the date fixed for the public hearing, an opportunity to be heard shall be granted to all residents of the political subdivision and to all other interested persons.

Subd. 4. **CONTINUATION OF ACTIVE CITY AUTHORITIES.** Active city authorities established on or before June 30, 1971, will continue to function and operate under the provisions of sections 1 to 47. An "active city authority" means an authority that (1) has been legally formulated and a resolution for which has been filed with the commissioner of energy and economic development and (2) has an active program or proof of an application for a public housing or redevelopment program received by the federal government on or before June 30, 1971.

Sec. 6. **[469.006] APPOINTMENT, QUALIFICATIONS AND TENURE OF COMMISSIONERS.**

Subdivision 1. **COUNTY COMMISSIONERS.** When the governing body of a county adopts a resolution under section 4, the governing body shall appoint five persons as commissioners of the county authority. The membership of the commission will reflect an areawide distribution on a representative basis. The commissioners who are first appointed shall be designated to serve for terms of one, two, three, four and five years respectively, from the date of their appointment. Thereafter commissioners shall be appointed for a term of office of five years except that all vacancies shall be filled for the unexpired term. Persons may be appointed as commissioners if they reside within the boundaries or area, and are otherwise eligible for the appointments under sections 1 to 47.

Subd. 2. **MULTI-COUNTY COMMISSIONERS.** The governing body in the case of a county, and the mayor with the approval of the governing body in the case of a city, of each political subdivision included in a multi-county authority shall appoint one person as a commissioner of the authority at or after the time of the adoption of the resolution establishing the authority.

In the case of a multi-county authority comprising only two or three political subdivisions, the appointing authorities of the participating political subdivisions shall each appoint one additional commissioner whose term of office shall be as provided for a commissioner of a multi-county authority. If the number of participants in the authority is increased to more than three due to the subsequent addition of political subdivisions, the appointments of the additional commissioners shall be vacated.

When the area of operation of a multi-county authority is increased to include an additional political subdivision, the appointing authority of each additional political subdivision shall appoint one or, if appropriate, two commissioners of the multi-county authority.

The appointing authority of each political subdivision shall appoint the successors of the commissioner appointed by it. The commissioners of a multi-county authority shall be appointed for terms of five years except that all vacancies shall be filled for the unexpired terms.

Subd. 3. **CERTIFICATES OF APPOINTMENT.** A certified copy of the certificate of appointment of each commissioner shall be filed with the commissioner of energy and economic development.

Sec. 7. **[469.007] POWERS OF COUNTY AND MULTI-COUNTY AUTHORITIES.**

A county or multi-county authority and its commissioners shall, within the area of operation of the authority, have the same functions, rights, powers, duties, privileges, immunities and limitations as are provided for housing and redevelopment authorities created for cities, and for the commissioners of those authorities. The provisions of law applicable to housing and redevelopment authorities created for cities and their commissioners shall be applicable to county and multi-county authorities and their commissioners, except as clearly indicated otherwise.

Sec. 8. **[469.008] EFFECT UPON CITY HOUSING AND REDEVELOPMENT AUTHORITIES.**

Nothing in sections 4 to 8 shall alter or impair the powers and obligations of city housing and redevelopment authorities created under Minnesota Statutes 1969, chapter 462, prior to June 8, 1971, nor shall the area of operation of such city authority be included within the area of operation of a county or multi-county authority created pursuant to sections 4 to 8. With the consent of the board of commissioners of a city authority and the governing body of the city, a city authority may become a part of a county or multi-county authority upon assumption by the authority of the obligations of the city authority.

Sec. 9. **[469.009] CONFLICT OF INTEREST; PENALTIES FOR FAILURE TO DISCLOSE.**

Subdivision 1. **DISCLOSURE.** Before taking an action or making a decision which could substantially affect the commissioner's or an employee's financial interests or those of an organization with which the commissioner or an employee is associated, a commissioner or employee of an authority shall (a) prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict of interest and (b) submit the statement to the commissioners of the authority. The disclosure shall be entered upon the minutes of the authority at its next meeting. The disclosure statement must be submitted no later than one week after the employee or commissioner becomes aware of the potential conflict of interest. However, no disclosure statement is required if the effect on the commissioner or employee of the decision or act will be no greater than on other members of the business, profession or occupation or if the effect on the organization with which the commissioner or employee is affiliated is indirect, remote and insubstantial. A potential conflict of interest is present if the commissioner or employee knows or has reason to know that the organization with which the commissioner or employee is affiliated is or is reasonably likely to become a participant in a project or development which will be affected by the action or decision. Any individual who knowingly fails to submit a statement required by this subdivision or submits a statement which the individual knows contains false information or omits required information is guilty of a gross misdemeanor.

Subd. 2. **EFFECT OF DISCLOSURE.** If an employee has a potential conflict of interest, the employee's superior shall immediately assign the matter to another employee who does not have a potential conflict of interest. A commissioner who has a potential conflict of interest shall not attempt to influence an employee in any matter related to the action or decision in question, shall not take part in the action or decision, and shall not be counted toward a quorum during the portion of any meeting of the authority in which the action or decision is to be considered. Any individual who knowingly violates this subdivision is guilty of a gross misdemeanor.

Subd. 3. **CONFLICTS FORBIDDEN.** A commissioner or employee of an

authority who knowingly takes part in any manner in making any sale, lease, or contract in the commissioner's or employee's official capacity in which the commissioner or employee has a personal financial interest is guilty of a gross misdemeanor.

Subd. 4. **AGENT OR ATTORNEY.** For one year after termination of a position as a commissioner or employee of an authority, no former commissioner or former employee of an authority shall appear personally before any court or governmental department or agency as agent or attorney for anyone other than the authority in connection with any proceeding, application, request for ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter in which the authority is substantially interested, and with respect to which the commissioner or employee took any action or made any decision as a commissioner or employee of the authority at any time within a period of one year prior to the termination of that position.

Subd. 5. **LIMITATIONS.** With respect to each program established by the authority to provide financial assistance or financing for real property other than rental assistance programs, an employee or commissioner may receive such financial assistance or financing not more than once.

Subd. 6. **INJUNCTION.** The county attorney may seek an injunction in the district court to enforce the provisions of this section.

Sec. 10. **[469.010] REMOVAL; HEARING; NOTICE.**

For inefficiency or neglect of duty, or misconduct in office, a commissioner may be removed by the governing body of the municipality. The commissioner must be given a copy of the charges at least ten days prior to a hearing at which the commissioner has an opportunity to be heard in person or by counsel. When charges in writing have been preferred against a commissioner, pending final action thereon the governing body may temporarily suspend the commissioner. If it is found that those charges have not been substantiated, the commissioner shall immediately be reinstated in office. When any commissioner is removed, a record of the proceedings, together with the charges and findings thereon, shall be filed in the office of the clerk.

Sec. 11. **[469.011] AUTHORITY OPERATIONS.**

Subdivision 1. **POWERS IN COMMISSIONERS; QUORUM.** The powers of each authority shall be vested in its commissioners in office at any time; a majority of whom shall constitute a quorum for all purposes.

Subd. 2. **OFFICERS; BYLAWS.** Each authority shall select a chairman and a secretary from among its commissioners and shall adopt bylaws and other rules for the conduct of its affairs that it deems appropriate.

Subd. 3. **MEETINGS.** The regular meetings of an authority shall be held in a fixed place, except that meetings of a multi-county authority may be held anywhere within the boundaries of the area of operation of the authority or within any additional area where the authority is authorized to undertake a project, and shall be open to the public.

Subd. 4. **EXPENSES; COMPENSATION.** Each commissioner may receive necessary expenses, including traveling expenses, incurred in the performance of his duties. Each commissioner may be paid $35 for attending each regular and special meeting of the authority. The aggregate of all payments to each commissioner for any one year shall not exceed $2,500.

Sec. 12. **[469.012] POWERS, DUTIES.**

Subdivision 1. **SCHEDULE OF POWERS.** An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 1 to 47, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 27 to 33. Its powers include the following powers in addition to others granted in sections 1 to 47:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 1 to 47;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 26, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action, that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 3 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the

property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 1 to 47 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 1 to 47 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 29, provided that the provisions of section 29 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 33 or by means of contributions from the municipality provided for in section 41, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 1 to 47;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 1 to 47 or of any other related federal, state or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 1 to 47, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to re-convey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income

groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 1 to 47 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 1 to 47;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 29, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 29, subdivision 9 for the period of time necessary to complete the rehabilitation, as determined by the authority; and

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 41, clause (5).

Subd. 3. **EXERCISE OF POWERS.** An authority may exercise all or any part or combination of the powers granted by sections 1 to 47 within its area of operation. Any two or more authorities may join with one another in the exercise, either jointly or otherwise, of any or all of their powers for the purpose of financing, including the issuance of bonds and giving security therefor, planning, undertaking, owning, constructing, operating, or contracting with respect to a housing project located within the area of operation of any one or more of the authorities. For that purpose an authority may by resolution prescribe and authorize any other housing authority, so joining with it, to act on its behalf with respect to any or all powers, as its agent or otherwise, in the name of the authority so joining or in its own name.

A county or city may join with any authority to permit the authority, on behalf of the county or city, to plan, undertake, administer, and carry out a leased existing housing assistance payments program, pursuant to section 8 of the United States Housing Act of 1937 as amended, 42 United States Code, section 1437 f. A city may so join with an authority unless there is an authority in the city which has been authorized by resolution under section 3 to transact business or exercise powers. A county may so join with an authority unless (a) there is a county authority which has been authorized by resolution under section 4 to exercise powers, or the county is a member of a multicounty authority, and (b) the authority has initiated or has in progress an active program or has applied for federal assistance in a public housing or redevelopment program within 12 months after its establishment.

Subd. 4. **SUBJECT TO LAWS OF LOCALITY.** All projects shall be subject to the planning, zoning, sanitary, and building laws, ordinances, and regulations applicable to the locality in which the project is situated.

Subd. 4a. **VETERANS' PREFERENCES.** An authority may include in any contract with the federal government provision for veterans' and service persons' preferences that may be required by any federal law or regulation as a condition of federal financial assistance for a project.

Subd. 5. **PAPERS SENT TO COMMISSIONER.** Each authority shall transmit to the commissioner of energy and economic development certified copies of (1) any application to the federal government for financial assistance; (2) any proposed contract with the federal government; (3) the urban redevelopment plan and the urban redevelopment project documents specified in sections 27, 28, and 29, and the annual urban redevelopment budget; (4) the low-rent public housing development program and the plans and layout, specifications and drawings therefor including estimated cost, proposed method of financing, and detailed estimates of expenses and revenues thereof; (5) the low-rent public

housing management program and the annual or periodical management budget therefor, and amendments of those documents, together with supporting data requested by the commissioner.

Upon examination of the documents, the commissioner of energy and economic development may make suggestions to the authority upon the matters to which the documents relate, and may make the suggestions public. The commissioner of energy and economic development shall act in an advisory capacity and nothing done by the commissioner under the provisions of this subdivision shall affect the validity of any action of the authority.

Subd. 6. **REHABILITATION LOANS AND GRANTS.** An authority may develop and administer a housing rehabilitation loan and grant program with respect to property located anywhere within its boundaries which is owned by persons of low and moderate income, on the terms and conditions it determines.

Subd. 7. **INTEREST REDUCTION PROGRAM.** An authority may develop and administer an interest reduction program to assist the financing of the construction, rehabilitation, and purchase of housing units which are intended primarily for occupancy by individuals of low or moderate income and related and subordinate facilities. An authority may:

(1) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to chapter 462C or subdivision 6;

(2) pay any or all of the interest on bonds issued pursuant to chapter 462C, or pursuant to sections 1 to 47 for the purpose of making loans authorized by subdivision 6;

(3) pay in periodic payments or in a lump sum payment any or all of the interest on loans made by private lenders to purchasers of housing units;

(4) pay any or all of the interest due on loans made by private lenders to a developer for the construction or rehabilitation of housing units;

(5) pay in periodic payments or in a lump sum payment any or all of the interest on loans made by any person to a developer for the construction, rehabilitation, and purchase of commercial facilities which are related and subordinate to the construction, rehabilitation, or purchase of housing units that receive interest reduction assistance provided that the entire development is composed primarily of housing units;

(6) pay any or all of the interest on bonds issued pursuant to sections 153 to 166, when the bonds are issued for a project that is related and subordinate to the construction, rehabilitation, or purchase of housing units that receive interest reduction assistance provided that the entire development is composed primarily of housing units;

(7) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to section 185 for the rehabilitation or preservation of small and medium sized commercial buildings; and

(8) pay any or all of the interest on bonds issued pursuant to section 185.

Subd. 8. **INTEREST REDUCTION PROGRAM; LIMITATIONS.** In developing the interest reduction program authorized by subdivision 7 the authority shall consider:

(1) the availability and affordability of other governmental programs;

(2) the availability and affordability of private market financing; and

(3) the need for additional affordable mortgage credit to encourage the construction and enable the purchase of housing units within the jurisdiction of the authority.

The authority shall adopt rules for the interest reduction program. Interest reduction assistance shall not be provided if the authority determines that financing for the purchase of a housing unit or for the construction or rehabilitation of housing units is otherwise available from private lenders upon terms and conditions that are affordable by the applicant, as provided by the authority in its rules.

For the purposes of this subdivision an "assisted housing unit" is a housing unit which is rented or to be rented and which is a part of a rental housing development where the financing for the rental housing development is assisted with interest reduction assistance provided by the authority during the calendar year. If interest reduction assistance is provided for construction period interest for a rental housing development, the housing units in the housing development shall be considered assisted housing units for a period after occupancy of the housing units which is equal to the period during which interest reduction assistance is provided to assist the construction financing of the rental housing development. In any calendar year when an authority provides interest reduction assistance for assisted housing units (1) at least 20 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to families or individuals with an adjusted gross income which is equal to or less than 80 percent of the median family income, and (2) at least an additional 55 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to individuals or families with an annual adjusted gross income which is equal to or less than 66 times 120 percent of the monthly fair market rent for the unit established by the United States department of housing and urban development. At least 80 percent of the aggregate dollar amount of funds appropriated by an authority within any calendar year to provide interest reduction assistance for financing of construction, rehabilitation or purchase of single family housing, as that term is defined in section 462C.02, subdivision 4, shall be appropriated for housing units that are to be sold to or occupied by families or individuals with an adjusted gross income which is equal to or less than 110 percent of median family income. For the purposes of this subdivision, "median family income" means the median family income established by the United States department of housing and urban development for the nonmetropolitan county or the standard metropolitan statistical area, as the case may be. The adjusted gross income

may be adjusted by the authority for family size. The limitations imposed upon assisted housing units by this subdivision do not apply to interest reduction assistance for a rental housing development located in a targeted area as defined in section 462C.02. An authority that establishes a program pursuant to this subdivision shall by January 2 each year report to the commissioner of energy and economic development a description of the program established and a description of the recipients of interest reduction assistance.

Subd. 9. **INTEREST REDUCTION PROGRAM; REQUIRED AGREEMENTS.** (a) Under any interest reduction program authorized by subdivision 7, which provides interest reduction assistance pursuant to clauses (1) to (6), the authority shall obtain an agreement from the developer or other benefited owner of the property. The agreement shall provide that, upon the benefited owner's sale or transfer of the property, the authority shall be paid in an amount determined under paragraph (b) and that this obligation is secured by an interest in the property. The interest in the property shall consist of either a right of co-ownership or a lien or mortgage against the property and may be subordinate to other interests in the property. For purposes of this subdivision, "property" means property the construction, acquisition or improvement of which is financed in whole or part with the proceeds of a loan upon which the interest payments are reduced under an interest reduction program.

(b)(i) The amount required to be paid to the authority under paragraph (a) shall equal at least

(A) the sale price of the property, less

(B) the downpayment, any payments of principal, other payments made to construct, acquire or improve the property and any outstanding liens or mortgages securing loans, advances, or goods and services provided for the construction, acquisition or improvement of the property, less

(C) the amount, if any, which the authority determines should be allowed for the developer or other benefited property owner as a return on the developer's or other benefited property owner's investment in the property, multiplied by

(D) a fraction, the numerator of which is the interest reduction payments made by the authority and the denominator of which is the total of the downpayment, all principal and interest payments including any portion paid by the authority, and other payments made to construct, acquire or improve the property. In the case of a transfer, other than an arms-length sale, an appraisal shall be substituted for the sale price.

(ii) If the interest reduction payments are made for a bond issue, or other obligation, the proceeds of which are lent to five or more purchasers of separate housing units, the fraction under clause (b)(i)(D) may be determined on the basis of an estimate of the aggregate factors for all the borrowers of the proceeds, of the bonds or other obligations participating in the interest reduction program.

The provisions of this subdivision shall not apply to interest reduction assistance provided for construction period interest for housing units which are to be sold upon completion to purchasers who intend at the time of purchase to occupy the housing units as their principal place of residence.

Subd. 10. **INTEREST REDUCTION PROGRAM.** The authority to authorize payment of interest reduction assistance pursuant to subdivisions 7, 8, and 9 shall expire on January 1, 1989. Interest reduction assistance payments authorized prior to January 1, 1989 may be paid after January 1, 1989.

Subd. 11. **AUTHORITIES CREATED PURSUANT TO SPECIAL LAW.** Except as expressly limited by the special law establishing the authority, an authority created pursuant to special law shall have the powers granted by any statute to any authority created pursuant to this chapter.

Sec. 13. **[469.013] ACCOUNTING.**

Subdivision 1. **ANNUAL REPORTS, DUTIES OF STATE AUDITOR.** Each authority shall keep an accurate account of all its activities and of all its receipts and expenditures. The authority shall annually, in January for accounts kept on a calendar year basis, and within 30 days of the end of its fiscal year for accounts kept on a fiscal year basis, make a report on the accounts to the commissioner of energy and economic development, the state auditor, and the governing body of the city. The reports shall be in a form prescribed by the commissioner of energy and economic development. All powers conferred and duties imposed upon the state auditor with respect to state and county officers, institutions, property and improvements shall also be exercised and performed by the state auditor with respect to authorities, except the power to prescribe the form of reports or accounts provided in sections 1 to 47. The state auditor shall make audits of the low rent public housing funds of the authorities that are deemed to be in the public interest, and shall file a written report covering the audits with the authority, the city clerk of the municipality, and the commissioner of energy and economic development. The first report of the state auditor shall include all expenditures and activities of the local authority from the creation of the authority. Each authority shall be liable to the state and shall pay all costs and expenses of the examination, from funds available for those purposes.

Subd. 2. **COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT; POWERS, DUTIES.** The commissioner of energy and economic development may investigate the affairs of authorities and their dealings, transactions, and relationships. The commissioner may examine the properties and records of authorities and prescribe methods of accounting and the rendering of periodical reports in relation to projects undertaken by authorities. In prescribing the form of accounts the commissioner of energy and economic development shall take into consideration any requirements of the federal government under any contract with an authority. The commissioner of energy and economic development may adopt, amend, and repeal rules prescribing standards and

stating principles governing the planning, construction, maintenance, and operation of projects by authorities. Compliance with sections 1 to 47 and the rules adopted by the commissioner of energy and economic development may be enforced by the commissioner by a proceeding in equity.

Sec. 14. **[469.014] LIABLE IN CONTRACT OR TORT.**

An authority shall be liable in contract or in tort in the same manner as a private corporation. The commissioners of an authority shall not be personally liable as such on its contracts, or for torts not committed or directly authorized by them. The property or funds of an authority shall not be subject to attachment, or to levy and sale on execution, but, if an authority refuses to pay a judgment entered against it in any court of competent jurisdiction, the district court for the county in which the authority is situated may, by writ of mandamus, direct the treasurer of the authority to pay the judgment.

Sec. 15. **[469.015] LETTING OF CONTRACTS; PERFORMANCE BONDS.**

Subdivision 1. **BIDS; NOTICE.** All construction work, and work of demolition or clearing, and every purchase of equipment, supplies, or materials, necessary in carrying out the purposes of sections 1 to 47, that involve expenditure of $15,000 or more shall be awarded by contract. Before receiving bids the authority shall publish, once a week for two consecutive weeks in an official newspaper of general circulation in the community a notice that bids will be received for that construction work, or that purchase of equipment, supplies, or materials. The notice shall state the nature of the work and the terms and conditions upon which the contract is to be let, naming a time and place where bids will be received, opened and read publicly, which time shall be not less than seven days after the date of the last publication. After the bids have been received, opened and read publicly and recorded, the authority shall award the contract to the lowest responsible bidder, provided that the authority reserves the right to reject any or all bids. Each contract shall be executed in writing, and the person to whom the contract is awarded shall give sufficient bond to the authority for its faithful performance. If no satisfactory bid is received, the authority may readvertise. The authority may establish reasonable qualifications to determine the fitness and responsibility of bidders and to require bidders to meet the qualifications before bids are accepted.

Subd. 2. **EXCEPTION; EMERGENCY.** If the authority by a vote of four-fifths of its members shall declare that an emergency exists requiring the immediate purchase of any equipment or material or supplies at a cost in excess of $15,000 but not exceeding $30,000, or making of emergency repairs, it shall not be necessary to advertise for bids, but the material, equipment, or supplies may be purchased in the open market at the lowest price obtainable, or the emergency repairs may be contracted for or performed without securing formal competitive bids. An emergency, for purposes of this subdivision, shall be understood to be unforeseen circumstances or conditions which result in the placing in jeopardy of human life or property.

Subd. 3. **PERFORMANCE BONDS.** Performance bonds shall be required from contractors for any works of construction as provided in and subject to all the provisions of sections 574.26 to 574.31 except for contracts entered into by an authority for an expenditure of less than $15,000.

Subd. 4. **EXCEPTION; CERTAIN PROJECTS.** An authority need not require either competitive bidding or performance bonds in the case of a contract for the acquisition of a low rent housing project for which financial assistance is provided by the federal government, and which does not require any direct loan or grant of money from the municipality as a condition of the federal financial assistance, and where the contract provides for the construction of such a project upon land not owned by the authority at the time of the contract, or owned by the authority for redevelopment purposes, and provides for the conveyance or lease to the authority of the project or improvements upon completion of construction.

Sec. 16. **[469.016] LOW RENT HOUSING.**

An authority shall not initiate any low rent housing project, and shall not enter into any contract with respect to it, until (1) it has made findings, after an analysis of the local housing market, that (i) there is need for such low rent housing which cannot be met by private enterprise and (ii) a gap of at least 20 percent exists between the upper shelter rental limits for admission to the proposed low rent housing and the lowest shelter rents at which private enterprise is providing through new construction and existing structures a substantial supply of decent, safe and sanitary housing; and (2) the governing body of the municipality has by resolution affirmed those findings of the authority and approved the provision of that low rent housing project. This subdivision shall not apply to any public low rent housing projects for which financial assistance is provided by the federal government, and which does not require any direct loan or grant of money from the municipality as a condition of a federal financial assistance. An authority shall not make any contract with the federal government for a low rent housing project unless the governing body of the municipality has by resolution approved the provision of that low rent housing project.

Sec. 17. **[469.017] HOUSING DEVELOPMENT PROJECTS.**

Before carrying out a housing development project an authority must find that the project is necessary to alleviate a shortage of decent, safe and sanitary housing for persons of low or moderate income and their families as such income is determined by the authority. No housing development project involving the use of the power of eminent domain shall be carried out by an authority without the prior approval of the governing body of the municipality in which the project is located. A housing development project or any interest therein may be sold or leased to private developers before, during or after the completion of construction of improvements thereon. The sale or lease shall be in accordance with the provisions of section 29, subdivisions 2, 5 and 7, except that the provisions requiring conformance to a redevelopment plan shall not

be applicable. The sale or lease may be made for other than housing purposes if the authority finds that changed circumstances arising subsequent to the acquisition of the project make a sale or lease for housing purposes inappropriate. Nothing in this section shall limit the power of the authority to acquire or dispose of real property pursuant to sections 12, subdivision 1, clause (7), and 29, subdivisions 9 and 10, except that any exercise of the power of eminent domain pursuant to section 12, subdivision 1, clause (7), shall not be carried out by an authority without the prior approval of the governing body of the municipality in which the housing development project is located. The authority shall have the power to transfer such real property in accordance with the provisions of sections 12, subdivision 1, clause (7), and 29, subdivisions 9 and 10, before, during or after the completion of construction, rehabilitation, or improvements thereon, except that the transfer shall be in accordance with the provisions of section 29, subdivisions 2, 5, and 7 except as elsewhere provided in Laws 1974, chapter 228.

Sec. 18. **[469.018] RENTALS.**

Subdivision 1. **BASIS OF CHARGE.** Each authority shall manage and operate its housing projects in an efficient manner to enable it to fix the rentals or payments for dwelling accommodations at rates consistent with its providing decent, safe, and sanitary dwelling accommodations for persons of low income. No authority shall construct or operate any housing project for profit, or as a source of revenue to the municipality. An authority shall fix the rentals or payments for dwellings in its projects at no higher rates than it shall find to be necessary in order to produce revenues which, together with all other available moneys, revenues, income, and receipts of the authority, will be sufficient (1) to pay, as they become due, the principal and interest on the bonds of the authority; (2) to create and maintain reserves required to assure the payment of principal and interest as they become due on its bonds; (3) to meet the cost of, and to provide for, maintaining and operating the projects, including necessary reserves and the cost of any insurance, and the administrative expenses of the authority; and (4) to make payments in lieu of taxes that it determines are consistent with the maintenance of the low rent character of projects.

Subd. 2. **REALTORS.** With respect to the management and operation of a housing project the authority may employ reliable real estate operators or firms or brokers or the municipality to perform those services for it. No such real estate operators or firms or brokers or the municipality shall have any authority in tenant selection or the fixing of rentals. Each authority employing real estate operators or firms or brokers or the municipality shall require the execution of a contract of employment stating the terms and conditions under which the services are to be performed, which shall be subject to the approval of the commissioner of energy and economic development.

Sec. 19. **[469.019] RENTALS, TENANT ADMISSIONS.**

In the operation or management of housing projects an authority shall observe the following duties with respect to rentals and tenant admissions.

(a) It may rent or lease the dwelling accommodations only to persons of low income and at rentals within their ability to pay.

(b) It may rent or lease to a tenant dwelling accommodations consisting of the number of rooms it deems necessary to provide safe and sanitary accommodations to the proposed occupants, without overcrowding, but no greater number.

(c) It shall not approve a family as tenant in a housing project if the family has an aggregate annual net income from all sources at the time of admission which exceeds five times the annual rental for the accommodations to be provided the family. As used in this section, aggregate annual net income shall not include:

(1) the income of a family member, other than the head of the household or his spouse, who is under 18 years of age or who is a full time student;

(2) the first $300 of the income of a secondary wage earner who is the spouse of the head of the household;

(3) $300 for each member of the family residing in the household, other than the head of the household or his spouse, who is under 18 years of age or who is 18 years of age or older and is disabled, handicapped or a full time student;

(4) nonrecurring income as defined by the authority;

(5) five percent of the family's gross income from all sources or, in the case of an elderly family, ten percent of the family's gross income;

(6) amounts paid or incurred for which the family is liable for extraordinary medical expenses or other expenses resulting from unusual circumstances as determined by the authority; and

(7) an amount equal to the money received by the head of the household or his spouse from or under the direction of any public or private nonprofit child placing agency for the care and maintenance of one or more persons who are under 18 years of age and were placed in the family by that agency.

(d) In computing the rental for the purpose of this section, there shall be included in the rental the average annual cost, as determined by the authority, to occupants of heat, water, electricity, gas, cooking fuel, and other necessary services or facilities, whether or not the charge for the services and facilities is included in the rental. An authority may adopt as its maximum net income for admission of families any maximum which is less than either: (1) the maximum net family income computed under this section; or (2) the maximum net family income determined pursuant to section 22; or (3) the maximum net family income determined pursuant to the housing and community development act of 1974.

Sec. 20. **[469.020] DISCRIMINATION PROHIBITED, DISPLACED FAMILIES.**

There shall be no discrimination in the selection of tenants because of race or religious, political, or other affiliations, but, if the number of qualified applicants for dwelling accommodations exceeds the dwelling units available, preference shall be given to inhabitants of the municipality in which the project is located, and to the families who occupied the dwellings eliminated by demolition, condemnation, and effective closing as part of the project, as far as is reasonably practicable without discrimination against families living in other substandard areas within the same municipality.

Sec. 21. **[469.021] PREFERENCES.**

As between applicants equally in need and eligible for occupancy of a dwelling and at the rent involved, preference shall be given to families of service persons who died in service and to families of veterans. In admitting families of low income to dwelling accommodations in any housing project an authority shall, as far as is reasonably practicable, give consideration to applications from families to which aid for dependent children is payable, and to resident families to whom public assistance or supplemental security income for the aged, blind and disabled is payable, when those families are otherwise eligible.

Sec. 22. **[469.022] ESTABLISHMENT OF INCOME RESTRICTION.**

The dwellings in public low-rent housing shall be available solely for families whose net family income does not exceed the maximum net family income falling within the lowest 20 percent by number of all family incomes in the area of operation as such maximum net family income has been determined by the authority. Each year, this restriction shall be re-examined by the commissioner of energy and economic development, and a public hearing shall be held by the commissioner of energy and economic development to determine whether administrative or interpretive difficulties or unsatisfactory progress in the provision of low-rent housing or redevelopment require a modification of that income restriction. Upon the conclusion of that hearing, the commissioner of energy and economic development shall modify the restriction set out in this section to the extent required to make satisfactory progress in the provision of low-rent housing or redevelopment.

Sec. 23. **[469.023] PERIODIC INVESTIGATION OF TENANT.**

An authority shall make periodic investigations of each family admitted to a low-rent housing project and, on the basis of the investigations, shall determine whether that family at the time of its admission (1) lived in an unsafe, unsanitary, or overcrowded dwelling or had been displaced by a project or by off-site elimination in compliance with the equivalent elimination requirement hereof, or actually was without housing, or was about to be without housing as a result of a court order of eviction, due to causes other than the fault of the tenant, and (2) had a net family income not exceeding the income limits for

admission of families of low income to the housing; provided that the requirement in clause (1) shall not be applicable in the case of the family of any veteran who has been discharged, other than dishonorably, from, or the family of any service person who died in, the armed forces of the United States, if that family had made application for admission to the project within any time limit specified by federal law applicable to federal financial assistance for the project. If it is found upon investigation that the net income of any families have increased beyond the maximum income limits fixed pursuant to section 22 for continued occupancy in the housing, those families shall be required to move from the project.

Sec. 24. **[469.024] POWER OF AUTHORITY.**

Nothing contained in sections 16 to 24 shall be construed as limiting the power of an authority (1) with respect to a housing project to vest in an obligee the right, in the event of a default by the authority, to take possession or cause the appointment of a receiver of the project, free from the restrictions imposed by this section or section 23; or (2) with respect to a redevelopment project, in the event of a default by a purchaser or lessee of land, to acquire property and operate it free from such restrictions.

Sec. 25. **[469.025] DEMOLITION OF UNSAFE OR UNSANITARY BUILDINGS.**

No project for low-rent housing or the clearance of a blighted area involving the construction of new dwellings shall be undertaken by a housing authority unless, subsequent to the initiation of the project, there has been or will be elimination by demolition, condemnation and effective closing, or compulsory repair, of unsafe or unsanitary buildings situated in the area of operation substantially equal in number to the number of dwelling units provided by the project. The elimination may, upon approval by the commissioner of energy and economic development, be deferred for a period determined by the commissioner if the shortage of decent, safe, or sanitary housing available to families of low income is so acute as to force dangerous overcrowding of those families.

Sec. 26. **[469.026] EXISTING BUILDINGS; ACQUISITION, REPAIR.**

An authority may purchase, lease, or otherwise acquire existing buildings for rehabilitation into low-rent housing. The provisions of sections 1 to 47 relating to other low-rent housing projects shall apply to the projects. Before proceeding with the project, an authority shall make an analysis demonstrating:

(1) the buildings to be acquired or leased shall be in such condition that it is feasible to remodel, repair, or reconstruct them and that the buildings, when rehabilitated will provide decent, safe, and sanitary housing;

(2) the rehabilitation of the buildings comprising the project will prevent or arrest the spread of blight so as to protect the neighborhood in which the buildings are located; and

(3) the rehabilitated buildings will provide low-rent housing, will help to conserve the existing housing supply, and will otherwise accomplish the purposes of sections 1 to 47.

Nothing in this section shall limit the powers of an authority with respect to a redevelopment project.

Sec. 27. **[469.027] REDEVELOPMENT PLAN.**

Any person may submit a redevelopment plan to an authority, or an authority may consider a redevelopment plan on its own initiative. An authority shall immediately transmit the plan to the planning agency of the city in which the area to be redeveloped is situated, for its study, or, if no planning agency exists, the plan shall be submitted to an agency indicated by the governing body of the city. An authority shall request the written opinion of the planning or other agency on all redevelopment plans submitted to it prior to approving those redevelopment plans, and the planning or other agency shall submit its written opinion within 30 days.

Sec. 28. **[469.028] MUNICIPAL GOVERNING BODY.**

Subdivision 1. **FINDINGS, NOTICE, DETERMINATION.** When an authority determines that a redevelopment project should be undertaken, it shall apply to the governing body of the city in which the project is located for approval. The application shall be accompanied by a redevelopment plan, a statement of the method proposed for financing the project, and the written opinion of the planning agency, if there is one. Before approving any redevelopment 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 the hearing.

Subd. 2. **FINDINGS, NOTICE, DETERMINATION; GOVERNING BODY.** The authority shall not proceed with the project unless the governing body finds by resolution that:

(1) the land in the project area would not be made available for redevelopment without the financial aid to be sought;

(2) the redevelopment plans for the redevelopment areas in the locality will afford maximum opportunity, consistent with the needs of the locality as a whole, for the redevelopment of the areas by private enterprise; and

(3) the redevelopment plan conforms to a general plan for the development of the locality as a whole.

The governing body shall within 30 days after submission of the application, or resubmission as hereinafter provided, give written notice to the authority of its decision with respect to the project. When an authority has determined the location of a proposed redevelopment project, it may, without awaiting the approval of the governing body, proceed, by option or otherwise, to obtain control of the real property within the area, but it shall not, without the prior approval by the governing body of the redevelopment plan, unconditionally obligate itself to purchase any such property. A plan which has not been approved by the governing body when submitted to it may be again submitted to it with the modifications necessary to meet its objections. Once approved,

the determination of the authority to undertake the project and the resolution of the governing body shall be conclusive, in any condemnation proceeding, of the public need for the project.

Subd. 3. **ACQUISITION OF OPEN LAND.** A redevelopment project may include any work or undertaking to acquire open or undeveloped land determined to be blighted by virtue of the following conditions:

(1) unusual and difficult physical characteristics of the ground;

(2) the existence of faulty planning characterized by the subdivision or sale of lots laid out in disregard of the contours or of irregular form and shape or of inadequate size; or

(3) a combination of these or other conditions which have prevented normal development of the land by private enterprise and have resulted in a stagnant and unproductive condition of land potentially useful and valuable for contributing to the public health, safety and welfare. Acquisition of such land shall be a redevelopment project only if a redevelopment plan has been adopted which provides for the elimination of these conditions, thereby making the land useful and valuable for contributing to the public health, safety and welfare and the acquisition of the land is necessary to carry out the redevelopment plan.

Subd. 4. **ACQUISITION OF UNUSED OR INAPPROPRIATELY USED LAND.** A redevelopment project may include any work or undertaking to acquire land or space that is vacant, unused, underused or inappropriately used, including infrequently used rail yards and rail storage facilities, and excessive or vacated railroad rights-of-way; air rights over streets, expressways, railroads, waterways, and similar locations; land which is occupied by functionally obsolete nonresidential buildings, or is used for low utility purposes, or is covered by shallow water, or is subject to periodic flooding, or consists of unused or underused slips or dock areas or other waterfront property. This subdivision applies only to land or space that the authority determines may be developed at a cost reasonably related to the public purpose to be served without major residential clearance activities, and with full consideration of the preservation of beneficial aspects of the urban and natural environment, for uses that are consistent with emphasis on housing for low and moderate income families. These uses include the provision of schools, hospitals, parks and other essential public facilities and, where appropriate, all uses associated with new community development programs as defined in the United States urban growth and new community development act of 1970, as amended, or similar large scale undertakings related to inner city needs, including concentrated sources of employment.

Subd. 5. **EARLY ACQUISITION.** When an authority has determined the location of a proposed redevelopment project, but prior to the approval of the redevelopment plan and project as provided in subdivision 2, the authority may acquire individual tracts of real property with the approval of the governing body as to each separate tract. Before approving early acquisition, the governing body shall hold a public hearing on the proposed acquisition activities 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 the hearing.

The authority shall not proceed with the acquisition unless the governing body finds by resolution that (1) the proposed acquisition is necessary to carry out public improvements in the area, or that the acquisition will contribute to the elimination of blight or deterioration within the area or that the acquisition is necessary to relieve hardship; and (2) there is a feasible method for the relocation of families and individuals to be displaced by the proposed acquisition.

The governing body may, in approving early acquisition, agree to assume the responsibility for any loss that may arise as a result of the acquisition of land and related activities, including any costs of demolition, removal and relocation, in the event that the property so acquired is not used for urban renewal purposes because the urban renewal plan is not approved, or is amended to omit the acquired property or is abandoned for any reason. Nothing in this subdivision shall be construed to waive the requirement for public hearing upon the redevelopment plan for the redevelopment project.

Sec. 29. **[469.029] DISPOSAL OF PROPERTY.**

Subdivision 1. **SALE, LEASE, OR DEVELOPMENT.** In accordance with a redevelopment plan, an authority may make any of its land in a redevelopment project available for use by private individuals, firms, corporations, partnerships, insurance companies, or other private interests, or by public agencies, by sale, lease, or otherwise, or the authority itself may retain property for redevelopment by it. The land shall be made available at a price that shall, except as provided for in subdivisions 9 and 10, take into consideration the estimated fair market or rental value of the cleared land as determined pursuant to section 32, for proposed uses in accordance with the redevelopment plan.

Subd. 2. **NOTICE; PUBLIC HEARING; DETERMINATION; TERMS AND CONDITIONS.** Any such lease or sale may be made without public bidding but only after a public hearing, after published notice, by the authority at least once not less than ten days nor more than 30 days prior to the date of the hearing upon the proposed lease or sale and the provisions thereof. The terms of any such lease shall be fixed by the authority, and the instrument of lease may provide for renewals upon reappraisals and with rentals and other provisions adjusted to the reappraisals. Every such lease or sale shall provide that the lessee or purchaser shall carry out or cause to be carried out the approved project area redevelopment plan or approved modifications thereof and that no use shall be made of any land or real property included in the lease or sale nor any building or structure erected thereon which does not conform to the approved plan or approved modifications thereof. In the instrument of lease or sale the authority may include other terms, conditions, and provisions in the judgment of the authority will provide reasonable assurance of the priority of the obligations of the lease or sale and of conformance to the plan over any other obligations of the lessee or purchaser, and also assurance of the financial and legal ability of the lessee or purchaser to carry out and conform to the plan and the terms and conditions of the lease or sale, to begin the building of any

improvements within a period of time which the authority fixes as reasonable. The instrument shall also include the terms, conditions and specifications concerning buildings, improvements, sub-leases, or tenancies, maintenance and management, and any other related matters the authority may reasonably impose or approve, including provisions whereby the obligations to carry out and conform to the project area plan shall run with the land. If maximum rentals to be charged to tenants of housing are specified, provision may be made for periodic reconsideration of the rental bases, with a view to proposing modification of the project area plan with respect to the rentals.

Subd. 3. **PROPERTY DEVOTED TO PUBLIC USES; TRANSFER.** After the property in a project area has been assembled by an authority, the authority may transfer by deed to local public bodies those pieces of property which, in accordance with the redevelopment plan, are to be devoted to public uses, other than public housing or redevelopment purposes. Except for property transferred by dedication, gift, or exchange, the transferee body shall pay to the authority the sum agreed upon, and, in the absence of agreement, the sum determined by arbitration. The authority shall reimburse the redevelopment project fund the fair use value of any property in a redevelopment project transferred to a public low-rent housing project.

Subd. 4. **DISPOSITION IN PARTS.** The authority may lease or sell parts of a project area separately to any persons. Any such sale or lease of a part or parts of a project area shall be subject to the provisions of this section, excluding property required for public low-rent housing projects.

Subd. 5. **LIMITATION UPON DISPOSAL BY PURCHASER.** Until the authority certifies that all building constructions and other physical improvements specified to be done and made by the purchaser of the area have been completed, the purchaser shall not convey the area, or any part thereof, without the consent of the authority. Consent shall not be given unless the grantee or mortgagee of the purchaser is obligated by written instrument to the authority to carry out that portion of the redevelopment plan which falls within the boundaries of the conveyed property, and also that the grantee, the grantee's heirs, representatives, successors, and assigns, shall not convey, lease, or let the conveyed property or any part thereof, or erect or use any building or structure erected thereon, except in conformance with the approved project area redevelopment plan or approved modifications thereof.

Subd. 6. **MODIFICATION OF PLAN.** A redevelopment plan may be modified at any time. The modification must be adopted by the authority and the governing body of the political subdivision in which the project is located, upon the notice and after the public hearing required for the original adoption of the redevelopment plan. If the authority determines the necessity of changes in an approved redevelopment plan or approved modification thereof, which changes do not alter or affect the exterior boundaries, and do not substantially alter or affect the general land uses established in the plan, the changes shall not constitute a modification of the redevelopment plan nor require approval by the governing body of the political subdivision in which the project is located.

Subd. 7. **PURCHASER OR LESSEE TO FURNISH PERFORMANCE BOND.** As security for its fulfillment of the agreement with the authority, a purchaser or lessee shall furnish a performance bond, with the surety and in the form and amount the authority may approve, or make any other guaranty the authority deems necessary in the public interest. If the authority finds that the redevelopment is not being carried out or maintained in accordance with the contract terms and conditions, or there is a failure to prosecute the work with diligence, or to assume its completion on time, it shall notify the purchaser or lessee and the surety in writing of the noncompliance. Unless the purchaser or lessee complies with the terms of agreement within 20 days from the date of the notice, the authority may take over the work and may cause the work to be done, and the cost of the work shall be paid by the surety. The authority may take possession of and utilize in completion of the work the materials, appliances, and plant as may be on the site of the work and necessary for it.

Subd. 8. **DISCRIMINATION FORBIDDEN.** There shall be no discrimination in the use of any land in a redevelopment project because of race or religious, political, or other affiliations.

Subd. 9. **SALE, GRANT OR DEVELOPMENT.** With or without accordance to a redevelopment plan, an authority may make any of its lands in a project that are vacant, open and undeveloped or lands that contain vacated residential dwelling structures that are substandard as that term is defined in section 12, subdivision 1, clause (7), available for use by sale, lease, grant, transfer, conveyance, or otherwise to persons or families of low and moderate income. The property shall be made available at a price which may take into consideration the estimated fair market value of the real estate, as determined pursuant to section 32, if the low or moderate income persons or families have the financial ability or building trade skills, as determined by the authority, to build on the vacant, open and undeveloped land or to repair, improve or rehabilitate the residential dwelling structures, so as to conform with the applicable state, county, or city, health, housing, building, fire prevention and housing maintenance codes within a reasonable period of time as determined by the authority. The authority may require an agreement from those persons or families of low or moderate income to build on the lands or to repair, improve, or rehabilitate the residential dwelling structures within a reasonable period of time so as to conform to the codes as a condition to final legal title to the lands and the residential dwelling units. Nothing in Laws 1974, chapter 228 shall prohibit an authority from making rehabilitation loans and grants, pursuant to section 12, subdivision 6, or procuring other authorized financial assistance for persons or families of low and moderate income who acquire real property pursuant to this section, in furtherance of the objectives of this section.

Subd. 10. **EXCESS LAND.** On or before December 31 each year, each authority shall make a survey of all lands held, owned or controlled by it to determine what land, including air rights, is in excess of its foreseeable needs. A description of each parcel found to be in excess of foreseeable needs shall be made a matter of public record. Any low or moderate income resident or nonprofit housing corporation shall upon request be provided with a list of the parcels without charge. With or without accordance to a redevelopment plan,

an authority may make the excess lands available for use as a housing or housing development project by a nonprofit housing corporation by sale, lease, grant, transfer, conveyance or otherwise. The price may take into consideration the estimated fair market or rental value of the real property, as determined pursuant to section 32 and upon terms and conditions, notwithstanding any other provisions of law to the contrary, that the authority deems to be best suited to the development of the parcel for housing available to persons and families of low and moderate income.

Sec. 30. **[469.030] TEMPORARY RELOCATION OF DISPLACED FAMILIES.**

Prior to its approval of any redevelopment plan, the authority shall be satisfied that there is a feasible method for the temporary relocation of families to be displaced from the project area, and that there are available or will be provided, in the project area or in other areas not less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the families displaced from the project area, decent, safe, and sanitary dwellings equal in number to the number of the displaced families.

Sec. 31. **[469.031] PROVISIONAL ACCEPTANCE BY AUTHORITY OF FUND OR PROPERTY.**

As an aid in the acquisition of the real property of a project area, the authority may accept a fund, or, at an agreed value, any parcel or property within the area, from any partnership or individual. Acceptance shall be subject to a provision that, if the supplier of the fund or the conveyor of the property purchases the project area or any part thereof, the fund or the agreed value of the property shall be credited on the purchase price of the area or part thereof, and, if there is an excess above the cost of acquisition of the area, the excess shall be returned, and that, if the supplier or conveyor does not purchase the area or any part thereof, the amount of the fund or the agreed value of the property shall be paid to the supplier or conveyor.

Sec. 32. **[469.032] USE VALUE.**

Subdivision 1. **DETERMINATION.** Prior to lease or sale of land in a project area, the authority shall, as an aid in determining the rentals and other terms upon which it will lease or the price at which it will sell the area or parts of it, place an estimated fair market or rental value upon each piece or tract of land within the area which, in accordance with the plan, is to be used for private uses or for low-rent housing. The value shall be based on the planned use. For the purpose of this valuation, the authority may cause a fair market appraisal to be made by two or more land value experts employed by it for the purpose or it may use the land appraisal services of the municipality, nothing contained in this section shall be construed as requiring the authority to base its rentals or selling prices upon the appraisal. The authority may redetermine its estimated values both prior to and after receipt by it of any proposal or proposals to purchase or lease property.

Subd. 2. **USE VALUE.** The aggregate use value placed for purposes of lease or sale upon all land within a project area leased or sold by an authority pursuant to sections 1 to 47 shall exclude the cost of old buildings destroyed and the demolition and clearance thereof.

Sec. 33. **[469.033] PUBLIC REDEVELOPMENT COST; PROCEEDS; FINANCING.**

Subdivision 1. **FINANCING PLANS AUTHORIZED.** The entire cost of a project as defined in section 2, subdivision 12, including administrative expense of the authority allocable to the project and debt charges and all other costs authorized to be incurred by the authority in sections 1 to 47, shall be known as the public redevelopment cost. The proceeds from the sale or lease of property in a project shall be known as the capital proceeds. The capital proceeds from land sold may pay back only a portion of the public redevelopment cost. An authority may finance the projects in any one or by any combination of the following methods.

Subd. 2. **FEDERAL GRANTS.** The authority may accept grants or other financial assistance from the federal government as provided in sections 1 to 47. Before it uses other financial methods authorized by this section, the authority shall use all federal funds for which the project qualifies.

Subd. 3. **BOND ISSUE.** An authority may issue its bonds or other obligations as provided in sections 1 to 47.

Subd. 4. **REVENUE POOL; USE.** The authority may provide that all revenues received from its redevelopment areas be placed in a pool for the payment of interest and principal on all bonds issued for any redevelopment project, and the revenue from all such areas shall be paid into the pool until all outstanding bonds have been fully paid.

Subd. 5. **SPECIAL BENEFIT TAX FUND.** If the authority issues bonds to finance a redevelopment project, it may, with the consent of the governing body obtained at the time of the approval of the redevelopment plan as required in section 28, notify the county treasurer to set aside in a special fund, for the retirement of the bonds and interest on them, all or part of the real estate tax revenues derived from the real property in the redevelopment area which is in excess of the tax revenue derived therefrom in the tax year immediately preceding the acquisition of the property by the authority. The county treasurer shall do so. This setting aside of funds shall continue until the bonds have been retired. This subdivision applies only to property that the governing body has by resolution designated for inclusion in a project prior to August 1, 1979.

Subd. 6. **OPERATION AREA AS TAXING DISTRICT, SPECIAL TAX.** All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by

projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy each year a special tax upon all property, both real and personal, within that taxing district. The authority shall cause the tax so levied each year to be certified to the auditor of the county in which the taxing district is located on or before October 10 each year. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended and applied for the purposes of sections 1 to 47, and for no other purpose. It shall be paid out upon vouchers signed by the chairman of the authority or his authorized representative. The amount of the special tax levy shall be an amount approved by the governing body of the city, but shall not exceed ten cents on each $100 of taxable valuation in the area of operation, except that in cities of the first class having a population of less than 200,000, the special tax levy shall not exceed five cents on each $100 of taxable valuation in the area of operation. The authority may levy an additional levy, not to exceed one cent on each $100 of taxable valuation in the area of operation, to be used to defray costs of providing informational service and relocation assistance as set forth in section 462.445, subdivision 4. The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August first. The amount of the tax levy for the following year shall be based on that budget and shall be approved by the governing body.

Subd. 7. **INACTIVE AUTHORITIES; TRANSFER OF FUNDS; DISSOLUTION.** The authority may transfer to the city in and for which it was created all property, assets, cash or other funds held or used by the authority which were derived from the special benefit tax for redevelopment levied pursuant to subdivision 6 prior to March 6, 1953, whenever collected. Upon any such transfer, an authority shall not thereafter levy the tax or exercise the redevelopment powers of sections 1 to 47. All cash or other funds transferred to the city shall be used exclusively for permanent improvements in the city or the retirement of debts or bonds incurred for permanent improvements in the city. An authority which transfers its property, assets, cash or other funds derived from the special benefit tax for redevelopment and which has not entered into a contract with the federal government with respect to any low rent public housing project prior to March 6, 1953, shall be dissolved as herein provided. After a public hearing after ten days published notice thereof in a newspaper of general circulation in the city, the governing body of a city in and for which an authority has been created may dissolve the authority if the authority has not entered into any contract with the federal government or any agency or instrumentality thereof

for a loan or a grant with respect to any urban redevelopment or low rent public housing project. The resolution or ordinance dissolving the authority shall be published in the same manner in which ordinances are published in the city and the authority shall be dissolved when the resolution or ordinance becomes finally effective. The clerk of the governing body of the municipality shall furnish to the commissioner of energy and economic development a certified copy of the resolution or ordinance of the governing body dissolving the authority. All property, records, assets, cash or other funds held or used by an authority shall be transferred to and become the property of the municipality and cash or other funds shall be used as herein provided. Upon dissolution of an authority, all rights of an authority against any person, firm or corporation shall accrue to and be enforced by the municipality.

Sec. 34. **[469.034] BOND ISSUE FOR CORPORATE PURPOSES.**

An authority may issue bonds for any of its corporate purposes. The bonds may be the type the authority determines, including bonds on which the principal and interest are payable exclusively from the income and revenues of the project financed with the proceeds of the bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of the bonds. The bonds may be additionally secured by (1) a pledge of any grant or contributions from the federal government or other source, or (2) a pledge of any income or revenues of the authority from the project for which the proceeds of the bonds are to be used, or (3) a mortgage of any project or other property of the authority. No proceeds of bonds issued for or revenue authorized for or derived from any redevelopment project or area shall be used to pay the bonds or costs of, or make contributions or loans to, any public housing project. The proceeds of bonds issued for or revenues authorized for or derived from any one public housing project shall not be used to pay the bonds or costs of, or make contributions or loans to any other public housing project until the bonds and costs of the public housing project for which those bonds were issued or from which those revenues were derived or for which they were authorized shall be fully paid. Neither the commissioners of an authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of an authority shall not be a debt of the city, the state or any political subdivision, and neither the city nor the state or any political subdivision shall be liable on them, nor shall the bonds be payable out of any funds or properties other than those of the authority; the bonds shall state this on their face. The bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Bonds of an authority are declared to be issued for an essential public and governmental purpose and to be public instrumentalities. The provisions of sections 1 to 47 exempting from taxation authorities, their properties and income, shall be considered additional security for the repayment of bonds and shall constitute, by virtue of sections 1 to 47 and without the same being restated in the bonds, a contract between the (1) bondholders and each of them, including all transferees of the bonds, and (2) the respective authorities issuing the bonds and the state. An authority may by covenant confer upon the holder

of the bonds the rights and remedies it deems necessary or advisable, including the right in the event of default to have a receiver appointed to take possession of and operate the project. When the obligations issued by an authority to assist in financing the development of a project have been retired and federal contributions have been discontinued, the exemptions from taxes and special assessments for that project shall terminate.

Sec. 35. **[469.035] MANNER OF BOND ISSUANCE; SALE.**

Bonds of an authority shall be authorized by its resolution. They may be issued in one or more series and shall bear the date or dates, mature at the time or times, bear interest at the rate or rates, not exceeding seven percent per annum, be in the denomination or denominations, be in the form either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in the medium of payment at the place or places, and be subject to the terms of redemption with or without premium, as the resolution, its trust indenture or mortgage provides. The bonds may be sold at public or private sale at not less than par. Notwithstanding any other law, bonds issued pursuant to sections 1 to 47 shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of an authority or the security for the bonds, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for that purpose, and the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 1 to 47. Notwithstanding any other provision of this section, an authority may execute a note secured by a first mortgage at a rate of interest in excess of seven percent per annum with the Minnesota housing finance agency pursuant to chapter 462A to finance a housing project which is subsidized in whole or in part with money provided by the federal government.

In cities of the first class, the governing body of the city must approve all notes executed with the Minnesota housing finance agency pursuant to this section if the interest rate on the note exceeds seven percent.

Sec. 36. **[469.036] FEDERAL VOLUME LIMITATION ACT.**

Sections 474A.01 to 474A.21 apply to any issuance of obligations under sections 1 to 47 that are subject to limitation under a federal volume limitation act as defined in section 474A.02, subdivision 9, or existing federal tax law as defined in section 474A.02, subdivision 8.

Sec. 37. **[469.037] ENFORCEMENT BY OBLIGEE OF PROVISIONS AND COVENANTS IN CONTRACTS.**

An obligee of an authority shall have the right, subject only to any contractual restrictions binding upon the obligee; (1) by mandamus, suit, action, or proceeding at law or in equity to compel the authority and its commissioners, officers, agents, or employees to perform every term, provision, and covenant

contained in any contract of the authority with or for the benefit of the obligee and to require the carrying out of any or all covenants and agreements of the authority and the fulfillment of all duties imposed upon the authority by sections 1 to 47; and (2) by suit, action, or proceeding in equity to enjoin any acts or things which may be unlawful or the violation of any of the rights of the obligee of the authority.

Sec. 38. **[469.038] BONDS, A LEGAL INVESTMENT.**

When bonds issued by an authority or bonds issued by any public housing authority or agency in the United States are secured by a pledge of annual contributions to be paid by the United States government or any agency thereof, all banks, bankers, trust companies, savings banks and institutions, investment companies, savings, building and loan associations, insurance companies, insurance associations, and other persons carrying on a banking or insurance business may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in the bonds, and the bonds shall be authorized security for all public deposits.

Sec. 39. **[469.039] EXEMPTION FROM PROCESS.**

All real property of an authority shall be exempt from levy and sale under execution, and no execution or other judicial process shall issue against such property, nor shall any judgment against an authority be a charge or lien against its real property, but judgments may be enforced as provided in section 14. This section shall not apply to or limit the right of obligees to foreclose or otherwise enforce any mortgage of an authority or the right of obligees to pursue any remedies for the enforcement of any pledge or lien given by an authority on its rents, fees, or revenues, or the right of the federal government to pursue any remedies conferred upon it pursuant to the provisions of sections 1 to 47.

Sec. 40. **[469.040] TAX STATUS.**

Subdivision 1. **DECLARATION, ESSENTIAL PUBLIC AND GOVERNMENTAL PURPOSES.** The property of an authority is public property used for essential public and governmental purposes. The property and the authority shall be exempt from all taxes and special assessments of the city, the county, the state or any political subdivision thereof. "Taxes" does not include charges for utilities and special services, such as heat, water, electricity, gas, sewage disposal, or garbage removal. When the obligations issued by an authority to assist in financing the development of a project have been retired and federal contributions have been discontinued, then the exemptions from taxes and special assessments for that project shall terminate.

Subd. 2. **LEASED PROPERTY, EXCEPTION.** Notwithstanding the provisions of subdivision 1, any property that the authority leases to private individuals or corporations for development in connection with a redevelopment project shall have the same tax status as if the leased property were owned by the private individuals or corporations.

Subd. 3. **STATEMENT FILED WITH ASSESSOR; PERCENTAGE TAX ON RENTALS.** Notwithstanding the provisions of subdivision 1, after a housing project carried on under sections 16 to 26 has become occupied, in whole or in part, an authority shall file with the assessor, on or before May 1 of each year, a statement of the aggregate shelter rentals of that project collected during the preceding calendar year. Unless a greater amount has been agreed upon between the authority and the city in and for which the authority was created, five percent of the aggregate shelter rentals shall be charged to the authority as a service charge for the services and facilities to be furnished with respect to that project. The service charge shall be collected from the authority in the manner provided by law for the assessment and collection of taxes. The amount so collected shall be distributed to the several taxing bodies in the same proportion as the tax rate of each bears to the total tax rate of those taxing bodies. A city in and for which an authority has been created may agree with the authority for the payment of a service charge for a housing project in an amount greater than five percent of the aggregate annual shelter rentals of any project, upon the basis of shelter rentals or upon another basis agreed upon. The service charge may not exceed the amount which would be payable in taxes were the property not exempt. If such an agreement is made the service charge so agreed upon shall be collected and distributed in the manner above provided. If the project has become occupied, or if the land upon which the project is to be constructed has been acquired, the agreement shall specify the location of the project for which the agreement is made. "Shelter rental" means the total rentals of a housing project exclusive of any charge for utilities and special services such as heat, water, electricity, gas, sewage disposal, or garbage removal. The records of each housing project shall be open to inspection by the proper assessing officer.

Sec. 41. **[469.041] STATE PUBLIC BODIES, POWERS AS TO PROJECTS.**

For the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of projects, any state public body may upon the terms, with or without consideration, as it may determine:

(1) Dedicate, sell, convey, or lease any of its interests in any property, or grant easements, licenses, or any other rights or privileges therein to an authority. Except in cities of the first class having a population of less than 200,000, the public body may pay the bonds of or make loans or contributions for redevelopment projects, and the receipt or expenditure of any moneys expended hereunder by the state public body shall not be included within the definition of any limitation imposed on per capita taxing or spending in the charter of the state public body. No state public body may use any revenues or money of that state public body to pay the bonds of or make any loans or contributions to any public housing project, except to a public low-rent housing project (i) for which financial assistance is provided by the federal government which requires a municipality or other local public body to use its revenues or money for a direct loan or grant to the project as a condition for federal financial assistance and (ii) where the local financial assistance for the project is authorized by resolution of the governing body of the municipality;

(2) Cause parks, playgrounds, recreational, community, education, water, sewer or drainage facilities, or any other works which it may undertake, to be furnished adjacent to or in connection with such projects;

(3) Approve, through its governing body or through an agency designated by it for the purpose, redevelopment plans, plan or replan, zone or rezone its parks; in the case of a city or town, make changes in its map; the governing body of any city may waive any building code requirements in connection with the development of projects;

(4) Cause services to be furnished to the authority of the character which it may otherwise furnish;

(5) Enter into agreements with respect to the exercise by it of its powers relating to the repair, closing, or demolition of unsafe, unsanitary or unfit buildings;

(6) Do any and all things necessary or convenient to aid and cooperate in the planning, undertaking, construction, or operation of the projects;

(7) Incur the entire expense of any public improvements made by it in exercising the powers granted in sections 1 to 47;

(8) Enter into agreements with an authority respecting action to be taken by the state public body pursuant to any of the powers granted by sections 1 to 47; the agreements may extend over any period, notwithstanding any law to the contrary; and

(9) Furnish funds available to it from any source, including the proceeds of bonds, to an authority to pay all or any part of the cost to the authority of the activities authorized by section 12, subdivision 1, clause (7).

Sec. 42. **[469.042] AGREEMENTS RESPECTING TAX INCREMENTS AND EQUIVALENTS; PLEDGE FOR BONDS.**

Subdivision 1. **GENERAL.** Any city or other state public body within the limits of which a project of an authority is wholly or partially located may agree with the authority with respect to payment by the authority of sums in lieu of taxes for any year or period of years in accordance with the provisions of section 40, but for no longer than the period of tax exemption provided for under that section. If property owned by the authority in a redevelopment project area is leased or otherwise made available by the authority to a private individual, firm, or corporation which previously owned the same or other property within the area, not for development in connection with the project but for temporary use pending relocation of the former owner's residence or business, the authority may agree to payment of sums in lieu of taxes for any year or period of temporary use. The payments shall not exceed the amount of the annual rentals or other payments it receives for the use. During the use the property and the authority shall be exempt from all taxes and special assessments as provided in section 40, and the provisions of section 272.01, subdivision 2 and of section 273.19 shall not apply to the property or to that use. In connection with any redevelopment project, an authority may make further agreements respecting taxes as provided below.

Subd. 2. **ORIGINAL TAXABLE VALUE.** Upon or after approval of a redevelopment project of any housing and redevelopment authority under section 28, the auditor of the county in which it is situated shall upon request of the authority certify the assessed valuation of all taxable real property within the project area as then most recently determined, which is referred to in this section as the "original taxable value." The auditor shall certify to the authority each year thereafter the amount by which the original taxable value has increased or decreased, and the proportion which any such increase bears to the total assessed valuation of the real property for that year or the proportion which any such decrease bears to the original taxable value. This subdivision and subdivision 3 shall not apply to any redevelopment project, certification of which is requested subsequent to August 1, 1979.

Subd. 3. **TAX INCREMENTS.** In each subsequent year the county auditor shall include no more than the original taxable value of the real property in the assessed valuation upon which he computes the mill rates of all taxes levied by the state, the county, the city or town, the school district and every other taxing district in which the project area is situated. The auditor shall extend all mill rates so determined against the entire assessed valuation of the real property for that year. In each year for which the assessed valuation exceeds the original taxable value, the county treasurer shall remit to the authority, instead of the taxing districts, that proportion of all taxes paid that year on the real property in the project area which the excess valuation bears to the total assessed valuation. The amount so remitted each year is referred to in this section as the "tax increment" for that year. Tax increments received with respect to any redevelopment project shall be segregated by the authority receiving them in a special account on its official books and records until the public redevelopment cost of the project, including interest on all money borrowed therefor, has been fully paid, and the city or other public body in which the project is situated has been fully reimbursed from the tax increments or revenues of the project for any principal and interest on general obligation bonds which it has issued for the project and has paid from taxes levied on other property within its corporate limits. The payment shall be reported to the county auditor, who shall thereafter include the entire assessed valuation of the project area in the assessed valuations upon which tax mill rates are computed and extended and taxes are remitted to all taxing districts.

Subd. 4. **TAX INCREMENT FINANCING.** The authority may pledge and appropriate any part or all of the tax increments received for any redevelopment project, and any part or all of the revenues received from lands in the project area while owned by the authority, for the payment of the principal of and interest on bonds issued in aid of the project pursuant to sections 34, 41, or 153 to 166, by the authority or by the governing body of the municipality or other state public body within whose corporate limits the project area is situated. Any such pledge for the payment of bonds issued by the governing body shall be made by written agreement executed on behalf of the authority and the governing body and filed with the county auditor. The estimated collections of the tax increments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to

reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 3. When such an agreement is made and filed, the bonds may be issued by the governing body in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Bonds shall not be issued nor tax increments or other revenues pledged pursuant to this subdivision subsequent to August 1, 1979.

Sec. 43. **[469.043] PROPERTY TAX EXEMPTION.**

Subdivision 1. **APPLICATION.** A developer proposing to construct a building on land located within a redevelopment project as defined in section 2, subdivision 14, may apply to the governing body of the city in which the land is located to obtain a partial tax exemption as provided in subdivision 2 for the approved property. The land and the building to be constructed thereon are referred to in this section as the "development." The development shall be designed and used primarily for housing purposes but portions of it may be planned and used for related business, commercial, cultural, or recreational purposes, consistent with the project plan. In applying for the tax exemption, the developer must submit a plan of the development that shall contain a general description of the area to be redeveloped and a statement of the plan for redevelopment that includes:

(1) height and bulk of structures, density of population and percentage of land covered by structures as to their conformity with the purposes of sections 1 to 47 and with the project plan, if any; and the relationship of the density of population contemplated by the development plan, or project plan, to the distribution of the population of the city in other areas or parts thereof;

(2) provision, if any, for business or commercial facilities related to the development, relationship to existing and planned public facilities, adequacy and planned rearrangement of street facilities and provisions for light, air, cultural, and recreational facilities as to their conformity with the purposes of sections 1 to 47 and their adequacy for accommodation of the density of population contemplated by the development plan or project plan; and

(3) a development contract with the authority covering the acquisition, construction, financing, operation, and maintenance of the development. The contract shall provide that:

(a) after deducting all operating expenses, debt service payments, taxes or payments in lieu of taxes, and assessments, the developer may be paid annually out of the earnings of the project an amount equal to a specified percentage of the equity invested in the project; the percentage shall be fixed for the term of the tax exemption and shall be determined at the time of the approval of the development contract, provided that no percentage greater than eight percent shall be approved; the contract shall set out the terms of the developer's return on equity and shall define "developer's invested equity," "project earnings," "debt service," and "operating expenses"; and that any cash surplus derived from earnings from that project remaining in the treasury of the developer in

excess of the amount necessary to provide such cumulative annual sums shall, upon a conveyance of the project or upon a dissolution of the company, be paid into the general fund of the city or town in which that project is located; and

(b) a provision that, so long as this section remains applicable to a project, the real property of the project shall not be sold, transferred, or assigned except as permitted by the terms of the contract or as subsequently approved by the governing body.

Subd. 2. **PARTIAL TAX EXEMPTION.** The governing body of a city in which the proposed development is to be located, after the approval required by subdivision 3, may exempt from all local taxes up to 50 percent of the value of the development which represents an increase over the assessed valuation of the property, including both land and improvements, acquired for the development at the time of its original acquisition for redevelopment purposes. If the governing body grants an exemption, the development shall be exempt from any or all county and school district ad valorem property taxes to the extent of and for the duration of the municipal exemption. The tax exemption shall not operate for a period of more than ten years, commencing from the date on which the exemption first becomes effective. No exemption may be granted from payment of special assessments or from the payment of inspection, supervision, and auditing fees of the authority.

The governing body may not approve a tax exemption or a development contract for a development unless it finds by resolution that (1) the land which is part of the proposed development would not, in the foreseeable future, be made available for redevelopment in the manner proposed without the partial exemption; (2) the development plan submitted by the developer will meet a specific housing shortage identified by the city or the authority and will afford maximum opportunity, consistent with the project plan, for redevelopment of the land by private enterprise; and (3) the development plan conforms to the project plan as a whole.

Subd. 3. **COMMENT BY COUNTY BOARD.** Before approving a tax exemption pursuant to this section, the governing body of the city must provide an opportunity to members of the board of commissioners of the county in which the proposed development is to be located and the members of the school board of the school district which the proposed development is to be located to meet with the governing body. The governing body must present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption may not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days have passed since the date of the transmittal by the governing body to the board of the information on fiscal impact, whichever occurs first.

Subd. 4. **CHANGE IN PROJECT PROHIBITED.** During the period of any tax exemption granted pursuant to this section, no developer or any approved

successor in interest to its title to a project or any part thereof may transfer any ownership interest in the developer entity or in the project or change any feature of a project for which approval of the city is required, without the approval of the authority and the approval by the local governing body by a majority of the number of the votes authorized to be cast by all of the members of the local governing body.

Subd. 5. **CONTINUATION OF REDEVELOPMENT COMPANY PROVISIONS.** The provisions of Minnesota Statutes 1986, sections 462.591 to 462.705, shall continue in effect with respect to any redevelopment company to which a tax exemption had been granted under Minnesota Statutes 1986, section 462.651, prior to August 1, 1987.

Sec. 44. **[469.044] BOND PENDING LITIGATION.**

When any action or proceeding at law or in equity is commenced, drawing in question the right, power, or authority of a public corporation created and operating under sections 1 to 47 to do any act or to make or perform any contract or agreement or to undertake or enter upon the discharge of any obligations or commitments under those statutes, the corporation may, if it deems that the pendency of the litigation might directly or indirectly impair its borrowing power, increase the cost of its projects, or be otherwise injurious to the public interest, move the court in which the litigation is pending to require the party who instituted the suit to give a surety bond as provided in sections 45 to 47.

Sec. 45. **[469.045] APPEARANCE OF PUBLIC CORPORATION; BOND.**

If the public corporation is not a party to the litigation described in section 44 it may appear specially for the purpose of making and being heard on such a motion. Three days' notice of hearing on the motion shall be given. If the court determines that loss or damage to the public or taxpayers may result from the pendency of the action or proceeding, the court may require the party who instituted it to give a surety bond, approved by the court or judge, in a penal sum to be determined by the court to protect against loss or damage, whether or not a temporary injunction or restraining order against the corporation has been demanded or ordered. If the bond so ordered is not filed within the reasonable time allowed by the court, the action or proceeding shall be dismissed with prejudice. The bond shall be executed by the party who instituted the litigation or some person for that party as principal and conditioned for the payment to the corporation of any damage the public and taxpayers sustain by reason of the litigation, if the court finally determines that the party was not entitled to the relief sought. The amount of damages may be ascertained by a reference or otherwise as the court shall direct, in which case the sureties shall be concluded as to the amount but the damages shall be recoverable only in an action on the bond. If the party by or for whom the bond is furnished prevails in the litigation, the premium paid on the bond shall be repaid by or taxed against the corporation. During the pendency of the litigation, the court, on motion, may require additional security if found necessary, and upon failure to

furnish it shall dismiss the action or proceeding with prejudice. The court may likewise, on motion, reduce the amount of a bond theretofore required or release the bond upon a showing that the amount is excessive or the bond no longer required.

Sec. 46. **[469.046] ADVANCE OF LITIGATION ON CALENDAR.**

In any litigation described in sections 44 and 45, in which a bond has been required and given or the court has denied a motion to require a bond, the court shall advance the case on its calendar for trial at the earliest feasible date. An appeal from an appealable order made, or from a judgment entered in a district court may be taken after 30 days from entry of the judgment or after written notice of the order from the adverse party.

Sec. 47. **[469.047] SUIT FOR CIVIL DAMAGES.**

Nothing in sections 44 to 47 shall affect the rights of any person to bring a suit for civil damages. No bond shall be required in such a suit except as otherwise provided by law.

Sec. 48. **RETROACTIVE EFFECT OF PUBLISHED NOTICE PROVISIONS.**

Laws 1959, chapter 545, sections 1 to 14, so far as they relate to published notice of any public hearings shall operate not only prospectively, but retroactively, so as to eliminate the necessity of more than one publication of a given hearing, if more than one publication is, was, or is claimed to be required under Minnesota Statutes, sections 462.415 to 462.705 and Laws 1959, chapter 545, sections 1 to 19. All orders, resolutions, motions, plans, and agreements and actions taken by any municipal housing and redevelopment authority organized, or purported to be organized under Minnesota Statutes, sections 462.415 to 462.705 and Laws 1959, chapter 545, sections 1 to 19, and taken or purported to have been taken by any governing body, city planning commission, or political subdivision of the state or public state body with respect to plans and projects, are hereby declared valid and effective.

PORT AUTHORITIES

Sec. 49. **[469.048] DEFINITIONS.**

Subdivision 1. **GENERALLY.** In sections 49 to 69, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. **PORT AUTHORITY.** "Port authority" or "authority" means a port authority created under section 50 or a special law. "Port authority" includes a seaway port authority.

Subd. 3. **SEAWAY PORT AUTHORITY.** A "seaway port authority" or a "seaport" is a port authority with jurisdiction over a harbor on the Great Lakes-St. Lawrence seaway.

Subd. 4. **PORT DISTRICT.** A "port district" is the total area of operations of a port authority.

Subd. 5. **MARGINAL PROPERTY.** "Marginal property" means property that suffers from at least one of the conditions in this subdivision:

(1) faulty planning causing deterioration, disuse, or economic dislocation;

(2) the subdividing and sale of lots too small and irregular for good use and development;

(3) lots laid out without regard to their physical characteristics and surrounding conditions;

(4) inadequate streets, open spaces, and utilities;

(5) areas that may flood;

(6) lower values, damaged investments, and social and economic maladjustment reducing taxpaying capacity to the extent that tax receipts are too low to pay for the public services rendered;

(7) lack of use or improper use of areas, resulting in stagnant or unproductive land that could contribute to the public health, safety and welfare;

(8) lower population and reduction of proper use of areas causing more decline, and requiring more public money for new public facilities and public services elsewhere;

(9) property valuation too low to establish a local improvement district to construct and install streets, walks, sewers, water and other utilities;

(10) lands within an industrial area not used for industry but needed for industrial development of the area; and

(11) state-acquired tax-forfeited land.

Subd. 6. **CITY.** "City" means a home rule charter or statutory city.

Sec. 50. **[469.049] ESTABLISHMENT; CHARACTERISTICS.**

Subdivision 1. **SAINT PAUL, DULUTH; ESTABLISHMENT.** The port authority of Saint Paul and the seaway port authority of Duluth are established.

Subd. 2. **PUBLIC BODY CHARACTERISTICS.** A port authority is a body politic and corporate with the right to sue and be sued in its own name.

A port authority is a governmental subdivision under section 282.01.

A port authority carries out an essential governmental function of the state when it exercises its power, but the authority is not immune from liability because of this.

Sec. 51. **[469.050] COMMISSIONERS; TERMS, VACANCIES, PAY, CONTINUITY.**

Subdivision 1. **SAINT PAUL.** The port authority of Saint Paul consists of seven commissioners, two of whom must be members of the city council. The mayor shall appoint the commissioners with the consent of the city council.

Subd. 2. **DULUTH.** The Seaway Port Authority of Duluth consists of seven commissioners: three appointed by the Duluth city council; two by the Saint Louis county board; and two by the governor.

A member of the Saint Louis county delegation of the state House of Representatives appointed by that delegation, and a member of the Saint Louis county delegation of the state Senate appointed by that delegation are advisory members of the authority.

Subd. 3. **OTHER PORT AUTHORITIES.** A port authority established under law by a city council of a city other than a city of the first class may have three members appointed by the city council or seven members appointed as provided in subdivision 1, unless a different number or procedure is set out in the enabling law. A three-member authority under this subdivision may be increased to a seven-member authority appointed as provided under subdivision 1 by resolution of the city council.

Subd. 4. **TERM, VACANCIES.** The first commissioners of a three-member commission are appointed for initial terms as follows: one for two years; one for four years; and one for six years. The first commissioners of a seven-member commission are appointed for initial terms as follows: one member for a term of one, two, three, four, and five years, respectively, and two members for terms of six years. For subsequent terms, the term is six years. A vacancy is created in Saint Paul when a city council member of the authority ends council membership and in Duluth when a county board member of the authority ends county board membership. A vacancy on any port authority must be filled by the appointing authority for the balance of the term subject to the same approval and consent, if any, required for an appointment for a full term. For Duluth, if the governor or the county board fails to make a required appointment within 60 days after a vacancy occurs, the city council has sole power to appoint a successor.

Subd. 5. **PAY.** A commissioner, including the president, must be paid $35 for each regular or special port authority meeting attended and shall receive reimbursement for expenses incurred while performing duties. The advisory members of the Duluth authority from the legislature must not be paid for their service to the authority.

Sec. 52. **[469.051] OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

Subdivision 1. **BYLAWS, RULES, SEAL.** A port authority may adopt bylaws and rules of procedure and shall adopt an official seal.

Subd. 2. **OFFICERS.** A port authority shall annually elect a president, a vice-president, a treasurer, a secretary, and an assistant treasurer. A commissioner may not serve as president and vice-president at the same time. The other offices may be held by one commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

Subd. 3. **DUTIES AND POWERS.** The officers have the usual duties and powers of their offices. They may be given other duties and powers by the port authority.

Subd. 4. **TREASURER'S DUTIES.** The treasurer:

(1) shall receive and is responsible for port authority money;

(2) is responsible for the acts of the assistant treasurer;

(3) shall disburse port authority money by check only;

(4) shall keep an account of the source of all receipts, and the nature, purpose and authority of all disbursements; and

(5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. **ASSISTANT TREASURER.** The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

Subd. 6. **TREASURER'S BOND.** The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with its secretary. The bond must be for twice the amount of money likely to be on hand at any one time, as determined at least annually by the authority except that the bond must not exceed $300,000.

Subd. 7. **PUBLIC MONEY.** Port authority money is public money.

Subd. 8. **CHECKS.** A port authority check must be signed by the treasurer and by one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Subd. 9. **FINANCIAL STATEMENT.** The port authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds the statement and vouchers correct, it shall approve them by resolution and enter the resolution in its records.

Sec. 53. **[469.052] DEPOSITORIES; DEFAULT; COLLATERAL.**

Subdivision 1. **NAMED; BOND.** Every two years a port authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of the bond must be at least equal to the maximum sum expected to be on deposit at any one time.

Subd. 2. **DEFAULT; COLLATERAL.** When port authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or any other act or default of the depository. A port authority may accept assignments of collateral from its depository to secure deposits in the same manner as assignments of collateral are permitted by law to secure deposits of the port authority's city.

Sec. 54. **[469.053] TAX LEVIES; FISCAL MATTERS.**

Subdivision 1. **OBLIGATIONS.** A port authority must not levy a tax or special assessment, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the port authority.

Subd. 2. **BUDGET TO CITY.** Annually, at a time fixed by charter, resolution, or ordinance of the city, a port authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year in excess of any expected receipts from other sources.

Subd. 3. **FISCAL YEAR.** The fiscal year of a port authority must be the same as the fiscal year of its city except that the Seaway Port Authority of Duluth may, by resolution, adopt a fiscal year different from the city of Duluth's fiscal year based on the international shipping season through the St. Lawrence Seaway.

Subd. 4. **MANDATORY CITY LEVY.** A city shall, at the request of the port authority, levy a tax in any year for the benefit of the port authority. The tax must not exceed .75 mill times the assessed valuation of taxable property in the city. The tax is not subject to levy limits. The amount levied must be paid by the city treasurer to the treasurer of the port authority, to be spent by the authority.

Subd. 5. **REVERSE REFERENDUM.** A city may increase its levy for port authority purposes under subdivision 4 only as provided in this subdivision. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or, if none exists, in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution

authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or, if none exists, in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The resolution is effective if approved by a majority of those voting on the question. The commissioner of revenue shall prepare a suggested form of referendum question. The referendum must be held at a special or general election before October 1 of the year for which the levy increase is proposed.

Subd. 6. **DISCRETIONARY CITY LEVY.** Upon request of a port authority, the port authority's city may levy a tax to be spent by and for its port authority. The tax must enable the port authority to carry out efficiently and in the public interest sections 49 to 69 to create and develop industrial development districts. The levy must not be for more than 7/60 of one mill on each dollar of assessed valuation of taxable property in the city. The county treasurer shall pay the proceeds of the tax to the port authority treasurer. The money may be spent by the authority in performance of its duties to create and develop industrial development districts. In spending the money the authority must judge what best serves the public interest. The levy in this subdivision is in addition to the levy in subdivision 4 and is not subject to levy limits.

Subd. 7. **COUNTY LEVY.** The county board of a county having a port authority city may make an appropriation for the use of the port authority and may levy the amount of the appropriation in its general revenue levy. The levy for this appropriation is subject to the county's levy limits.

Subd. 8. **ST. LOUIS COUNTY LEVY.** After receiving the budget from the seaway port authority, the St. Louis county board may annually levy a tax to raise not more than $50,000 for the port authority for its operations in the next fiscal year. The levy is not subject to county levy limits.

Subd. 9. **OUTSIDE BUDGET LAWS.** Money appropriated to a port authority from county taxes under this section is not subject to a budget law that applies to the county.

Subd. 10. **COUNTY PAYMENT.** The county treasurer shall pay money appropriated or levied by a county under this section when and in the manner the county board directs to the port authority to be spent by the port authority.

Subd. 11. **PROHIBITION ON USE OF STATE FUNDS.** State appropriations or credit of the state must not be used to pay or guarantee the payment of the debt of a port authority.

Sec. 55. **[469.054] USE OF CITY PROPERTY, SERVICES BY AUTHORITY.**

Subdivision 1. **PROPERTY TRANSFER.** The council of a port authority city may transfer or cause to be transferred to its port authority any dock, waterfront, or riparian property owned or controlled by the city, and located within the port district. The transfer must be approved by majority vote and

may be with or without consideration. The city may also put the same property in the possession or control of the authority by a lease or other agreement for a limited period or in fee. Nothing in sections 49 to 69 restricts the city or any municipality from owning, developing, using, and improving port or terminal facilities.

Subd. 2. **SPACE, SERVICES.** A port authority city may furnish offices, warehouses, or other structures and space with or without heat, light, and other service to its port authority. The city council may also furnish stenographic, clerical, engineering, or other assistance to its port authority.

Subd. 3. **COUNSEL.** The city attorney is the legal adviser to the port authority. The port authority may employ additional counsel, including a general counsel who is the chief legal advisor to the authority.

Sec. 56. **[469.055] POWERS AND DUTIES.**

Subdivision 1. **GENERAL DUTIES.** A port authority shall: (1) promote the general welfare of the port district, and of the port as a whole; (2) try to increase the volume of the port's commerce; (3) promote the efficient, safe, and economical handling of the commerce; and (4) provide or promote adequate docks, railroad and terminal facilities open to all on reasonable and equal terms for the handling, storage, care, and shipment of freight and passengers to, from, and through the port. A port authority may carry out its powers and duties under sections 49 to 69 at any place in the city.

Subd. 2. **MEET, PLAN, REGULATE, INVESTIGATE, REPORT.** A port authority shall:

(1) meet with a neighboring state's port authority that shares a port or harbor with it and try to agree with that authority on a comprehensive plan to regulate, develop, and improve the harbor and port;

(2) consider and adopt detailed plans for the port district consistent with the comprehensive plan in clause (1);

(3) meet from time to time with any other state's port authority to try to agree with it on legislation and rules needed to regulate and control the whole port, and recommend the adoption of the legislation and rules to the appropriate legislative and regulatory bodies;

(4) decide on and recommend legislation and rules needed to regulate and improve navigation and commerce in the port district;

(5) jointly with a similar body, or separately, recommend to the proper departments of the federal, state, or local government, or to another body, the carrying out of public improvements to benefit the port or port district;

(6) investigate the practices, rates, and conduct of privately owned or operated dock, terminal and port facilities in the port district, start proceedings, and take steps in the public interest to remedy abuses. To conduct investigations

under this clause, a port authority may examine witnesses under oath and to do so have subpoenas issued out of the district court where it is located. The subpoenas may require the attendance of witnesses and the production of books and documents;

(7) A seaway port authority may also investigate stevedoring and car contractors, ship chandlers, and other organizations that a port depends on for its orderly development and operation;

(8) if necessary, bring suit for any irregularities before a proper state or federal court; and

(9) annually by April 1 give a detailed written account to its city council of its activities, its receipts and expenditures during the past calendar year, and other matters and recommendations it finds advisable to advance the commerce and welfare of the port district.

Subd. 3. **REVENUE POOLING.** A port authority operating under this section and also under sections 59 to 69 may deposit all its money from any source in one bank account.

Subd. 4. **PUBLIC RELATIONS.** To further an authorized purpose a port authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials or others who may contribute to advance the port district and its industrial development, and (3) carry out other public relation activities to promote the port district and its industrial development. Activities under this subdivision have a public purpose.

Subd. 5. **MINED UNDERGROUND SPACE DEVELOPMENT.** Upon delegation by a municipality as provided in section 140, a port authority may exercise any of the delegated powers in connection with mined underground space development pursuant to sections 136 to 142.

Subd. 6. **CONTROL OF PROPERTY.** A port authority may acquire, purchase, construct, lease, or operate bulkheads, jetties, piers, wharves, docks, landing places, warehouses, storehouses, elevators, cold storage plants, terminals, bridges, or other terminal or transportation facilities. The authority may own, hold, lease, or operate real and personal property. A port authority may lease property in or out of its port district if it believes the property is suitable and proper to use to carry out its duties and responsibilities. The facilities and the property must be needed or convenient for storing, handling, or transporting freight, passenger traffic, and establishing rail and water transfer in the port district. The authority may make rules and fix fees for the use of the facilities and for the services it renders. The authority may borrow money and secure the loans by mortgages on property held or to be held by it or by bonds.

Subd. 7. **SALE OF REALTY.** The authority may sell, convey, and exchange any real or personal property owned or held by it in any manner and on any terms it wishes. Real property owned by the authority must not be sold, be exchanged, or have its title transferred without approval of two-thirds of the commissioners. All commissioners must have ten days' written notice of a regular or special meeting at which a sale, conveyance, exchange, or transfer of property is to be voted on. The notice must contain a complete description of

the affected real estate. The resolution authorizing the real estate transaction is not effective unless a quorum is present.

Subd. 8. **CONDEMNATION.** A port authority may acquire under eminent domain property of any kind within the port district needed by it for public use even if the property was acquired by its owner under eminent domain or even if the property is already devoted to a public use. Property vested in or held by the state or by a city, county, school district, town, or other municipality must not be taken without the holder's consent. The port authority shall adopt a resolution describing the property and stating its intended use and the necessity of the taking.

Subd. 9. **TUNNELS AND BRIDGES.** A port authority may acquire, operate, and maintain an existing toll bridge for vehicles across boundary water between a city of the first class in the state and another city either in or out of state. The authority may also construct, maintain, and operate another vehicular toll bridge with its approaches across the water at a point suitable to navigation, and may reconstruct, repair, and improve both bridges. The authority may construct, maintain, and operate a tunnel under the water and reconstruct, repair, and improve it.

A port authority may enter upon lands and acquire, condemn, occupy, possess, and use real estate and other property needed to locate, construct, operate, and maintain the bridge or tunnel and approaches to it. In doing so, the authority shall act in the same manner as a railroad corporation may for railroad purposes, or a bridge corporation may for bridge purposes in the state where the property is after making just compensation for the property as decided and paid under the laws of that state. The proceedings must be the same as for condemnation in that state.

Subd. 10. **SURVEYS; PLANS.** A port authority may survey or investigate the proper uses, operations, improvement, and development of the port district, the resulting stimulation of employment, and the benefit to the port district's city, county, and state. The port authority may also prepare a plan to construct, develop, and improve the port in the future. The plan may be merged with existing or future plans of any city in the port district. After public hearing, the port authority may adopt a plan as its official plan for the port district. Then the plan may be extended, modified, or amended only after a hearing. When the plan is adopted, all improvements made by the port authority must be consistent with it.

Subd. 11. **TERMINAL OPERATORS FOR SEAWAY PORT.** A seaway port authority may operate its port terminal facilities on its premises as terminal operators. If it does so, the authority may contract with a warehouse operator performing other terminal services to act as its agent. The contract may provide: (1) that the agent will be paid on a monthly basis to operate the facilities; (2) that the agent may hire the necessary personnel to carry out the functions undertaken by the contract; (3) that employees engaged by the agent are employ-

ees of the agent and not of the port authority; and (4) that the agent is responsible to pay the employees and to comply with local ordinances and state and federal laws affecting the employees. The seaway port authority may also contract with agents to perform any function that the port authority may do. The seaway port authority may retain power to set rates for a service to be performed in a terminal facility owned, leased, or operated by it.

Sec. 57. **[469.056] EMPLOYEES; CONTRACTS; AUDITS.**

Subdivision 1. **EMPLOYEES, SOCIAL SECURITY.** A port authority may employ or contract for the engineering, legal, technical, clerical, stenographic, accounting, and other assistance it considers advisable. An employee of a port authority under this chapter is an "employee" under section 355.01, subdivision 4, and by appropriate action of the port authority is entitled to benefits under that section.

Subd. 2. **CONTRACTS.** A port authority may contract to erect, repair, maintain or operate docks, warehouses, terminals, elevators, or other structures on or in connection with property it owns or controls. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or doing its duties. The authority may contract to purchase and sell real and personal property. An obligation or expense must not be incurred unless existing appropriations together with the reasonably expected revenue of the port authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.

Subd. 3. **DULUTH; AUDITS.** A seaway port authority may employ a certified public accountant to annually examine and audit its books. The report of the exam and audit must be sent to the state auditor. The state auditor shall review the report and may accept it or in the public interest examine the books further.

Subd. 4. **COMPLIANCE EXAMINATIONS.** At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving fund of the state auditor.

Subd. 5. **AUDITS.** The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.

Sec. 58. **[469.057] PORT CONTROL BY OTHERS; PETITION; INTERVENTION.**

Subdivision 1. **REGULATION.** Unless otherwise provided by law, all laws now or hereafter vesting jurisdiction or control in the department of public service of the state of Minnesota, the Interstate Commerce Commission or Department of Defense of the United States, or similar regulatory bodies shall apply to any transportation, terminal, or other facility owned, operated, leased, or controlled by the port authority with the same force and effect as if the transportation, terminal, or other facility were owned, operated, leased, or controlled by a private corporation.

Subd. 2. **SEAPORT CONTROL LIMITED.** The department of public service has no jurisdiction over a seaway port authority for the following matters to the extent they are connected with handling interstate commerce:

(1) charges for stevedoring of vessels;

(2) receiving and delivering cargo for vessels;

(3) car and truck unloading and loading cargo for vessels;

(4) watching cargo for vessels;

(5) charges to vessels for use of facilities;

(6) charges against railroad, trucking companies or shippers for use of facilities; and

(7) delivery and warehouse charges for cargo to and from and in warehouses on seaway port authority property.

Subd. 3. **PETITIONS, INTERVENTION.** A port authority may petition a public body of any kind or level having jurisdiction of the matter, for any relief, rates, rule, or action that the port authority believes will improve the handling of commerce in and through the port or improve terminal and transportation facilities in the port. The port authority may join with another authority sharing its port in making the petition. A port authority also may intervene before any public body in a proceeding affecting the commerce of the port. In the proceeding, the port authority is one of the official representatives of the port district along with other interested persons.

Sec. 59. **[469.058] INDUSTRIAL DEVELOPMENT DISTRICTS.**

Subdivision 1. **CREATION; NOTICE; FINDINGS.** A port authority may create and define the boundaries of industrial development districts in their port districts after holding a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the port district. The development district may be created if the authority finds that a development district is proper and desirable

to establish and develop a system of harbor and river improvements and industrial developments in its port district. In this section, "development" includes redevelopment, and "developing" includes redeveloping.

Subd. 2. **POLICY.** It is state policy in the public interest to have a port authority exercise the power of eminent domain, and advance and spend public money for the purposes in sections 49 to 69, and to provide the means to develop marginal property according to the findings in subdivision 3.

Subd. 3. **FINDINGS.** The legislature makes the findings in this subdivision about the purposes of this section.

(a) Sound development of the economic security of the people in port authority cities depends on proper development of marginal property. The general welfare of the residents of port districts requires remedies for the injurious conditions of marginal property by appropriate means.

(b) Marginal property cannot be developed without public participation and assistance in: (1) acquiring land, (2) planning, (3) financing of land assembly in the work of clearance and development, and (4) making necessary improvements for developing.

When the development of marginal property cannot be done by private enterprise alone, it is in the public interest to exercise the power of eminent domain, to advance and spend public money, and to provide the means to develop marginal property.

(c) The decline of marginal lands often cannot be reversed except by developing all or most of those lands. Private development may be uneconomic and practically impossible because of costs and lack of legal power. The public may have to acquire sizable areas of marginal property at fair prices to remedy the conditions on the marginal property, and to develop the areas under proper supervision, with appropriate planning and continuing land use. The development of land acquired under sections 49 to 69 is a public necessity and use and a governmental function. The sale or lease of the land after development is incidental to the real purpose: to remove the condition making the property marginal.

(d) The development of marginal property and its continuing use are public uses, public purposes, and government functions that justify spending or advancing public money and acquiring private property. The development is a state concern in the interest of health, safety and welfare of the people of the state and of all residents and property owners in communities having marginal property. Marginal property causes problems beyond control of police power alone.

Sec. 60. **[469.059] DEVELOPMENT DISTRICT POWERS.**

Subdivision 1. **IN GENERAL.** A port authority, or a city authorized by law to exercise the powers of a port authority may use the powers in this section for the purposes in section 59, subdivision 1.

Subd. 2. **ACQUIRE PROPERTY.** The port authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title and interest in property to create industrial development districts. A port authority may lease property in or out of its port district if it believes the property is suitable and proper to use to carry out its duties and responsibilities. It shall pay for the property out of money it receives under sections 60 to 69. It may hold and dispose of the property subject to the limits and conditions in sections 50, 51, and 59 to 69. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The port authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 50, 51, and 59 to 69. Property acquired, owned, leased, controlled, used, or occupied by the port authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the port authority holds property for its own purpose. When property is sold it begins to be taxed again.

Subd. 3. **OPTIONS.** The port authority may sign options to purchase, sell, or lease property.

Subd. 4. **EMINENT DOMAIN.** The port authority may exercise the right of eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The port authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The port authority may take possession of property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.

Subd. 5. **CONTRACTS.** The port authority may make contracts for an industrial development purpose within the powers given it in sections 50, 51, and 59 to 69.

Subd. 6. **PARTNER.** The port authority may be a limited partner.

Subd. 7. **RIGHTS; EASEMENTS.** The port authority may acquire rights or an easement for a term of years or perpetually for development of an industrial district.

Subd. 8. **SUPPLIES; MATERIALS.** The port authority may buy the supplies and materials it needs to carry out this section.

Subd. 9. **RECEIVE PUBLIC PROPERTY.** The port authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 49 to 69 and to acquire and develop an industrial development district and its facilities under this section.

Subd. 10. **TAX-FORFEITED LAND.** The port authority may use the power of a governmental subdivision under section 282.01 to acquire land for and develop an industrial development district. The authority may exercise the power of a city of the first class under that section to acquire land forfeited to the state for nonpayment of taxes.

Subd. 11. **PROCEDURE.** Tax-forfeited lands in an industrial development district that are vested in the state shall be conveyed to the port authority that is developing the district for one dollar per tract. The port authority may use and later resell the land for purposes of sections 49 to 69.

In conveying tax-forfeited land to a port authority, the state may not retain a possibility of reverter or right of reentry as it does under section 282.01, subdivision 1.

The commissioner of revenue shall convey tax-forfeited parcels in an industrial development district to the port authority, if the authority petitions for conveyance under sections 49 to 69 and pays one dollar per tract.

The attorney general shall approve the form of the deed of conveyance. The port authority shall receive absolute title to the tract, subject only to a reservation of minerals and mineral rights, under section 282.12. The deed of conveyance must not contain a restriction on the use of the premises. The conveyance divests the state of all further right, title, claim or interest in the tracts, except for the reservation of minerals and mineral rights.

Subd. 12. **DEVELOPMENT DISTRICT POWER.** The port authority may sell or lease land held by it for river, harbor or industrial development in industrial development districts. The authority may, if in the public interest, build suitable buildings or structures on land owned by it. The authority may furnish capital equipment to be located permanently or used exclusively on the lands or in the buildings if necessary to the purposes of the buildings or structures. The port authority must intend that the buildings, structures, and equipment be leased or sold to private persons to further develop the industrial district.

The authority may acquire, develop, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the industrial development of the district under sections 49 to 69.

Subd. 13. **TAX INCREMENT.** The port authority may request that the county auditor of the county of its industrial development district certify the latest assessed valuation of the legally described taxable real property in the request or of all the taxable real property in the district. The auditor shall make the certification. Valuation that is contributed to an areawide tax base under chapter 473F must be excluded from the certification. Each year the auditor shall certify to the authority the amounts and percentages of increase or decrease in the certified valuation. The part of the change that is contributed to an areawide tax base under chapter 473F must be excluded.

The auditor shall compute the mill rates of taxes against the original certified valuation. The auditor shall also extend the rates against any increased valuation. The auditor shall then send the resulting tax increment to the port authority. The procedure to be used for computing and sending the increments is provided in section 42, subdivisions 2 and 3.

The port authority shall keep tax increments received for a district in a special account on its official books and records.

The auditor shall send the tax increments to the port authority until the cost, including interest, of redevelopment of the marginal property within the district has been fully reimbursed. The port authority shall report to the auditor when the cost is fully reimbursed. After that the auditor shall compute and extend the tax mill rates against the entire assessed valuation of the property and send the taxes to all taxing districts. The city council may direct that part or all of the tax collected from the property be pledged and appropriated to pay general obligation bonds of the authority. After the auditor has certified the base valuation used to compute tax increments and while the tax increment is kept in a separate account, the auditor must not include increases in the valuation of the property in the assessed valuation of a taxing district to compute its debt or levy limit or to compute the amount of its state or federal aid. This subdivision applies to projects for which the port authority requested a certification on the project before August 2, 1979.

Subd. 14. **FOREIGN TRADE ZONE.** The port authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another port authority.

Subd. 15. **EXTENSION OF OTHER AUTHORITIES' POWERS.** The port authority may exercise powers and duties of a redevelopment agency under sections 153 to 166, for a purpose in sections 1 to 47 or 49 to 69. The port authority may also exercise the powers and duties in sections 1 to 47 and 49 to 69, for a purpose in sections 153 to 166.

Subd. 16. **PARKING AND OTHER FACILITIES.** The port authority may operate and maintain a public parking or other public facility to promote development in a development district.

Sec. 61. **[469.060] GENERAL OBLIGATION BONDS.**

Subdivision 1. **POWER; PROCEDURE.** A port authority may issue bonds in the principal amount authorized by its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 50, 51, and 59 to 69. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish

notice of the time and the place for receiving bids once at least two weeks before the bid deadline. Except as otherwise provided in sections 49 to 69, the issuance of the bonds is governed by chapter 475. The port authority when issuing the bonds is a municipal corporation under chapter 475. Notwithstanding any contrary city charter provision or any general or special law, the bonds may be issued and sold without submission of the question to the electors of the city, provided that the ordinance of the governing body of the city authorizing issuance of the bonds by the port authority shall be subject to any provisions in the city charter pertaining to the procedure for referendum on ordinances enacted by the governing body.

Subd. 2. **OUTSIDE DEBT LIMIT.** Bonds issued by the port authority must not be included in the net debt of its city. Money received under this section must not be included in a per capita limit on taxing or spending in the port authority's city's charter. The authority is also exempt from the limit.

Subd. 3. **DETAIL; MATURITY.** The port authority with the consent of its city's council shall set the date, denominations, place of payment, form and details of the bonds. The bonds must mature serially. The first installment must be due in not more than three years and the last in not more than 30 years from the date of issuance.

Subd. 4. **SIGNATURES; COUPONS; LIABILITY.** The bonds must be signed by the president of the port authority, be attested by its secretary, and be countersigned by its treasurer. The interest coupons must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed or lithographed facsimile signature of the port authority's president and secretary. The bonds do not impose any personal liability on a member of the port authority.

Subd. 5. **PLEDGE.** The bonds must be secured by the pledge of the full faith, credit and resources of the issuing port authority's city. The port authority may pledge the full faith, credit and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, the amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit and resources. The port authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.

Subd. 6. **TAX LEVY.** A port authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax may not be repealed until the debt is paid. After the bonds are issued, the port authority need not take any more action to authorize extending, assessing and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor, together with full information on the bonds for which the tax is levied. The county auditor shall extend and assess

the levied tax annually until the principal and interest are paid in full. The port authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The port authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income, including the amount in the sinking fund, the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The port authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the port authority by the county treasurer as provided in chapter 276. The taxes must be used only to pay the bonds when due.

Subd. 7. **AUTHORIZED SECURITIES.** Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.

The authority's bonds are instrumentalities of a public governmental agency.

Sec. 62. **[469.061] REVENUE BONDS; PLEDGE; COVENANTS.**

Subdivision 1. **POWER.** A port authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase, construct, install, or furnish capital equipment to operate a port terminal, transportation, or industrial facility of any kind in its port district, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The port authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.

Subd. 2. **FORM.** The bonds of each series issued by the port authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 30 years from the date of issuance, and shall be in such form, whether payable to bearer, registrable as to principal, or fully registrable, as determined by the port authority. Section 61, subdivision 7, shall apply to all bonds issued under this section, and the bonds and their coupons, when payable to bearer, shall be negotiable instruments.

Subd. 3. **SALE.** The sale of revenue bonds issued by the port authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the port authority determines to be for the best interest of the port authority. The bonds may be made callable, and if so issued may be refunded.

Subd. 4. **AGREEMENTS.** The port authority may by resolution make an agreement or covenant with the bondholders or their trustee if it determines that the agreement or covenant is needed or desirable to carry out the powers given to the authority under this section and to assure that the revenue bonds are marketable and promptly paid.

Subd. 5. **REVENUE PLEDGE.** In issuing bonds under sections 50, 51, and 59 to 69, the port authority may secure the payment of the principal and interest on the bonds by a pledge of and lien on port authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and deposit sufficient net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what constitutes "current" expense under this subdivision based on what is normal and reasonable under generally accepted accounting principles. Revenues pledged by the port authority must not be used or pledged for any other port authority purpose or to pay any other bonds issued under this section or under section 61, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.

Subd. 6. **NOT CITY DEBT.** Revenue bonds issued under this section are not a debt of the port authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the port authority and its city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.

Subd. 7. **NOT APPLICABLE.** Sections 154, subdivision 2, paragraph (e), and 155, subdivisions 3, 4, and 5, do not apply to revenue bonds issued under this section and sections 153 to 166 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the port authority to a private person.

Sec. 63. **[469.062] OTHER BONDS.**

Subdivision 1. **CITY BONDS, GENERALLY.** A port authority city except the city of Duluth may issue bonds and appropriate bond proceeds to purchase, construct, extend, improve, and maintain docks, warehouses, or other port or terminal facilities owned or to be owned or operated by its port authority. This action may be taken in the same manner as if the facilities were public utility plants, needed public buildings and public conveniences capable of producing revenue, and were owned or to be owned or operated solely by the city.

Subd. 2. **DULUTH BONDS.** The city of Duluth may issue not more than $1,000,000 of its general obligation bonds and may appropriate the bond proceeds for any of the purposes in subdivision 1 and to conserve, develop, reclaim, protect, and improve lands under the jurisdiction of its seaway port authority. The bonds shall be issued only after approval of two-thirds of the members of the city council. The bonds shall be issued, sold and secured under sections 475.60 to 475.73. The bonds are valid without an election.

Subd. 3. **SEAPORT BONDS.** A seaway port authority may issue and sell its negotiable revenue bonds for a purpose in section 56, subdivision 6, or for a purpose in this chapter related to the development of a seaport. The bonds must be issued, sold, and secured in the same manner as the bonds in subdivision 5 except that a trust indenture may but need not be executed. The bond resolutions and indenture, if any, must list the facilities whose net revenues are to be pledged for the bond and interest payments. The authority may mortgage some or all of its facilities, except a tunnel or bridge for vehicles, including additions and improvements, to a trustee for the bondholders. The mortgaged facilities may include those financed by the bonds, those operated by the authority, or those leased to others. The authority may agree to covenants and restrictions about: (1) issuing more bonds payable from net revenues of the same facilities, (2) changes to the bond resolutions or the indenture, (3) the remedies and priorities of the bondholders in case of default and, (4) anything else about the security of the bonds that the authority decides is needed to best market the bonds.

Subd. 4. **ST. LOUIS COUNTY BONDS.** When two-thirds of the members of the city council of the city of Duluth approve issuance of general obligation bonds of the city, the proceeds of which are to be appropriated to the seaway port authority, the board of St. Louis county commissioners may by five-sevenths vote issue general obligation bonds of the county. The bonds may be issued in an amount not to exceed $4,000,000, and the proceeds appropriated to be used by the seaway port authority for any or all of the purposes specified in section 63, subdivision 2, if the county board by resolution determines that the conservation, development, reclamation, protection and improvement of lands under the jurisdiction of the port authority and the construction of port facilities thereon will promote the public welfare of the county at large and the economic well-being of its people, industries and commerce, and is an essential governmental function of the county, and can best be performed through the medium of the port authority. The bonds shall be issued, sold and secured as provided in sections 475.60 to 475.753; the bonds are valid without an election.

Subd. 5. **TUNNEL AND BRIDGE BONDS.** The authority may issue and sell its negotiable revenue bonds for the purposes of section 56, subdivision 9. The bonds must be authorized by port authority resolutions containing the customary provisions about the form of the bonds and their maturity, interest rate, sinking fund, redemption, and refunding. The bonds must be issued under a trust indenture from the port authority to a corporate trustee. The indenture must contain the customary provisions as to: (1) the issuance of bonds; (2) the application of the revenues of the bridge or tunnel to create a sinking fund to

pay the bonds and interest on them; (3) the holding of the proceeds of the bonds in a special trust to acquire or construct the bridge or tunnel; and (4) the pledge and assignment by the port authority to the trustee of the bridge or tunnel revenues in excess of the cost of operation and maintenance of it as security for the payment of the principal of and interest on the bonds. The port authority shall collect tolls for transit over the bridge or through the tunnel acquired or constructed under this section sufficient at all times to pay for its operation and maintenance and to pay the principal of and interest on the bonds issued under this subdivision. The bonds and the coupons showing interest on them are an irrevocable contract between the bondholders and the port authority that the tolls shall always be sufficient for those purposes. The bonds must not bear interest at more than eight percent per year. The bonds must not be sold for less than par plus accrued interest to the date of delivery and payment and may be sold at private sale without publishing prior notice of the sale. Bonds issued under this subdivision are not a debt of the port authority's city, are not subject to the city's debt limit, and are not payable from city property taxes. The bonds are payable solely from the toll revenues earned by the bridge or tunnel and pledged to the payment of the bonds.

Sec. 64. **[469.063] SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

Sections 474A.01 to 474A.21 apply to obligations issued under sections 49 to 69 that are limited by a federal volume limitation act as defined in section 474A.02, subdivision 9, or existing federal tax law as defined in section 474A.02, subdivision 8.

Sec. 65. **[469.064] PORT AUTHORITY ACTIVITIES.**

Subdivision 1. **GOVERNMENT AGENT.** A port authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 49 to 69 or any other related federal, state or local law in the area of river, harbor and industrial development district improvement.

Subd. 2. **STUDIES, ANALYSIS, RESEARCH.** A port authority may study and analyze industrial development needs in its port district, and ways to meet the needs. A port authority may study the desirable patterns for industrial land use and community growth and other factors affecting local industrial development in the district and make the result of the studies available to the public and to industry in general. A port authority may engage in research and disseminate information on river, harbor and industrial development in the port district.

Subd. 3. **ACCEPT PUBLIC LAND.** A port authority may accept conveyances of land from all other public agencies, commissions or other units of government, including the housing and redevelopment authority of the city of Saint Paul and the state metropolitan airports commission, if the land can be properly used by the port authority in a river, harbor and industrial development district, to carry out the purposes of sections 49 to 69.

Subd. 4. **INDUSTRIAL DEVELOPMENT.** A port authority may carry out the law on industrial development districts to develop and improve the lands in an industrial development district to make it suitable and available for industrial uses and purposes. A port authority may dredge, bulkhead, fill, grade and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for industrial development. A port authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an industrial development district.

In general, with respect to an industrial development district, a port authority may use all the powers given a port authority by law.

Subd. 5. **LOANS IN ANTICIPATION OF BONDS.** A port authority after authorizing bonds under section 61 or 62 may borrow to provide money immediately required for the bond purpose. The loans may not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the port authority or from any corporation, association, or other institution of which a port authority commissioner is a stockholder or officer.

Subd. 6. **USE OF PROCEEDS.** The proceeds of obligations issued by a port authority under section 62 and temporary loans obtained under subdivision 5 may be used to make or purchase loans for port, industrial or economic facilities that the authority believes will require financing. To make or purchase the loans, the port authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the port authority considers appropriate. A governmental unit in the state may apply, contract for and receive the loans. chapter 475 does not apply to the loans.

Sec. 66. **[469.065] SALE OF PROPERTY.**

Subdivision 1. **POWER.** A port authority may sell and convey property owned by it within a port or industrial district if it determines that the sale and conveyance are in the best interests of the district and its people, and that the transaction furthers its general plan of port improvement, or industrial development, or both. This section is not limited by other law on powers of port authorities.

Subd. 2. **NOTICE; HEARING.** A port authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and of general circulation in the port authority's county and port

district. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.

Subd. 3. **DECISION; APPEAL.** The port authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision by filing a notice of appeal with the district court in the port or industrial district's county and serving the notice on the secretary of the port authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.

Subd. 4. **TERMS.** The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the port authority may consider the nature of the proposed use and the relation of the use to the improvement of the harbor, the riverfront and the port authority's city and the business and the facilities of the port authority in general. The sale must be made on the port authority's terms and conditions. The port authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The port authority also may sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 49 to 69.

Subd. 5. **ONE-YEAR DEADLINE.** Within one year from the date of purchase, the purchaser shall devote the property to its intended use or begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the port authority may cancel the sale and title to the property shall return to it. The port authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the port authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the port authority.

Subd. 6. **COVENANT RUNNING WITH THE LAND.** A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 49 to 69 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.

Subd. 7. **PLANS; SPECIFICATIONS.** A conveyance must not be made until the purchaser gives the port authority plans and specifications to develop

the property sold. The port authority must approve the plans and specifications in writing. The port authority may require preparation of final plans and specifications before the hearing on the sale.

Sec. 67. **[469.066] ADVANCES BY PORT AUTHORITY.**

A port authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 59 to 69. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the port authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the port authority's general obligation bonds that are outstanding at the time the advances are made. The port authority may advance repaid money for more objects and purposes of sections 59 to 69 subject to repayment in the same manner. The port authority must use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance port or industrial facilities, if the rentals have been pledged for that purpose under section 62. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 49 to 69 do not exempt lands leased from the authority to a private person or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.

Sec. 68. **[469.067] FINDING LAND IS MARGINAL IS PRIMA FACIE EVIDENCE.**

A port authority decision that property it seeks is marginal is prima facie evidence in eminent domain proceedings that the property is marginal if the decision is made in a resolution, stating the characteristics that make the property marginal.

Sec. 69. **[469.068] CONSTRUCTION, EQUIPMENT CONTRACTS; USE OF CITY PURCHASING.**

Subdivision 1. **CONTRACTS; BIDS; BONDS.** All construction work and every purchase of equipment, supplies, or materials necessary in carrying out the purposes of sections 49 to 69, that involve the expenditure of $1,000 or more, shall be awarded by contract as provided in this subdivision. Before receiving bids under sections 49 to 69, the authority shall publish, once a week for two consecutive weeks in the official newspaper of the port's city, a notice that bids will be received for the construction work, or purchase of equipment, supplies, or materials. The notice shall state the nature of the work, and the terms and conditions upon which the contract is to be let and name a time and place where the bids will be received, opened, and read publicly, which time shall be not less than seven days after the date of the last publication. After the bids have been received, opened, read publicly, and recorded, the commissioners shall award the contract to the lowest responsible bidder, reserving the right to reject any or

all bids. The contract shall be executed in writing and the person to whom the contract is awarded shall give sufficient bond to the board for its faithful performance. If no satisfactory bid is received, the port authority may readvertise, or, by an affirmative vote of two of its commissioners in the case of a three-member commission, or five of its members in the case of a seven-member commission, may authorize the authority to perform any part or parts of any construction work by day labor under conditions it prescribes. The commissioners may establish reasonable qualifications to determine the fitness and responsibility of bidders, and require bidders to meet the qualifications before bids are accepted. If the commissioners by a two-thirds or five-sevenths vote declare that an emergency exists requiring the immediate purchase of any equipment or material or supplies at a cost in excess of $1,000, but not exceeding $5,000, in amount, or making of emergency repairs, it shall not be necessary to advertise for bids, but the material, equipment, or supplies may be purchased in the open market at the lowest price obtainable, or the emergency repairs may be contracted for or performed without securing formal competitive bids. An emergency, for purposes of this section, is unforeseen circumstances or conditions which result in the jeopardizing of human life or property.

In all contracts involving the employment of labor, the commissioners shall stipulate conditions they deem reasonable, as to the hours of labor and wages and may stipulate as to the residence of employees to be employed by the contractors.

Bonds shall be required from contractors for any works of construction as provided in and subject to all the provisions of sections 574.26 to 574.31.

Subd. 2. **CITY PURCHASING.** A port authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

LOCAL PORT AUTHORITY PROVISIONS

Sec. 70. **[469.069] ALBERT LEA.**

The city of Albert Lea may establish a port authority commission that has the same powers as a port authority established under section 50 or other law. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 49 to 69 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission and may appoint a seven-member commission.

Sec. 71. **[469.070] AUSTIN.**

The city of Austin may establish a port authority commission that has the same powers as a port authority established under section 50 or other law. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 49 to 69 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission and may appoint a seven-member commission.

Sec. 72. **[469.071] BLOOMINGTON.**

Subdivision 1. **ESTABLISHMENT OF PORT AUTHORITY.** The city of Bloomington may establish a port authority that has the same powers as a port authority established under section 50. If the city establishes a port authority, the city shall exercise all the powers relating to the port authority granted to a city by section 50 or other law and may do all that a port authority may do under sections 49 to 69.

Subd. 2. **ACQUISITION OF PROPERTY.** The port authority of the city of Bloomington may lease or purchase and accept a conveyance of real property from another public agency, commission, or unit of government if the port authority is able to properly use the property for the purposes of sections 49 to 69.

Subd. 3. **ISSUANCE OF BONDS.** The port authority may, with the approval of its city council, issue bonds under section 61 to pay for the real property.

Subd. 4. **PROPERTY TAX EXEMPTION.** Notwithstanding section 473.556, subdivision 6, or any other law, real property conveyed to the port authority of the city of Bloomington by the metropolitan sports facilities commission is exempt from taxation under sections 473.556, subdivision 4; and 459.192, subdivision 2.

Sec. 73. **[469.072] BRECKENRIDGE.**

Subdivision 1. **ESTABLISHMENT.** The city of Breckenridge may establish a port authority commission that has the same powers as a port authority established under section 50 or other law. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 49 to 69 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission and may appoint a seven-member commission.

Subd. 2. **MUNICIPAL HOUSING AND REDEVELOPMENT AUTHORITY.** If the city of Breckenridge establishes a port authority commission under subdivision 1, the commission may exercise the same powers as a municipal housing and redevelopment authority established under sections 1 to 47 or other law. The city shall then exercise all the powers relating to the municipal housing and redevelopment authority granted to a city by sections 1 to 47 or other law.

Sec. 74. **[469.073] DETROIT LAKES.**

Subdivision 1. **ESTABLISHMENT.** The city of Detroit Lakes may establish a port authority commission that has the same powers as a port authority established under section 50 or other law. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 49 to 69 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission.

Subd. 2. **MUNICIPAL HOUSING AND REDEVELOPMENT AUTHORITY.** If the city of Detroit Lakes establishes a port authority commission under subdivision 1, the commission may exercise the same powers as a municipal housing and redevelopment authority established under sections 1 to 47 or other law. The city shall then exercise all the powers relating to the municipal housing and redevelopment authority granted to a city by sections 1 to 47 or other law.

Sec. 75. **[469.074] DULUTH.**

Subdivision 1. **MAY OWN, OPERATE, OR CONTRACT FOR VESSELS.** The seaway port authority of Duluth may acquire, purchase, charter, lease, mortgage or otherwise own and operate vessels as may be necessary or convenient. The authority may enter into joint vessel ownership contracts or joint ventures with others, contract with vessel owners and operators, and enter into contractual relationships necessary or convenient to acquire, purchase, charter, lease or operate vessels.

Subd. 2. **OLD LAW DOES NOT APPLY TO MINNESOTA POINT.** The following quoted sentence from Minnesota Statutes 1961, section 458.59:

> "No state owned tax forfeited land comprising riparian lands or submerged lands within the harbor line as duly established, and all such tax forfeited lands lying within a distance of 1500 feet thereof, located in harbors upon the Great Lakes-St. Lawrence Seaway shall be offered for sale or sold to any private person, firm or corporation and all such tax forfeited lands are hereby withdrawn from sale to such private persons, firms or corporations."

does not apply to land located on Minnesota Point in the city of Duluth that is zoned residential under the zoning ordinance of the city. Before the land is offered for sale, the city council, the county board, and the port authority must approve the offering. A sale or conveyance of the land must not include riparian rights. The riparian rights are kept by the state.

Sec. 76. **[469.075] FERGUS FALLS.**

Subdivision 1. **ESTABLISHMENT.** The city of Fergus Falls may establish a port authority commission that has the same powers as a port authority established under section 50 or other law. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 49 to 69 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission.

Subd. 2. **MUNICIPAL HOUSING AND REDEVELOPMENT AUTHORITY.** If the city of Fergus Falls establishes a port authority commission under subdivision 1, the commission may exercise the same powers as a municipal housing and redevelopment authority established under sections 1 to 47 or other law. The city shall then exercise all the powers relating to the municipal housing and redevelopment authority granted to a city by sections 1 to 47 or other law.

Sec. 77. **[469.076] GRANITE FALLS.**

The Granite Falls city council may use the powers of a governmental agency or subdivision under sections 49 to 69 except that the council may not use the powers in section 61. The powers must be used according to and for the purposes of Laws 1981, chapter 225.

Sec. 78. **[469.077] HASTINGS.**

Subdivision 1. **ESTABLISHMENT; POWERS.** The city of Hastings may, by adoption of an enabling resolution in compliance with the procedural requirements of subdivision 3, establish a port authority commission that, subject to the provisions of subdivision 2, has the same powers as a port authority established under section 50 or other law, and a housing and redevelopment authority established under sections 1 to 47 or other law, and shall constitute an "agency" that may administer one or more municipal development districts under section 111. If the city establishes a port authority commission under this section, the city shall exercise all the powers relating to a port authority granted to any city by sections 49 to 69 or other law, and all powers relating to a housing and redevelopment authority granted to any city by sections 1 to 47 or other law.

Subd. 2. **LIMITATION OF POWERS.** (a) The enabling resolution may impose the following limitations upon the actions of the port authority:

(1) that the port authority shall not exercise any specified powers contained in sections 1 to 47 and 49 to 69 or that the port authority shall not exercise any powers without the prior approval of the city council;

(2) that, except when previously pledged by the port authority, the city council may, by resolution, require the port authority to transfer any portion of the reserves generated by activities of the port authority which the city council determines is not necessary for the successful operation of the port authority, to the city general fund, to be used for any general purpose of the city;

(3) that the sale of all bonds or obligations issued by the port authority be approved by the city council before issuance;

(4) that the port authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;

(5) that all official actions of the port authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the port authority submit to the city council for approval by resolution any proposed project as defined in section 175, subdivision 8;

(7) that the port authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(8) that the port authority submit its administrative structure and management practices to the city council for approval; and

(9) any other limitation or control established by the city council by the enabling resolution.

(b) The enabling resolution may be modified at any time, subject to clause (e), and provided that any modification is made in accordance with the procedural requirements of subdivision 3.

(c) Without limiting the right of the port authority to petition the city council at any time, each year, within 60 days of the anniversary date of the initial adoption of the enabling resolution, the port authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the port authority, and make any modifications it considers appropriate; provided that any modification shall be made in accordance with the procedural requirements of subdivision 3.

(d) A determination by the city council that the limitations imposed under this section have been complied with by the port authority shall be conclusive.

(e) Limitations imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed prior to the imposition of the limitation. The city council shall not modify any limitations in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

Subd. 3. **PROCEDURAL REQUIREMENT.** (a) The creation of a port authority by the city of Hastings must be by written resolution known as the enabling resolution. Prior to adoption of the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.

(b) All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

Subd. 4. **NAME.** Notwithstanding any law to the contrary, the city may choose the name of the commission.

Subd. 5. **REMOVAL OF COMMISSIONERS FOR CAUSE.** A commissioner of the port authority may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least

ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

Sec. 79. **[469.078] MINNEAPOLIS.**

Subdivision 1. **MAY USE CHAPTER 458 POWERS GRANTED BY 1980 LAW.** The city of Minneapolis may exercise those powers of a governmental agency or subdivision sections 49 to 69 granted to it by Laws 1980, chapter 595.

Subd. 2. **PORT OPERATOR EXEMPT FROM BID LAW.** If the city of Minneapolis contracts with a corporation to operate a port facility, the corporation may sell, purchase, or rent supplies, materials, or equipment, or construct, alter, expand, repair, or maintain real or personal property at the facility without regard to section 471.345. This subdivision applies regardless of the source of funds disbursed by the corporation.

Sec. 80. **[469.079] NORTH MANKATO.**

Subdivision 1. **ESTABLISHMENT.** The city of North Mankato may establish a port authority commission that has the same powers as a port authority established under section 50 or other law. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 49 to 69 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission and may appoint a seven-member commission.

Subd. 2. **MUNICIPAL HOUSING AND REDEVELOPMENT AUTHORITY.** If the city of North Mankato establishes a port authority commission under subdivision 1, the commission may exercise the same powers as a municipal housing and redevelopment authority established under sections 1 to 47 or other law.

Sec. 81. **[469.080] PLYMOUTH.**

The city of Plymouth may establish a port authority that has the same powers as a port authority established pursuant to section 50. If the city establishes a port authority, the city shall exercise all the powers granted to a city by sections 49 to 69 or other law.

Sec. 82. **[469.081] RED WING.**

Subdivision 1. **ESTABLISHMENT.** The city of Red Wing may, by adoption of an enabling resolution in compliance with the procedural requirements of subdivision 3, establish a port authority commission that, subject to the provisions of subdivision 2, has the same powers as a port authority established under section 50 or other law, and a housing and redevelopment authority

established under sections 1 to 47 or other law, and shall constitute an "agency" that may administer one or more municipal development districts under section 111. If the city establishes a port authority commission under this section, the city shall exercise all the powers relating to a port authority granted to any city by sections 49 to 69 or other law, and all powers relating to a housing and redevelopment authority granted to any city by sections 1 to 47 or other law.

Subd. 2. **LIMITATION OF POWERS.** (a) The enabling resolution may impose the following limitations upon the actions of the port authority:

(1) that the port authority shall not exercise any specified powers contained in sections 1 to 47 and 49 to 69 or that the port authority shall not exercise any powers without the prior approval of the city council;

(2) that, except when previously pledged by the port authority, the city council may, by resolution, require the port authority to transfer any portion of the reserves generated by activities of the port authority which the city council determines is not necessary for the successful operation of the port authority, to the city general fund, to be used for any general purpose of the city;

(3) that the sale of all bonds or obligations issued by the port authority be approved by the city council before issuance;

(4) that the port authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;

(5) that all official actions of the port authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the port authority submit to the city council for approval by resolution any proposed project as defined in section 175, subdivision 8;

(7) that the port authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(8) that the port authority submit its administrative structure and management practices to the city council for approval; and

(9) any other limitation or control established by the city council by the enabling resolution.

(b) The enabling resolution may be modified at any time, subject to clause (e), and provided that any modification is made in accordance with the procedural requirements of subdivision 3.

(c) Without limiting the right of the port authority to petition the city council at any time, each year, within 60 days of the anniversary date of the initial adoption of the enabling resolution, the port authority shall submit to the

city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the port authority, and make any modifications it considers appropriate; provided that any modification shall be made in accordance with the procedural requirements of subdivision 3.

(d) A determination by the city council that the limitations imposed under this section have been complied with by the port authority shall be conclusive.

(e) Limitations imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed prior to the imposition of the limitation. The city council shall not modify any limitations in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

Subd. 3. **PROCEDURAL REQUIREMENT.** (a) The creation of a port authority by the city of Red Wing must be by written resolution known as the enabling resolution. Prior to adoption of the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.

(b) All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

Subd. 4. **NAME.** Notwithstanding any law to the contrary, the city may choose the name of the commission.

Subd. 5. **REMOVAL OF COMMISSIONERS FOR CAUSE.** A commissioner of the port authority may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

Sec. 83. **[469.082] ROSEVILLE; PORT AUTHORITY.**

The governing body of the city of Roseville may exercise all the powers of a port authority provided by sections 49 to 69.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 84. **[469.083] ST. CLOUD.**

The St. Cloud city council may exercise all the powers of a port authority provided by sections 49 to 69.

Sec. 85. **[469.084] ST. PAUL.**

Subdivision 1. **POWERS RELATED TO RECREATIONAL FACILITIES.** Notwithstanding any law to the contrary, the port authority of the city of St. Paul may plan for, acquire by condemnation, purchase, or otherwise, construct, improve, operate, directly, by lease or otherwise, and maintain parks and other recreation facilities along navigable rivers and lakes within its port district, and on lands abutting the rivers and lakes. The port authority shall establish rules on the use of the rivers, lakes, parks and recreation facilities either alone or in cooperation with the federal government or its agencies, the city of St. Paul, the state, or an agency or political subdivision of the state.

Subd. 2. **NO POLICE POWER.** The port authority does not have police power except as provided by subdivisions 1 to 8.

Subd. 3. **CONSENT FOR CITY LAND.** The port authority must not take lands owned, controlled, or used by the city of St. Paul without consent of the city council.

Subd. 4. **PORT JURISDICTION.** For all other recreation purposes the port authority has jurisdiction over the use of all the navigable rivers or lakes and all the parks and recreation facilities.

Subd. 5. **EXPENDITURES; BONDS.** The port authority may spend port authority money to carry out subdivisions 1 to 8 and issue bonds for the purposes in subdivisions 1 to 8 according to either section 61 or 62.

Subd. 6. **CITY, COUNTY PLAN APPROVAL.** The port authority, prior to taking action under subdivisions 1 to 8, shall submit for approval plans to acquire, improve, and operate parks and recreation facilities along navigable rivers and lakes within its port district to the city of St. Paul and shall submit the plans for all areas located within Ramsey county, whether located within or without the port district, to the county for approval.

Subd. 7. **REVENUE BONDS; SALE; RATE OF INTEREST.** Notwithstanding any law to the contrary, the sale of revenue bonds issued by the port authority under section 62, shall be at public sale under section 475.60, or in accordance with the procedures set forth in sections 153 to 166. The bonds may be sold in the manner and for the price that the port authority determines to be for the best interest of the port authority. A sale must not be made at a price so low as to cause the average annual rate of interest on the money received from the sale to exceed eight percent per year computed by adding the amount of the discount to the total amount of interest payable on all obligations of the series to their stated maturity dates. The bonds may be made callable. If issued as callable, the bonds may be refunded.

Subd. 8. **RELATION TO INDUSTRIAL DEVELOPMENT PROVISIONS.** Notwithstanding any law to the contrary, the port authority of the city of St. Paul, under sections 49 to 69 and this section, may do what a redevelopment agency may do or must do under sections 153 to 166 to further any of the purposes of sections 49 to 69 and subdivisions 1 to 8. The port authority may use its powers and duties under sections 49 to 69 and subdivisions 1 to 8 to further the purposes of sections 153 to 166. The powers and duties in subdivisions 1 to 8 are in addition to the powers and duties of the port authority under sections 49 to 69, and under sections 153 to 166. The port authority may use its powers for industrial development or to establish industrial development districts. If the term " industrial" is used in relation to industrial development purposes under sections 49 to 69, the term includes "economic" and "economic development."

Subd. 9. **MAY JOIN IN SUPPLYING SMALL BUSINESS CAPITAL.** Notwithstanding any contrary law, the port authority of the city of St. Paul may participate with public or private corporations or other entities, whose purpose is to provide venture capital to small businesses that have facilities located or to be located in the port district. For that purpose the port authority may use not more than ten percent of available annual net income or $400,000 annually, whichever is less, to acquire or invest in securities of, and enter into financing arrangements and related agreements with, the corporations or entities. The participation by the port authority must not exceed in any year 25 percent of the total amount of funds provided for venture capital purposes by all of the participants. The corporation or entity shall report in writing each month to the commissioners of the port authority all investment and other action taken by it since the last report. Funds contributed to the corporation or entity must be invested pro rata with each contributor of capital taking proportional risks on each investment. As used in this subdivision, the term "small business" has the meaning given it in section 645.445, subdivision 2.

Subd. 10. **RECREATION FACILITIES ON MISSISSIPPI RIVER.** The port authority of the city of Saint Paul has jurisdiction over the use of the Mississippi River for recreation purposes within its port district and may acquire and may spend port authority money for lands abutting the river within the port district to construct, operate directly, by lease or otherwise, and maintain recreation facilities. The authority shall establish rules on the use of the river and abutting lands, either individually, or in cooperation with the federal government or its agencies, the city of Saint Paul, the state, or a state agency, or political subdivision.

Subd. 11. **REVENUE BONDS.** Notwithstanding any law or charter provision to the contrary, an issue of revenue bonds authorized by the port authority of the city of St. Paul shall be issued only with the consent of the St. Paul city council in a resolution. Notwithstanding any law or charter provision to the contrary, a project to be financed by the port authority of the city of St. Paul by proceeds of revenue bonds shall be financed only with the consent of the St. Paul city council in a resolution. An existing obligation, contract, collective bargain-

ing or other agreement, fringe benefit plan, or covenant made or entered into by the St. Paul port authority is not impaired by this subdivision.

Subd. 12. **CITY SUPERVISION OF AUTHORITY EMPLOYEES.** Notwithstanding any law or charter provision to the contrary, the council may, by resolution adopted by a majority of the council, place any employee of the port authority under the direction, supervision, or control of the mayor or a department of the city.

Subd. 13. **INVESTMENT IN COMMERCIAL PAPER.** Notwithstanding section 471.56 or other law, the port authority of the city of St. Paul may invest its funds in commercial paper of prime quality in the same manner as the state board of investment may invest money not currently needed.

Subd. 14. **BOND FOR TREASURER AND ASSISTANT TREASURER.** The treasurer and assistant treasurer of the port authority of the city of Saint Paul shall give bond to the state in sums not to exceed $25,000 and $10,000 respectively. The bonds must be conditioned for the faithful discharge of their duties. The bonds must be approved as to both form and surety by the port authority and must be filed with its secretary. The amount of the bonds must be set at least annually by the port authority.

Sec. 86. **[469.085] SOUTH SAINT PAUL.**

The South Saint Paul city council may exercise the powers of a port authority, including the port authority of the city of Saint Paul, under sections 49 to 69.

Sec. 87. **[469.086] WADENA.**

The city of Wadena may establish a port authority commission that has the same powers as a port authority established under section 50 or other law. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 49 to 69 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission and may appoint a seven-member commission.

Sec. 88. **[469.087] WARROAD.**

The city of Warroad may establish a port authority commission that has the same powers as a port authority established under section 50 or other law. If the city establishes a port authority commission, the city shall exercise all the powers relating to the port authority granted to a city by sections 49 to 69 or other law. Notwithstanding any law to the contrary, the city may choose the name of the commission and may appoint a seven-member commission.

Sec. 89. **[469.088] WHITE BEAR LAKE.**

The governing body of the city of White Bear Lake may exercise all the powers of a port authority provided by sections 49 to 69.

Sec. 90. **[469.089] WINONA.**

Subdivision 1. **ESTABLISHMENT.** The Winona city council may by resolution establish the port authority of Winona.

Subd. 2. **PORT AUTHORITY LAW APPLIES.** Sections 49 to 69 apply to the Winona port authority and to the city of Winona. The sections apply just as they apply to a port authority established by section 50, except a seaway port authority, and to the port authority's city, except as otherwise provided in this section. For the Winona port authority, when "industrial" is used in the context of industrial development district under sections 49 to 69, "industrial" or "industrial development" includes "economic" or "economic development." Section 57, subdivision 1, and 68 and 54, subdivision 6, and the per meeting payment provision of section 51, subdivision 5, do not apply to the Winona Port Authority.

Subd. 3. **CITY APPROVAL.** Action taken by the Winona port authority under section 59, 60, subdivision 4, or 62, must be approved by city council resolution to take effect.

Subd. 4. **STAFF; BUDGET.** The city of Winona, by resolution of its city council, may provide the port authority with personnel and staff, temporarily, provisionally, or permanently on terms and conditions it considers appropriate. In the same way, the city may appropriate and budget the funds to administer the port authority as the city considers necessary and appropriate. The money must be budgeted, used, and accounted for according to the charter and ordinances of the city.

Subd. 5. **MARGINAL PROPERTY.** A port authority's decision that property it seeks is marginal under section 59 is prima facie evidence in eminent domain proceedings that the property is marginal. The decision must be made in a resolution. The resolution must state the characteristics that the authority thinks makes the property marginal. The port authority resolution must then be approved by city council resolution.

Subd. 6. **INDUSTRIAL DEVELOPMENT POWERS.** The port authority has the powers granted to port authorities by sections 153 to 166. The powers may be exercised within and outside its corporate limits. The exercise of the powers is subject to approval by resolution of the city council.

Subd. 7. **BOND INTEREST.** Revenue bonds issued by the port authority may be negotiated and sold at a price resulting in an average annual net interest rate on the bonds of not more than seven percent per year computed to the stated maturities.

Subd. 8. **NO ASSESSMENTS; IMPROVEMENT DISTRICTS.** The port authority must not levy special assessments or establish local improvement districts. The city of Winona, or its port authority with the approval by resolution of the city council, may exercise the powers in section 471.191 to acquire and to

improve recreational land, buildings, and facilities within or outside their corporate limits.

Subd. 9. **SURPLUS FUNDS.** On or before October 15 in each year the port authority shall report to the city council the amount of surplus funds that are in its judgment available for transfer to the sinking fund for any general obligation bonds of the authority, to reduce tax levies to pay the bonds. The council shall then decide by resolution what amount to transfer.

Subd. 10. **WISCONSIN REAL PROPERTY.** The port authority may purchase or lease real property in Wisconsin for barge fleeting or for recreation activities or for both.

Subd. 11. **TRANSFER OF CITY PROPERTY TO PORT.** The city of Winona may transfer, with or without consideration and on other terms the city council considers desirable, its interest in any real property, including fee title, to the port authority of Winona. The transfer must be authorized by ordinance. The ordinance must contain the following:

(1) the general location and the specific legal description of the property;

(2) a finding by the city council that the real property is marginal under section 59, supported by reference to one or more of the conditions listed in section 49, subdivision 5;

(3) a statement as to the consideration, or absence of it, to be received by the city at the time of transfer; and

(4) other information considered appropriate by the city council.

A conveyance of fee title under this subdivision must be by quitclaim deed.

ECONOMIC DEVELOPMENT AUTHORITIES

Sec. 91. **[469.090] DEFINITIONS.**

Subdivision 1. **GENERALLY.** In sections 91 to 109, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. **AUTHORITY.** "Authority" means an economic development authority.

Subd. 3. **CITY.** "City" means a home rule charter or statutory city.

Subd. 4. **DEVELOPMENT.** "Development" includes redevelopment, and "developing" includes redeveloping.

Subd. 5. **COST OF REDEVELOPMENT.** "Cost of redevelopment" means, with respect to an economic development district project, the cost of:

(1) acquiring property, whether by purchase, lease, condemnation, or otherwise;

(2) demolishing or removing structures or other improvements on acquired properties;

(3) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;

(4) constructing or installing public improvements, including streets, roads, and utilities;

(5) providing relocation benefits to the occupants of acquired properties;

(6) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (1) to (5); and

(7) the allocated administrative expenses of the authority for the project.

Sec. 92. **[469.091] ECONOMIC DEVELOPMENT AUTHORITY.**

Subdivision 1. **ESTABLISHMENT.** A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 94, establish an economic development authority that, subject to section 93, has the powers contained in sections 91 to 109 and the powers of a housing and redevelopment authority under sections 1 to 47 or other law, and of a city under sections 125 to 135 or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in sections 1 to 47 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by sections 1 to 47 or other law.

Subd. 2. **CHARACTERISTICS.** An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.

Sec. 93. **[469.092] LIMIT OF POWERS.**

Subdivision 1. **RESOLUTION.** The enabling resolution may impose the following limits upon the actions of the authority:

(1) that the authority must not exercise any specified powers contained in sections 1 to 47, 91 to 109, and 125 to 135 or that the authority must not exercise any powers without the prior approval of the city council;

(2) that, except when previously pledged by the authority, the city council may by resolution require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority to the debt service fund of

the city, to be used solely to reduce tax levies for bonded indebtedness of the city;

(3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;

(4) that the authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;

(5) that all official actions of the authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(7) that the authority submit its administrative structure and management practices to the city council for approval; and

(8) any other limitation or control established by the city council by the enabling resolution.

Subd. 2. **MODIFICATION OF RESOLUTION.** The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with this section.

Subd. 3. **REPORT ON RESOLUTION.** Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 94.

Subd. 4. **COMPLIANCE.** The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.

Subd. 5. **LIMITS; SECURITY.** Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

Sec. 94. **[469.093] PROCEDURAL REQUIREMENT.**

Subdivision 1. **ENABLING RESOLUTION.** The creation of an authority by a city must be by written resolution referred to as the enabling resolution.

Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.

Subd. 2. **MODIFICATIONS.** All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.

Sec. 95. **[469.094] TRANSFER OF AUTHORITY.**

Subdivision 1. **ECONOMIC DEVELOPMENT, HOUSING, REDEVELOPMENT POWERS.** The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under sections 1 to 47 and 91 to 109 between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.

Subd. 2. **PROJECT CONTROL, AUTHORITY, OPERATION.** The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 175, subdivision 8, or any other program or project authorized by sections 1 to 47 or sections 125 to 135 located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.

Subd. 3. **TRANSFER OF PERSONNEL.** Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective

bargaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.

Sec. 96. **[469.095] COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.**

Subdivision 1. **COMMISSIONERS.** Except as provided in subdivision 2, paragraph (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 94 becomes effective. The resolution must indicate the number of commissioners constituting the authority.

Subd. 2. **APPOINTMENT, TERMS; VACANCIES.** (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.

(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, five, and six years respectively. Thereafter all commissioners shall be appointed for six-year terms.

(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.

(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.

(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in paragraphs (a), (b), and (c).

(f) A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.

Subd. 3. **INCREASE IN COMMISSION MEMBERS.** An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 94.

Subd. 4. **COMPENSATION AND REIMBURSEMENT.** A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.

Subd. 5. **REMOVAL FOR CAUSE.** A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

Sec. 97. **[469.096] OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.**

Subdivision 1. **BYLAWS, RULES, SEAL.** An authority may adopt bylaws and rules of procedure and shall adopt an official seal.

Subd. 2. **OFFICERS.** An authority shall elect a president, a vice president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

Subd. 3. **DUTIES AND POWERS.** The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.

Subd. 4. **TREASURER'S DUTIES.** The treasurer:

(1) shall receive and is responsible for authority money;

(2) is responsible for the acts of the assistant treasurer;

(3) shall disburse authority money by check only;

(4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and

(5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.

Subd. 5. **ASSISTANT TREASURER.** The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.

Subd. 6. **TREASURER'S BOND.** The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money likely to be on hand at any one time, as determined at least annually by the authority provided that the bond must not exceed $300,000.

Subd. 7. **PUBLIC MONEY.** Authority money is public money.

Subd. 8. **CHECKS.** An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.

Subd. 9. **FINANCIAL STATEMENT.** The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.

Sec. 98. **[469.097] EMPLOYEES; SERVICES; SUPPLIES.**

Subdivision 1. **EMPLOYEES.** An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.

Subd. 2. **CONTRACT FOR SERVICES.** The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.

Subd. 3. **LEGAL SERVICES.** The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.

Subd. 4. **SUPPLIES.** The authority may purchase the supplies and materials it needs to carry out sections 91 to 109.

Subd. 5. **CITY PURCHASING.** An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.

Subd. 6. **CITY FACILITIES, SERVICES.** A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.

Subd. 7. **DELEGATION POWER.** The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.

Sec. 99. **[469.098] CONFLICT OF INTEREST.**

Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.

Sec. 100. **[469.099] DEPOSITORIES; DEFAULT; COLLATERAL.**

Subdivision 1. **NAMED; BOND.** Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at least equal to the maximum sums expected to be deposited at any one time.

Subd. 2. **ONE BANK ACCOUNT.** An authority may deposit all its money from any source in one bank account.

Subd. 3. **DEFAULT; COLLATERAL.** When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.

Sec. 101. **[469.100] OBLIGATIONS.**

Subdivision 1. **TAXES AND ASSESSMENTS PROHIBITED.** An authority must not levy a tax or special assessment, except as otherwise provided in sections 91 to 109, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.

Subd. 2. **BUDGET TO CITY.** Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.

Subd. 3. **FISCAL YEAR.** The fiscal year of the authority must be the same as the fiscal year of its city.

Subd. 4. **REPORT TO CITY.** Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.

Subd. 5. **AUDITS.** The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.

Subd. 6. **COMPLIANCE EXAMINATIONS.** At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving fund of the state auditor.

Sec. 102. **[469.101] POWERS.**

Subdivision 1. **ESTABLISHMENT.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city if the district satisfies the requirements of section 175, subdivision 10, except that the district boundaries must be contiguous, and may use the powers granted in sections 91 to 109 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

Subd. 2. **ACQUIRE PROPERTY.** The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 91 to 109. It may hold and dispose of the property subject to the limits and conditions in sections 91 to 109. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 91 to 109. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the

provisions of section 272.02, subdivision 5. When the property is sold it becomes subject to taxation.

Subd. 3. **OPTIONS.** The economic development authority may sign options to purchase, sell, or lease property.

Subd. 4. **EMINENT DOMAIN.** The economic development authority may exercise the right of eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may take possession of property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.

Subd. 5. **CONTRACTS.** The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 91 to 109. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state, or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or performing its duties. The authority may contract to purchase and sell real and personal property. An obligation or expense must not be incurred unless existing appropriations together with the reasonably expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.

Subd. 6. **LIMITED PARTNER.** The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.

Subd. 7. **RIGHTS; EASEMENTS.** The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.

Subd. 8. **SUPPLIES; MATERIALS.** The economic development authority may buy the supplies and materials it needs to carry out this section.

Subd. 9. **RECEIVE PUBLIC PROPERTY.** The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 91 to 109 and to acquire and develop an economic development district and its facilities under this section.

Subd. 10. **DEVELOPMENT DISTRICT AUTHORITY.** The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may acquire, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 91 to 109.

Subd. 11. **FOREIGN TRADE ZONE.** The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.

Subd. 12. **RELATION TO OTHER REDEVELOPMENT POWERS.** The economic development authority may exercise powers and duties of a redevelopment agency under sections 153 to 166, for a purpose in sections 1 to 47 or 91 to 109. The authority may also use the powers and duties in sections 1 to 47 and 91 to 109 for a purpose in sections 153 to 166.

Subd. 13. **PUBLIC FACILITIES.** The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.

Subd. 14. **GOVERNMENT AGENT.** An economic development authority may cooperate with or act as agent for the federal or the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 91 to 109 or any other related federal, state or local law in the area of economic development district improvement.

Subd. 15. **STUDIES, ANALYSIS, RESEARCH.** An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and disseminate information on economic development within the city.

Subd. 16. **PUBLIC RELATIONS.** To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.

Subd. 17. **ACCEPT PUBLIC LAND.** An authority may accept conveyances of land from all other public agencies, commissions or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 91 to 109.

Subd. 18. **ECONOMIC DEVELOPMENT.** An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.

Subd. 19. **LOANS IN ANTICIPATION OF BONDS.** After authorizing bonds under sections 103 and 104, an authority may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.

Subd. 20. **USE OF PROCEEDS.** The proceeds of obligations issued by an authority under section 104 and temporary loans obtained under subdivision 19 may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.

Subd. 21. **MINED UNDERGROUND SPACE DEVELOPMENT.** Upon delegation by a municipality as provided in section 140, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 136 to 142.

Sec. 103. **[469.102] GENERAL OBLIGATION BONDS.**

Subdivision 1. **AUTHORITY; PROCEDURE.** An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 91 to 109. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Except as otherwise provided in sections 91 to 109, the issuance of the bonds is governed by chapter 475. The authority when issuing the bonds is a municipal corporation under chapter 475.

Subd. 2. **DETAIL; MATURITY.** The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 20 years from the date of issuance.

Subd. 3. **SIGNATURES; COUPONS; LIABILITY.** The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be

executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.

Subd. 4. **PLEDGE.** The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, the amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.

Subd. 5. **TAX LEVY.** An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor, together with full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income, including the amount in the sinking fund, the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer as provided in chapter 276. The taxes must be used only to pay the bonds when due.

Subd. 6. **AUTHORIZED SECURITIES.** Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.

The authority's bonds are instrumentalities of a public governmental agency.

Sec. 104. **[469.103] REVENUE BONDS; PLEDGE; COVENANTS.**

Subdivision 1. **AUTHORITY.** An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.

Subd. 2. **FORM.** The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 20 years from the date of issuance, and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as determined by the authority. Section 103, subdivision 6, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.

Subd. 3. **SALE.** The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.

Subd. 4. **AGREEMENTS.** The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.

Subd. 5. **REVENUE PLEDGE.** In issuing general obligation or revenue bonds, the authority may secure the payment of the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and deposit sufficient net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what constitutes "current expense" under this subdivision based on what is normal and reasonable under generally accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay

any other bonds issued under this section or under section 103, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.

Subd. 6. **NOT CITY DEBT.** Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.

Subd. 7. **NOT APPLICABLE.** Sections 154, subdivision 2, paragraph (e), and 155, subdivisions 3, 4, and 5 do not apply to revenue bonds issued under this section and sections 153 to 166 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.

Subd. 8. **TAX INCREMENT BONDS.** Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 103 are subject to the provisions of section 179.

Sec. 105. **[469.104] SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

Sections 474A.01 to 474A.21 apply to obligations issued under sections 91 to 109 that are limited by a federal limitation act as defined in section 474A.02, subdivision 9, or existing federal law as defined in section 474A.02, subdivision 8.

Sec. 106. **[469.105] SALE OF PROPERTY.**

Subdivision 1. **POWER.** An economic development authority may sell and convey property owned by it within the city or an economic development district if it determines that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.

Subd. 2. **NOTICE; HEARING.** An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.

Subd. 3. **DECISION; APPEAL.** The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority,

within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.

Subd. 4. **TERMS.** The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 91 to 109.

Subd. 5. **ONE-YEAR DEADLINE.** Within one year from the date of purchase, the purchaser shall devote the property to its intended use or begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.

Subd. 6. **COVENANT RUNNING WITH THE LAND.** A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 91 to 109 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.

Subd. 7. **PLANS; SPECIFICATIONS.** A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The authority may require preparation of final plans and specifications before the hearing on the sale.

Sec. 107. **[469.106] ADVANCES BY AUTHORITY.**

An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 91 to 109. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the

authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 91 to 109 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 104. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 91 to 109 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.

Sec. 108. **[469.107] CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.**

Subdivision 1. **CITY TAX LEVY.** A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax is not subject to levy limits. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Subd. 2. **REVERSE REFERENDUM.** A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58.

Sec. 109. **[469.108] SPECIAL LAW; OPTIONAL USE.**

A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 91 to 109. If the election is made, the powers and duties set forth in sections 91 to 109 supersede the special law and the special law must not be used after the election. The use of powers under sections 91 to 109 by a city described in this section does not

impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 95.

AREA REDEVELOPMENT

Sec. 110. **[469.109] PURPOSE.**

The legislature finds that there exists in the state certain areas of substantial and persistent unemployment causing hardship to many individuals and their families and that there also exist certain rural areas where development and redevelopment should be encouraged. The legislature finds that the powers and facilities of the state government and local communities, in cooperation with the federal government, should assist rural areas and areas of substantial and chronic unemployment in planning and financing economic redevelopment by private enterprise, enabling those areas to enhance their prosperity by the establishment of stable and diversified local economies, and to provide new employment opportunities through the development and expansion of new or existing facilities and resources.

The legislature finds that the establishment of local or regional area redevelopment agencies in Minnesota having the power to acquire, build, lease, sell, or otherwise provide plants and facilities for industrial, recreational, or commercial development will create new employment and promote economic redevelopment of rural areas and of depressed or underdeveloped areas in the state, and that the accomplishment of these objectives is a public purpose for which public money may be spent.

Sec. 111. **[469.110] DEFINITIONS.**

Subdivision 1. **GENERALLY.** In sections 110 to 124, the terms defined in this section have the meanings given them herein, unless the context indicates otherwise.

Subd. 2. **AUTHORITY.** "Authority" means the energy and economic development authority.

Subd. 3. **LOCAL AGENCY.** "Local agency" means the area or municipal redevelopment agencies created or authorized to be created by sections 110 to 124, or the governing body of any Indian tribe or any entity established and recognized by that governing body.

Subd. 4. **MUNICIPALITY.** "Municipality" means any home rule charter or statutory city, county, town, or school district.

Subd. 5. **GOVERNING BODY.** "Governing body" means the council, board of trustees, or other body charged with governing any municipality.

Subd. 6. **BOARD.** "Board" means the governing body of any local or area redevelopment agency created in accordance with the provisions of sections 110 to 124.

Subd. 7. **REDEVELOPMENT AREA.** "Redevelopment area" means a depressed area within the territorial boundaries of any municipality or group of municipalities of the state reasonably defined by the local or area redevelopment agency wherein critical conditions of unemployment, underdevelopment, economic depression, depletion of natural resources, or widespread reliance on public assistance are found to exist by the municipality or municipalities.

Subd. 8. **FEDERAL AGENCY.** "Federal agency" means the government of the United States or any department, corporation, agency or instrumentality thereof.

Subd. 9. **MINNESOTA ACCOUNT.** "Minnesota account" means the account appropriated to the energy and economic development authority by section 122, to assist a local agency in financing or planning a redevelopment project.

Subd. 10. **REDEVELOPMENT PROJECT.** "Redevelopment project" means any approved site, structure, facility, or undertaking comprising or connected with any industrial, recreational, commercial, or manufacturing enterprise established or assisted by a local, regional, or area redevelopment agency.

Subd. 11. **RURAL AREA.** "Rural area" means any area so defined in section 109 of the rural development act of 1972, Public Law 92-419, and unless in conflict with that act, shall include all areas not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile.

Subd. 12. **INDIAN ECONOMIC ENTERPRISE.** "Indian economic enterprise" means any commercial, industrial, or business activity established or organized for the purpose of profit, at least 51 percent of which is owned by persons of 25 percent or more Indian blood.

Subd. 13. **INDIAN TRIBE.** "Indian tribe" means any group qualifying under Public Law 93-262, section 3.

Sec. 112. **[469.111] LOCAL OR AREA AGENCIES; ESTABLISHMENT.**

Subdivision 1. **FINDINGS REQUIRED.** In order to carry out the purposes of sections 110 to 124, any municipality or group of municipalities may establish a public body, corporate and politic, to be known as the municipal or area redevelopment agency in and for that municipality or group of municipalities. No such agency shall be established until the governing body of the municipality shall by resolution find that the area is a rural area as defined herein, or:

(1) that there has existed in the area substantial and persistent unemployment for an extended period of time;

(2) that the rate of unemployment, excluding unemployment due primarily to temporary or seasonal factors, is currently six percent or more as determined by available state or federal statistics; and

(3) that conditions of chronic unemployment, underdevelopment of natural resources and economic depression are not likely to be alleviated without public financial or planning assistance to provide the economic opportunity for private, industrial, recreational, commercial, or manufacturing enterprises.

In making the determinations under this subdivision, the governing body shall consider, among other relevant factors, the number of low income farm families in the surrounding farm areas, the proportion that such low income families are to the total farm families in such areas, the relationship of the income levels of the families in each such area to the general levels of income in the United States, the current and prospective employment opportunities in each such area, the extent of migration out of the area, and the proportion of the population of each such area which has been receiving public assistance from the federal government or from the state.

Subd. 2. **NOTICE; HEARING.** The governing body of a municipality shall consider such a resolution only after a public hearing thereon after notice appropriate to inform the public given not less than 10 nor more than 30 days prior to the date of the hearing. Opportunity to be heard shall be granted to all residents of the municipality and its environs and to all other interested persons. The resolution shall be published in the same manner in which ordinances are published in the municipality.

Subd. 3. **RESOLUTION DEEMED CONCLUSIVE.** When the resolution becomes effective it shall be deemed sufficient and conclusive for all purposes.

Subd. 4. **FILING; EFFECT.** When the resolution becomes effective the clerk of the municipality shall file a certified copy thereof with the state agency. In any suit, action, or proceeding involving the validity or enforcement of, or relating to any contract of a local agency, the agency shall be conclusively deemed to have become established and authorized to exercise its powers upon that filing. Proof of the resolution and of that filing may be made in any such suit, action, or proceeding by a certificate of the commissioner of energy and economic development.

Subd. 5. **BOARD OF COMMISSIONERS.** A local agency shall be governed by a board of commissioners appointed by the mayor or head of the municipality with the approval of its governing body. The board shall consist of five commissioners who shall be residents of the area of operation of the local agency and shall be appointed initially for terms of one, two, three, four, and five years respectively. Thereafter all commissioners shall be appointed for five year terms. Each vacancy in an unexpired term shall be filled in the same manner in which the original appointment was made. No public officer or employee shall be eligible to serve as a commissioner, but a commissioner may be a notary public.

Subd. 6. **TERMS; CERTIFICATES.** The commissioners shall hold office until their successors have been appointed and qualified. A certificate of appointment of each commissioner shall be filed with the clerk of the municipality and a certified copy thereof shall be transmitted to the state agency.

Sec. 113. **[469.112] MUNICIPALITIES MAY JOIN TOGETHER.**

Subdivision 1. **JOINT EXERCISE OF POWERS.** Two or more municipalities, by agreement entered into through action of their governing bodies, may jointly exercise any of the powers conferred by sections 110 to 124 after the governing body of each of the municipalities has adopted the resolution provided for in section 112, subdivision 1.

Subd. 2. **AGREEMENT TERMS.** The agreement shall set forth its purpose and the powers to be exercised, and it shall provide for the method by which the purpose sought shall be accomplished or the manner in which the power shall be exercised.

Subd. 3. **JOINT BOARD.** The agreement shall provide for the establishment of a joint board of commissioners to exercise on behalf of the entire redevelopment area all of the powers authorized or conferred upon any municipality by the terms of sections 110 to 124. The joint board shall be selected from the board of commissioners of the municipalities entering into the joint agreement and shall be chosen by a vote of the respective boards; provided that the governor shall also appoint one member to the joint board from the state at large. The joint board shall consist of not less than seven nor more than 11 members.

Subd. 4. **TERMINATION.** The agreement may be continued for a definite term or until rescinded or terminated in accordance with its terms.

Subd. 5. **DISPOSITION OF PROPERTY AND MONEY.** The agreement shall provide for the disposition of any property acquired as a result of the joint exercise of powers and the return of any surplus moneys in proportion to contributions of the several contracting parties after the purpose of the agreement has been completed.

Subd. 6. **RESIDENCE REQUIREMENTS INAPPLICABLE.** The residence requirements for holding office in any governmental unit shall not apply to any officer appointed to carry out any such agreement.

Sec. 114. **[469.113] CONFLICT OF INTEREST.**

No commissioner or employee of any local agency shall acquire any interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor have any interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project. This section shall not apply to the deposit of any funds of an agency in any bank in which a member of an agency shall have an interest, if the funds are deposited and protected in accordance with chapter 118.

Sec. 115. **[469.114] AGENCIES; MEETINGS, EXPENSES.**

Subdivision 1. **COMMISSIONERS' AUTHORITY.** The powers of each agency shall be vested in the commissioners thereof in office at any time, a

majority of whom shall constitute a quorum for all purposes. Each agency shall select a chairman and a secretary from among its commissioners and shall adopt bylaws and other rules for the conduct of its affairs as it deems appropriate. The regular meetings of an agency shall be held in a fixed place and shall be open to the public. No commissioner shall receive compensation for his services, but shall be entitled to receive necessary expenses, including traveling expenses, incurred in the performance of official duties.

Subd. 2. **STAFF SERVICES.** Any municipality within the area of operation of the local redevelopment agency may provide staffservices to the agency, including providing liaison between the local agency, the municipality and the state agency, and between the local agency and other agencies of the state whose facilities and services may be useful to the local agency in accomplishing its purposes.

Subd. 3. **REIMBURSEMENT.** The local agency may reimburse any municipality or other agency of the state for special expenses incurred in the provision of any services or for the use of any facilities required by the local agency.

Sec. 116. **[469.115] POWERS OF AGENCIES.**

A local agency shall have all the powers necessary or convenient to carry out the purposes of sections 110 to 124; except that the agencies shall not levy and collect taxes or special assessments, nor exercise the power of eminent domain unless the governing body of the municipality or municipalities, in the case of a joint exercise of power, shall by resolution have expressly conferred that power on the agency. A local agency shall also have the following powers in addition to others granted in sections 110 to 124:

(1) to sue and be sued, to have a seal, which shall be judicially noticed, and to alter the same at pleasure; to have perpetual succession; and to make, amend, and repeal rules and regulations not inconsistent with these sections;

(2) to employ an executive director, technical experts, and officers, agents and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal service it may require, to call upon the chief law officer of the municipality or to employ its own counsel and legal staff; so far as practical, to use the services of local public bodies, in its area of operation. Those local bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) upon proper application by a public body or private applicant, and after determining that the purpose of sections 110 to 124 will be accomplished by the establishment of the project in the redevelopment area to approve a redevelopment project;

(5) to sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein, and to execute leases, deeds, conveyances, negotiable

instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation to acquire real or personal property or any interest therein by gift, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise. An agency may acquire real property which it deems necessary for its purposes by exercise of the power of eminent domain in the manner provided in chapter 117, after adoption of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 112, subdivision 1;

(7) to designate redevelopment areas;

(8) to cooperate with industrial development corporations, state and federal agencies, and private persons or corporations in efforts to promote the expansion of recreational, commercial, industrial, and manufacturing activity in a redevelopment area;

(9) upon proper application by any public body or private applicant, to determine whether the declared public purpose of these sections has been accomplished or will be accomplished by the establishment of a redevelopment project in a redevelopment area;

(10) to obtain information necessary to the designation of a redevelopment area and the establishment of a redevelopment project therein;

(11) to cooperate with or act as agent for the federal government, the state, or any state public body or any agency or instrumentality thereof in carrying out the provisions of these sections or of any other related federal, state, or local legislation;

(12) to borrow money or other property and accept contributions, grants, gifts, services or other assistance from the federal or state government to accomplish the purposes of sections 110 to 124;

(13) to conduct mined underground space development pursuant to sections 136 to 142;

(14) to include in any contract for financial assistance with the federal government any conditions which the federal government may attach to its financial aid of a redevelopment project;

(15) to issue bonds, notes, or other evidences of indebtedness as hereinafter provided, for any of its purposes and to secure them by mortgages upon property held or to be held by it, or by pledge of its revenues, including grants or contributions; and

(16) to invest any funds held in reserve or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control.

Sec. 117. **[469.116] BOND ISSUE FOR REDEVELOPMENT PURPOSES.**

Subdivision 1. **POWER TO ISSUE.** A local agency may issue bonds for any of its corporate purposes. Subject to the limitations of this section, the bonds may be of the type it determines, including bonds on which the principal and interest are payable exclusively from the income and revenues of the project financed with the proceeds of the bonds, or exclusively from the income and revenues of certain designated projects, whether or not they are financed in whole or in part with the proceeds of the bonds. The bonds may be additionally secured by a pledge of any grant or contribution from the federal government or other sources, or a pledge of any income or revenues of the agency, from the redevelopment project for which the proceeds of the bonds are to be used, or a mortgage of any project or other property of the agency. Neither the commissioners of any agency nor any person executing the bonds shall be liable personally on the bonds.

Subd. 2. **LIABILITY LIMITED.** The bonds and other obligations of a local agency shall not be a debt of any municipality, the state, or any political subdivision thereof. Neither a municipality nor the state or any political subdivision thereof shall be liable on the bonds, nor shall the bonds or obligations be payable out of any funds or properties other than those of the agency.

Subd. 3. **DEBT LIMITATIONS INAPPLICABLE.** The bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Subd. 4. **BOND CHARACTERISTICS.** The bonds of a local agency are declared to be issued for an essential public and governmental purpose and to be public instrumentalities. The provisions of these sections exempting from taxation redevelopment agencies, their properties and income, shall be considered additional security for the repayment of bonds and shall constitute a contract between the bondholders, including transferees, and the local agencies issuing the bonds. A local agency may confer upon the holder of the bonds the rights and remedies it deems necessary or advisable, including the right in the event of default to have a receiver appointed to take possession of and operate the redevelopment project.

Subd. 5. **TAXABILITY OF TRANSFERRED PROPERTY.** Nothing in these sections shall be construed to exempt from taxation any property which any local agency sells, leases, conveys, or otherwise transfers to private individuals or corporations for development, use or operation in connection with a redevelopment project. The property, real or personal, shall have the same tax status as if it were owned by private individuals or corporations.

Subd. 6. **TERMS OF BONDS.** The bonds of a local agency shall be authorized by its resolution and may be issued in one or more series. They shall bear the date or dates, mature at the time or times, bear interest at the rate or rates, not exceeding six percent per annum, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or

registration privileges, have the priority, and be subject to the terms of redemption as the resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at not less than par.

Subd. 7. **INVESTMENT IN BONDS.** Subject to the approval of the state agency, the bonds of a local agency may be declared securities in which all public officers and bodies of the state and of its municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings, building and loan associations, executors, administrators, guardians, trustees, and all other fiduciaries in the state may properly and legally invest the funds within their control. Each mortgage or issue of bonds shall relate only to a single specified project, and those bonds shall be secured by a mortgage upon all the real property of which the projects consist and shall be first lien bonds, secured by a mortgage not exceeding 80 percent of the estimated cost prior to the completion of the project, or 80 percent of the appraised value or actual cost, but in no event in excess of 80 percent of the actual cost, after that completion, as certified by the authority.

Subd. 8. **FEDERAL VOLUME LIMITATION ACT.** Sections 474A.01 to 474A.21 apply to any issuance of obligations under this section which are subject to limitation under a federal volume limitation act as defined in section 474A.02, subdivision 9, or existing federal tax law as defined in section 474A.02, subdivision 8.

Sec. 118. **[469.117] EMINENT DOMAIN PROCEEDINGS.**

Subdivision 1. **COMPENSATION.** If a local agency deems necessary, it may, after having filed in court an application to assess compensation for the property to be appropriated pursuant to eminent domain proceedings, forthwith pay into court a sum of money to secure compensation to the owner of the appropriated property. The amount shall be fixed by the court in a sum not less than the valuation of the property appropriated as fixed by the assessor and as finally equalized. The title to the property appropriated shall pass to the local agency upon the payment of that sum of money into court. After 30 days notice thereof to the owner, the local agency may enter upon the property appropriated and demolish any structure thereon and proceed with the construction of the project proposed by it. No property for which condemnation proceedings have been initiated shall be demolished until 30 days after the court appointed appraisers have made and filed their award. It shall then proceed with the prosecution of its suit to assess compensation with due diligence. The deposit shall be applied, so far as necessary for that purpose, to the payment of any award that may be made, with interest thereon, and the remainder, if any, shall be returned to the local agency.

Subd. 2. **RIGHT OF ACQUISITION.** Real property in a redevelopment area that is needed or convenient for a project, which is to be acquired by condemnation pursuant to this section, may be acquired by the local agency for the project. This includes any property devoted to a public use, whether or not

held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, it being determined that the public use in conformity with the provisions of sections 110 to 124 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the local agency. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 110 to 124 of the real property in an area.

Sec. 119. **[469.118] LOANS TO REDEVELOPMENT AGENCIES.**

Subdivision 1. **CONDITIONS FOR MAKING.** When it has been determined by the authority upon application of a local agency that the establishment of a particular redevelopment project in a redevelopment area has accomplished or will accomplish the public purposes of sections 110 to 124, the authority may contract to loan the local agency an amount not in excess of 20 percent of the cost or estimated cost of the redevelopment project, subject to the following conditions:

(a) In the case of a redevelopment project to be established,

(1) the authority shall have first determined that the local agency holds funds in an amount equal to, or property of a value equal to not less than, 10 percent of the estimated cost of establishing the redevelopment project, which funds or property are available for and shall be applied to the establishment of the project. If a public facility within the redevelopment area has been or may be constructed and will benefit a redevelopment project, the imputed value of the benefit of the facility to the redevelopment project may be determined and the estimated cost thereof credited to the local agency for the purpose of satisfying the requirements of this subparagraph. For purposes of this section, a public facility includes utility installations, street improvements, public buildings, parks, playgrounds, schools, recreational buildings, and parking facilities;

(2) the authority shall have also determined that the local agency has obtained from other sources, by gift, grant, or loan from private or other state or federal sources, a firm commitment for all other funds, over and above the loan of the state agency, and such funds or property as the redevelopment agency may hold, necessary for payment of all the estimated cost of establishing the redevelopment project, and that the sum of all these funds, together with the machinery and equipment to be provided by the owner or operator of the redevelopment project is adequate to insure completion and operation of the plant, enterprise, or facility.

(b) In the case of a redevelopment project established without initial state or local agency participation,

(1) the state agency shall have first determined that the local or area redevelop-

ment agency has expended funds in an amount equal to, or has applied property of a value equal to, not less than 10 percent of the cost of establishing the redevelopment project. If a public facility within the redevelopment area has been or may be constructed and will benefit a redevelopment project, the imputed value of the benefit of the facility to the redevelopment project may be determined and the estimated cost thereof credited to the local agency for the purpose of satisfying the requirements of this subparagraph;

(2) the authority shall have also determined that the local agency has obtained from other public or private sources other funds necessary for payment of all the cost of establishing the redevelopment project, and that the local agency participation and these funds, together with the machinery and equipment provided by the owner or operator of the redevelopment project has been adequate to insure completion and operation of the plant, enterprise, or facility. The proceeds of any loan made by the authority to a local agency pursuant to this paragraph shall be used only for the establishment of additional redevelopment projects in furtherance of the public purposes of sections 110 to 124.

Subd. 2. **TERMS.** Any such loan of the authority shall be for the period of time and shall bear interest at the rate determined by the authority. It may be secured by a mortgage on the redevelopment project for which the loan was made. The mortgage may be second and subordinate only to the mortgage securing the first lien obligation, if any, issued to secure the commitment of funds from a private or public source and used in the financing of the redevelopment project.

Subd. 3. **SOURCE.** Money loaned by the authority to the local agency shall be withdrawn from the Minnesota account established by section 122, and paid over to the local agency in the manner provided by the rules of the authority.

Subd. 4. **DEPOSIT OF PAYMENTS.** All payments of interest on the loans and repayments of principal shall be deposited by the authority in the Minnesota account and shall be available to be applied and reapplied to carry out the purposes of sections 110 to 124.

Subd. 5. **ADJUSTMENT OF PARTICIPATION RATIOS.** When any agency of the federal government participates in the financing of a redevelopment project by loan, grant, or otherwise, the authority may adjust the required ratios of financial participation by the local agency, the owner or operator of the redevelopment project, and the authority to insure that the maximum benefits of federal participation will be available to the local agency, the authority, or both. No adjustment of ratios shall permit the authority to grant a loan to the local agency in excess of 30 percent of the cost or estimated cost of the redevelopment project.

Subd. 6. **FEDERAL SECURITY.** If any federal agency participating in the financing of a redevelopment project is not permitted to take as security for the participation a mortgage, the lien of which is junior to any other mortgage, the authority or local agency may take as security for its loan to the project or local agency, a mortgage junior in lien to that of the federal agency.

Subd. 7. **INDIAN PROJECTS.** In the case of any redevelopment project to be established or assisted by participation of an Indian organization, the Indian organization shall establish to the satisfaction of the authority that the project is an Indian economic enterprise.

Subd. 8. **STATE AUTHORITY.** Where a local development corporation or a local agency does not exist or is financially unable to participate in a proposed redevelopment project, the authority may accept loan applications from, and make loans directly to, private enterprises. The loans are subject to the same conditions and procedures as loans to local agencies provided that the city, town, or county government having jurisdiction over the redevelopment project area passes and files with the authority a resolution in support of the redevelopment project stipulating the project's economic benefit to the area involved. Where a city or town as well as a county has jurisdiction, the support or opposition of the city or town government shall prevail over the support or opposition of the county government in determining whether or not to accept the application.

Subd. 9. **TECHNICAL ASSISTANCE LOANS.** The authority may provide technical assistance loans from the Minnesota account for the development and planning of redevelopment projects. The technical assistance loans may be provided through the payment of money to: (1) other state agencies or departments; (2) the employment of private individuals; (3) the employment of public, private, or nonprofit firms; (4) state, area, district, or local organizations; or (5) other nonprofit institutions. Money awarded pursuant to clauses (2) and (3) shall be in the form of loans and shall be repaid unless the project is deemed unfeasible by the authority. The authority shall require the repayment of some or all technical assistance money and shall prescribe the terms and conditions of the repayment. The amount of technical assistance loans is limited to an aggregate of ten percent of the money available in the Minnesota account. The technical assistance loans shall not be included when computing the 20 percent limitation provided in section 121. The authority may loan technical assistance money in cooperation with the technical assistance grant programs of any agency of the federal government. The authority may prescribe rules to carry out the purposes of this subdivision.

Sec. 120. **[469.119] LOAN APPLICATION REQUIREMENTS.**

Subdivision 1. **APPLICATION CONTENTS.** Prior to the loaning of any funds for a redevelopment project in a redevelopment area the local agency shall receive from the applicant and, in the case of authority participation, shall forward to the state agency a loan application. The application shall be in the form adopted by the local agency, and shall contain among other things the following information:

(1) a general description of the redevelopment project and of the industrial, recreational, commercial, or manufacturing enterprise for which the project has been or is to be established;

(2) a legal description of all real estate necessary for the project;

(3) plans and other documents as may be required to show the type, structure, and general character of the redevelopment project;

(4) a general description of the type, classes, and number of employees employed or to be employed in the operation of the redevelopment project; and

(5) cost or estimates of cost of establishing the redevelopment project.

Subd. 2. **ADDITIONAL REQUIREMENTS FOR AUTHORITY PROJECTS.** If authority participation in the financing of any redevelopment project is sought the local agency shall submit a loan application containing the information described in subdivision 1, together with the following additional information:

(1) A general description and statement of value of any property, real or personal, of the local agency applied or to be applied to the establishment of the project;

(2) A statement of cash funds previously applied or then held by the local agency which are available for and are to be applied to the establishment of the redevelopment project;

(3) Evidence of the arrangement made by the local agency for the financing of all costs of the redevelopment project over and above the participation of the local agency;

(4) In the case of a lease of property by the local agency a general description of the tenant to whom the local agency has leased or will lease any property in connection with the redevelopment project, or, in the case of the sale of property by the local agency in connection with a redevelopment project, the buyer to whom the local agency has sold or will sell the project;

(5) A general description of the form of lease or sales agreement entered into or to be entered into by and between the local agency and its tenants or purchasers; and

(6) Evidence that the establishment of the redevelopment project will not cause the removal of an industrial, recreational, commercial, or manufacturing plant or facility from one area of the state to another.

Subd. 3. **AUTHORITY DUTIES.** The authority shall hold hearings and make investigations as to each loan application received as necessary to determine whether the purposes of sections 110 to 124 will be accomplished by the granting of a requested loan. In carrying out its duties under those sections, the authority may delegate to other agencies of state government the powers, duties, and responsibilities it determines necessary or appropriate to accomplish the purposes of sections 110 to 124. The other agencies shall perform the functions and duties delegated pursuant to this subdivision.

Subd. 4. **NOT STATE OBLIGATIONS.** Nothing in sections 110 to 124 shall empower the authority to give, pledge, or loan the credit or taxing power of the state, nor shall any of the obligations of the authority be deemed to be obligations of the state or any of its political subdivisions.

Sec. 121. **[469.120] PARTICIPATION IN FEDERAL LOANS OR GUARANTEES.**

The authority may participate with the appropriate federal agency under the Rural Development Act of 1972, the Public Works and Economic Development Act of 1965, or the Small Business Act in the financing of redevelopment projects. The participation may take the form of loans or guarantees of any balance remaining after federal participation. The loans or guarantees shall be made subject to the conditions and limitations set forth in sections 119 and 120. A loan or guarantee shall not exceed 20 percent of the total cost of the project. The total guarantees outstanding at any time shall not exceed five times the balance in the Minnesota account.

Sec. 122. **[469.121] MINNESOTA ACCOUNT.**

Subdivision 1. **ACCOUNT CREATED.** In the economic development fund created in section 116M.06, subdivision 4, there is created a Minnesota account, to be used by the authority in the manner and for the purposes provided in sections 110 to 124.

Subd. 2. **LOANS; REVOLVING ACCOUNT.** The authority may draw upon the Minnesota account the amounts the authority determines for loans to local agencies for the financing and planning of redevelopment projects. When the amounts so allocated by the authority as loans to local agencies are repaid to the authority pursuant to the terms of its agreements with the local agency, the authority shall pay the amounts into the Minnesota account. All appropriations and payments made to it may be applied and reapplied to the purposes of sections 110 to 124 and shall not revert to the general fund of the state.

Subd. 3. **EXCESS MONEY.** If the authority determines that money held for the credit of the Minnesota account is in excess of the amounts needed by the authority to carry out the purposes of sections 110 to 124, the authority may by resolution release the excess from the account and transfer it to the general fund of the state treasury.

Subd. 4. **MATCHING MONEY.** The authority may utilize any money in the Minnesota account for the purpose of matching federal money available under the Public Works and Economic Development Act of 1965.

Sec. 123. **[469.122] LIMITATION OF POWERS.**

The state pledges to the United States or any agency thereof that if any federal agency shall construct, loan, or contribute any funds for the construction, extension, improvement, or enlargement of any redevelopment project, or any portion thereof, the state will not alter or limit the rights and powers of the authority or the local agency in any manner inconsistent with the performance of any agreements between the authority or the local agency and any such federal agency. The authority and the local agency shall continue to have all

powers herein granted, so long as the same shall be necessary or desirable for the carrying out of the purposes of these sections.

Sec. 124. **[469.123] EXAMINATION AND AUDIT OF LOCAL AGENCY.**

The accounts, books and records of any local or area agency, including its receipts, disbursements, contracts, mortgages, investments and other matters relating to its finances, operation and affairs shall be examined and audited from time to time by the state auditor as provided by law.

CITY DEVELOPMENT DISTRICTS

Sec. 125. **[469.124] PURPOSE.**

The legislature finds that there is a need for new development in areas of a city that are already built up in order to provide employment opportunities, to improve the tax base, and to improve the general economy of the state. Therefore, cities are authorized to develop a program for improving a district of the city 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. The legislature declares that the actions required to assist the implementation of these development programs are a public purpose and that the execution and financing of these programs are a public purpose.

Sec. 126. **[469.125] DEFINITIONS.**

Subdivision 1. **GENERALLY.** In sections 125 to 135, the terms defined in this section have the meanings given them herein unless the context indicates a different meaning.

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

Subd. 3. **DEVELOPMENT PROGRAM.** A "development program" is a statement of objectives of the city for improvement of a development district which contains a 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, and the proposed operations of the district after the capital improvements within the district have been completed.

Subd. 4. **PEDESTRIAN SKYWAY SYSTEM.** "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 city will enhance the movement, safety, security, convenience and enjoyment of pedestrians and benefit the city and adjoining properties. The use of a public street or public right-of-way for pedestrian skyway travel only constitutes a public use and shall not require a vacation of the street or right-of-way.

Subd. 5. **SPECIAL LIGHTING SYSTEMS.** "Special lighting systems" means lights or light displays of any type located within or without the public right-of-way.

Subd. 6. **PARKING STRUCTURE.** "Parking structure" means any building the principal use of which is designed for and intended for parking of motor vehicles or any parking lot.

Subd. 7. **MAINTENANCE AND OPERATION.** "Maintenance and operation" means all activities necessary to maintain facilities after they have been developed and all activities necessary to operate the facilities including informational and educational programs, and safety and surveillance activities.

Subd. 8. **GOVERNING BODY.** "Governing body" means the city council.

Subd. 9. **DEVELOPMENT DISTRICT.** A "development district" is an area within the corporate limits of a city which has been so designated and separately numbered by the governing body.

Sec. 127. **[469.126] AUTHORITY GRANTED.**

Subdivision 1. **DESIGNATION OF DISTRICTS.** A city may designate development districts within the boundaries of the city. Before designating a district, the city must consult with its planning agency or department and must hold a public hearing on the designation. Notice of the hearing must be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general distribution in the city. The city shall also provide for relocation pursuant to section 134 and consult with the advisory board created by section 133 before making this designation.

Subd. 2. **POWERS.** Within these districts the city may:

(1) adopt a development program consistent with which the city 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;

(2) acquire land or easements through negotiation or through powers of eminent domain;

(3) adopt ordinances regulating traffic in pedestrian skyway systems, public parking structures, and other facilities constructed within the development district. Traffic regulations may include 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, and rates to be charged in the parking structures;

(4) adopt ordinances regulating access to pedestrian skyway systems and the conditions under which such access is allowed;

(5) designate districts for mined underground space development under sections 136 to 142;

(6) 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 city requires the developer to construct columns, beams or girders with greater strength than required for normal building purposes, the city shall reimburse the developer for the added expense from development district funds;

(7) install special lighting systems, special street signs and street furniture, special landscaping of streets and public property, and special snow removal systems;

(8) acquire property for the district;

(9) lease or sell air rights over public buildings and 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;

(10) lease all or portions of basement, ground and second floors of the public buildings constructed in the district; and

(11) negotiate the sale or lease of property for private development if the development is consistent with the development program for the district.

Sec. 128. **[469.127] TAX STATUS.**

The pedestrian skyway system, underground pedestrian concourse, the people mover system, and publicly owned parking structures are declared to be public property to be used for essential public and governmental purposes. They are exempt from all taxes and special assessments of the 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.

Sec. 129. **[469.128] GRANTS.**

A city 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 125 to 135.

Sec. 130. **[469.129] ISSUANCE OF BONDS.**

Subdivision 1. **GENERAL OBLIGATION BONDS.** The governing body may authorize, issue, and sell general obligation bonds 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. The bonds shall mature within 30 years from the date of issue and shall be issued 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 city pursuant to Minnesota Statutes 1986, 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. The bonds shall not be included when computing the city's net debt. Bonds shall not be issued under this paragraph subsequent to August 1, 1979.

Subd. 2. **REVENUE BONDS.** A city may authorize, issue and sell revenue bonds under section 179, subdivision 4, 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 city 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 city with respect to the district 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 177, subdivisions 2 and 4.

Sec. 131. **[469.130] MAINTENANCE AND OPERATION.**

Maintenance and operation of the pedestrian systems, special lighting systems, parking structures, and other public improvements constructed under provisions of sections 125 to 135 shall be under the supervision of the administrator as designated in section 132. The cost of maintenance and operation of the nonrevenue 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 city 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 city shall certify the assessments to the county auditor for collection. The governing body shall levy these assessments in accordance with the procedures established in section 429.061.

Sec. 132. **[469.131] ADMINISTRATION.**

The governing body of a city may create a department or designate an existing department, office, or agency or city housing or redevelopment authority, to administer all districts authorized under sections 125 to 135. The head of this department may, subject to rules and limitations adopted by the governing body, be granted the following powers:

(1) to acquire property or easements through negotiation;

(2) to enter into operating contracts on behalf of the city for operation of any of the facilities authorized to be constructed under the terms of sections 125 to 135;

(3) to lease space to private individuals or corporations within the buildings constructed under the terms of sections 125 to 135;

(4) to lease or sell land and to lease or sell air rights over structures constructed under the authority of sections 125 to 135;

(5) to enter into contracts for construction of the several facilities or portion thereof authorized under sections 125 to 135;

(6) to contract with the housing and redevelopment authority of the city for the administration of any or all of the provisions of sections 125 to 135;

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

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

(9) to apply for grants from the United States of America and from other sources.

Sec. 133. **[469.132] ADVISORY BOARD.**

Subdivision 1. **CREATION; MEMBERS; DUTIES.** The governing body 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. **SUBSTANTIALLY RESIDENTIAL DISTRICTS.** 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 according to guidelines established by the governing body, provided that the board in the cities of St. Paul and Minneapolis must be elected. For purposes of this subdivision a "substantially residential development district" is a 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. 3. **POWERS.** The governing body shall by resolution delineate the respective powers and duties of the advisory board and the planning staffor 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 staffor agency, regarding the development program.

Sec. 134. **[469.133] 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 city shall insure that housing and other facilities of at least comparable quality be made available to the persons to be displaced.

Sec. 135. **[469.134] EXISTING PROJECTS.**

Sections 125 to 135 do 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.

MINED UNDERGROUND SPACE DEVELOPMENT

Sec. 136. **[469.135] POLICY.**

The legislature finds that many subsurface areas of the state have a largely undeveloped potential to be mined for the development of underground space. The development and redevelopment of mined underground space makes use of the state's special geologic resources, fosters wise land use, especially in built-up urban areas, encourages commercial and industrial development, increases employment opportunities, enhances the tax base, contributes to the preservation of agricultural and other open lands, permits more energy efficient development and promotes and protects the public welfare.

Therefore, the legislature finds that it is in the public interest to authorize cities to encourage, promote, and enable both public and private development of mined underground space and to authorize cities to protect both subsurface areas potentially suitable for development and existing mined underground space.

Sec. 137. **[469.136] DEFINITIONS.**

Subdivision 1. **TERMS DEFINED.** In sections 136 to 142, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. **AUTHORITY.** "Authority" means an authority, as defined in section 175, subdivision 2.

Subd. 3. **MINED UNDERGROUND SPACE.** "Mined underground space" means space resulting from, or which will result from, the excavation of subsurface areas by underground mining methods and having limited access from and to the surface and the supporting material surrounding the space.

Subd. 4. **MINED UNDERGROUND SPACE DEVELOPMENT.** "Mined underground space development" means the development or redevelopment of mined underground space for commercial, industrial, and other public and private use, but does not include the development or redevelopment of mined underground space for long-term storage or disposal of hazardous waste or high level nuclear waste.

Subd. 5. **CITY.** "City" means a home rule charter or statutory city.

Subd. 6. **PROJECT.** "Project" means a project encompassing mined underground space development.

Subd. 7. **PROJECT COSTS.** "Project costs" mean all costs and estimated costs incurred and to be incurred by a city or by any other person in connection with the acquisition, construction, reconstruction, improvement, betterment, and extension of a project, including all engineering, architectural, legal, fiscal, and administrative fees and expenses, interest on money borrowed to pay project costs during construction and for a period up to six months thereafter, title insurance premiums, rating agency fees, printing expenses, underwriters' commission or discount, bond insurance or other credit enhancement premiums or fees, bond trustee fees, and, for bonds that are not general obligation bonds, a debt service reserve.

Subd. 8. **PROPERTY RIGHTS.** The words "interest in land," "land," "property," "property right," "property interest," and other terms describing real property include airspace necessary for the development of projects in subsurface areas.

Sec. 138. **[469.137] POWERS OF CITY.**

A city may, to accomplish the purposes of this chapter:

(1) exercise any powers granted in sections 49 to 69, but only if the city has authority to exercise the powers granted in sections 1 to 47, 49 to 69, 91 to 135, and 153 to 166, in conjunction with the powers granted by sections 136 to 142;

(2) provide public facilities pursuant to chapters 429, 430, and any charter provision or any special law;

(3) acquire, by lease, purchase, gift, condemnation, or otherwise, land or interests in land, and convey land or interests in land. A city may acquire by condemnation any property, property right or interest in property, corporate or incorporeal, within its boundaries that may be needed by it for a project, for access, including surface and subsurface access, for ventilation, or for any other purpose which it finds by resolution to be needed by it in connection with mined underground space development. The fact that the needed property or interest in property has been acquired by the owner under the power of eminent domain, or is already devoted to a public use, or is owned by the University of Minnesota, any city, county, school district, town, or other governmental subdivision, railroad, or public or private utility, shall not prevent its acquisition by the city by the exercise of the right of eminent domain, provided the existing use is not impaired. The necessity of the taking of any property or interest in property by the city shall be determined by a resolution adopted by the governing body of the city, which shall describe the property or interest as nearly as it may be described and state the use and purpose to which it is to be devoted. Except as otherwise provided in sections 136 to 142, the right of eminent domain shall be exercised in accordance with chapter 117, provided that any exercise of the right of eminent domain hereby conferred shall not be for the purpose of preventing the development, mining, and use of mineral resources;

(4) acting alone or with others, acquire, purchase, construct, lease, mortgage, maintain, operate, and convey projects;

(5) borrow money to carry out the purposes of sections 136 to 142;

(6) enter into contracts, sue and be sued and do or accomplish all other acts and things necessary or convenient to carry out the purposes and policies of sections 136 to 142; and

(7) exercise bonding authority as provided in section 139.

Sec. 139. **[469.138] BONDING AUTHORITY.**

A city may by resolution of its governing body authorize the issuance of bonds to provide funds for payment of project costs incurred and to be incurred in the acquisition or betterment of projects, or for refunding any outstanding bonds issued by it for any such purpose. The city may pledge to the payment of the bonds and the interest thereon, its full faith, credit, and taxing powers, or the proceeds of any designated tax levies, or the gross or net revenues to be derived from any project operated by or for the city, or any combination thereof. Taxes levied for the payment of the bonds and interest are not subject to levy limits. Bonds issued pursuant to this section may be sold at public or private sale upon the conditions the governing body of the city determines, except that any bonds to which the full faith and credit and taxing powers of the city are pledged shall be sold in accordance with the provisions of section 475.60.

Sec. 140. **[469.139] DELEGATION BY CITY.**

Any of the powers provided in sections 138 and 139 may be exercised by the governing body of a city. Alternatively, the governing body of a city may, by ordinance or resolution, delegate to an authority any or all of the powers provided in sections 138 and 139. An ordinance or resolution delegating powers to an authority shall specify the powers delegated and any conditions to that delegation. Any power not expressly delegated to the authority may not be exercised by the authority, but may be exercised by the governing body of the city. To the extent a power is delegated to an authority, any action of the governing body of the authority shall be considered to be the action of the governing body of the city. The governing body of a city may at any time by ordinance or resolution, whichever was used to delegate powers to an authority, repeal, rescind, or revoke any or all of the powers previously delegated to an authority, but the city remains liable for all actions previously taken and contracts previously made by the authority.

Sec. 141. **[469.140] PROJECTS DESCRIBED IN MUNICIPAL INDUSTRIAL DEVELOPMENT LAW.**

If and to the extent any project proposed to be undertaken by a city also constitutes a project as defined in section 154, the provisions of sections 153 to 166 shall apply to the undertaking and financing of that project by the city, except that to the extent the governing body of a city has delegated powers to an authority as provided in section 119 those powers may be exercised under sections 153 to 166 by the authority.

Sec. 142. **[469.141] REGULATION OF DRILLING TO PROTECT MINED UNDERGROUND SPACE DEVELOPMENT.**

Subdivision 1. **DEPARTMENT OF NATURAL RESOURCES REVIEW.** The department of natural resources shall review all project plans that involve dewatering of underground formations for construction and operation of mined underground space to determine the effects of the proposal on the quality and quantity of underground waters in and adjacent to the areas where the mined underground space is to be developed.

Subd. 2. **POWER TO REGULATE.** Cities may regulate all drilling, except water well and exploratory drilling that is subject to the provisions of sections 156A.01 to 156A.10, above, in, through, and adjacent to subsurface areas designated for mined underground space development and existing mined underground space. The regulations may prohibit, restrict, control, and require permits for such drilling.

Subd. 3. **WATER WELL REGULATION.** Cities may prohibit, restrict, control, and require permits for drilling of water wells as defined in section 156A.02, but the construction and abandonment of water wells is governed by sections 156A.01 to 156A.10.

Subd. 4. **PERMITS FOR WATER REMOVAL.** No mined underground space project involving or affecting the quality and quantity of underground

waters may be developed until a permit for the appropriation of waters pursuant to section 105.41, has been granted by the commissioner of natural resources.

RURAL DEVELOPMENT FINANCING AUTHORITIES

Sec. 143. **[469.142] PURPOSES.**

The purposes of a rural development financing authority are:

(1) to acquire, construct, improve and equip projects comprising real and personal property within or outside the state, used or useful for producing or processing products of agriculture, including assembling, fabricating, manufacturing, mixing, storing, warehousing, distributing, or selling;

(2) to investigate, improve and develop methods of constructing, operating and financing such projects;

(3) to provide for the operation and maintenance of each project under an operating or lease agreement with a person, firm, or corporation considered qualified by experience and financial resources to assure that to the limit of its design and capacity it will make facilities for efficient and economical processing of agricultural products available throughout the term of the agreement to all producers contracting therefor;

(4) to promote agricultural, industrial and scientific research in cooperation with state institutions of higher learning and profit or nonprofit private corporations, associations or foundations;

(5) to assist in promoting new job opportunities through the development of natural resources and the agricultural industry by cooperating with private companies and with agencies of the federal and state governments and with agencies and political subdivisions of other states and of foreign nations to engage in the processing of agricultural products;

(6) to enter into contracts with or to employ financial, management, and production consultants, and scientific and economic specialists to develop and assist in promoting the purposes of the authority and to assist in operating, maintaining, constructing and financing authority projects;

(7) to employ a financial management company to assist in organizing, initiating, developing and operating projects for the authority under terms and conditions agreed upon between the authority and the company and to include any fee charged or to be charged by the company in the total capital costs of each project to be financed; and

(8) to provide financial or other assistance to rail users as defined in section 222.48, subdivision 6, for the purpose of making capital investment loans for rail line rehabilitation.

Sec. 144. **[469.143] DEFINITIONS.**

In sections 143 to 152, the term "agriculture" includes forestry and timber production and the phrase "producing products of agriculture" does not include acquiring agricultural land.

Sec. 145. **[469.144] ESTABLISHMENT; BOARD.**

Subdivision 1. **ESTABLISHMENT.** Any county or combination of counties by resolution of the county board or boards may establish a rural development financing authority as a public nonprofit corporation. An authority has the powers and duties conferred and imposed on a private nonprofit corporation by chapter 317, except as otherwise or additionally provided herein. No such authority shall transact any business or exercise any powers until a certified copy of the resolutions of each participating county board has been submitted to the secretary of state and a certificate of incorporation issued pursuant to section 317.10. Each resolution shall include all of the provisions required by section 317.08, subdivision 2. Alternatively, a county may determine by resolution of the county board to exercise the powers granted in this chapter to a rural development finance authority; no filing is required.

Subd. 2. **BOARD.** Each rural development financing authority shall be managed and controlled by a board of directors consisting of that number of persons equal to the number of counties establishing the authority, but in no case less than five. The directors shall be elected by the establishing county board or boards and each county board shall have one vote. The directors initially elected shall serve staggered terms designated by the electing board or boards. Thereafter, all directors shall be elected for five year terms and until their successors are elected and qualify. Each vacancy in an unexpired term shall be filled in the manner in which the original appointment was made. Each director shall be a resident of the establishing county and no director shall hold any other public office or be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating or lease agreement. Directors may be removed by the appointing board or boards for the reasons and in the manner prescribed by section 10, and shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties. Directors shall have no personal liability for corporate obligations of the authority or the methods of enforcement and collection thereof.

Subd. 3. **ARTICLES OF INCORPORATION; BYLAWS.** Rural development financing authorities shall have no capital stock. Sections 143 to 152 shall constitute their articles of incorporation. An authority may adopt bylaws consistent with sections 143 to 152.

Sec. 146. **[469.145] FINANCING PROJECTS AND FACILITIES.**

An authority may provide funds for its purposes by the following methods:

(1) issuing bonds of the authority as authorized by section 147, subdivision 1; and

(2) issuing notes of the authority as authorized by section 147, subdivision 2.

Sec. 147. **[469.146] ISSUANCE OF BONDS AND NOTES.**

Subdivision 1. **BONDS.** For the purposes authorized in section 143, the authority may issue bonds and execute mortgages and contracts, pledge revenues, and enter into covenants and agreements for the security thereof in the same manner and subject to the same conditions as a municipality under the provisions of sections 153 to 166 except as otherwise and additionally provided in sections 143 to 152. Net rentals and other charges payable to the authority by the operator or lessee of any project and pledged by the authority for payment of its bonds and interest thereon, and for the creation and maintenance of reserves therefor, may be reduced by amounts not exceeding the payments actually received by the authority from the other sources described in sections 143 to 152.

Subd. 2. **NOTES.** The authority may issue notes, including renewal notes, for any purpose for which bonds may be issued, whenever the authority determines that payment thereof can be made in full from any revenues the authority expects to receive from any source. The notes may be issued to provide funds to pay preliminary costs of surveys, plans, development, or other matters relating to any proposed or existing project. The authority may pledge the revenues, subject to any other pledge thereof, for the payment of the notes, and may secure the notes in the same manner and with the same effect as herein provided for bonds and may also secure the notes by the personal guarantee of property owners within a benefited area. The authority may make contracts for the future sale of the notes, by which the purchaser shall be committed to purchase the notes on terms and conditions stated in such contracts. The authority may pay the consideration it deems proper for the commitments.

Sec. 148. **[469.147] PROCESSING AGREEMENT.**

The authority may enter into agreements with owners of agricultural land, within or outside the state, providing for payment of charges for the use and availability of any project for processing products of the land, to pay part or all of the capital cost incurred by the authority. The charges may be made payable in fixed amounts, or in installments with interest at an agreed rate, or in amounts proportionate to the volume of products processed, or in any combination of these ways. The agreements may bind landowners to devote a specified acreage to production for processing by the project, or may bind the authority and the operator of the project to cause specified quantities to be processed, or both, for periods as may be agreed. Charges payable by landowners to the authority under the agreements may be pledged by it to pay or guarantee the payment of its bonds, or may be used by the authority for the purposes stated in section 143.

Sec. 149. **[469.148] APPLICATIONS FOR LOAN GUARANTIES.**

The authority, or a county exercising the powers of an authority pursuant to section 145, may undertake or participate in undertaking a project deemed to further the policies and purposes of the agricultural resource loan guaranty

program established and described in sections 41A.01 to 41A.06, by applying to the agricultural resource loan guaranty board for a guaranty by the state of a portion of a loan for the project to be secured by the applicant, or by another eligible borrower. For this purpose it may do all acts required of an applicant or of a borrower under the provisions of sections 41A.01 to 41A.06, including the computation, segregation, and application of tax increments by deposit in the loan guaranty fund under the terms of the loan guaranty.

Sec. 150. **[469.149] AGREEMENTS FOR RESERVATION OF TAX INCREMENTS.**

The authority may enter into an agreement with any county in which a project is to be situated, or a county exercising the powers of an authority may adopt a resolution, under which an agricultural resource project for which a conditional commitment for a loan guaranty has been made by the state as provided in section 41A.04, subdivision 3, is a tax increment financing project under sections 175 to 180 for so long as may be provided in the loan guaranty. The tax increment from the agricultural resource project shall be remitted to the authority or to the county for deposit and use in the loan guaranty fund of the state as provided in sections 41A.01 to 41A.06. Notwithstanding section 155, the tax increment for an agricultural resource project shall be discharged when either of the following occurs: (a) the loan obligation has been satisfied; or (b) the amount in the project account equals the amount of the guaranteed portion of the outstanding principal and interest on the guaranteed loan. Every county may, by resolution of the county board, do all things necessary for the computation, segregation, and application of tax increments under the loan guaranty in accordance with this section and sections 175 to 180.

Sec. 151. **[469.150] APPROVAL BY COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT.**

Any authority contemplating the exercise of the powers granted by sections 143 to 152 may apply to the commissioner of energy and economic development for information, advice, and assistance. No authority shall undertake any project authorized in sections 143 to 152 until the commissioner has approved the project, on the basis of preliminary information the commissioner requires, as tending to further the purposes and policies of sections 143 to 152. The commissioner may treat the preliminary information in a confidential manner, to the extent requested by the authority. Approval under this section shall not be deemed to be an approval by the commissioner or the state of the feasibility of the project or the terms of the lease to be executed or the bonds to be issued therefor, and the commissioner shall so state in communicating the approval.

Sec. 152. **[469.151] STATE AND COUNTY NOT LIABLE ON BONDS.**

The bonds and other obligations of an authority shall not be the debt of the state of Minnesota or of any county or political subdivision.

MUNICIPAL INDUSTRIAL DEVELOPMENT

Sec. 153. **[469.152] PURPOSES.**

The welfare of the state requires the active promotion, attraction, encouragement, and development of economically sound industry and commerce through governmental action for the purpose of preventing the emergence of blighted and marginal lands and areas of chronic unemployment. It is the policy of the state to facilitate and encourage action by local government units to prevent the economic deterioration of such areas to the point where the process can be reversed only by total redevelopment through the use of local, state, and federal funds derived from taxation, necessitating relocating displaced persons and duplicating public services in other areas. By the use of the powers and procedures described in sections 153 to 166, local government units and their agencies and authorities responsible for redevelopment and economic development may prevent occurrence of conditions requiring redevelopment, or aid in the redevelopment of existing areas of blight, marginal land, and avoidance of substantial and persistent unemployment.

The welfare of the state further requires the provision of necessary health care facilities, so that adequate health care services are available to residents of the state at reasonable cost. The welfare of the state further requires the provision of county jail facilities for the purpose of providing adequately for the care, control, and safeguarding of civil rights of prisoners. The welfare of the state requires that, whenever feasible, employment opportunities made available in part by sections 153 to 166 or other state law providing for similar financing mechanisms should be offered to individuals who are unemployed or who are economically disadvantaged.

Sec. 154. **[469.153] DEFINITIONS.**

Subdivision 1. **GENERALLY.** In sections 153 to 166, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. **PROJECT.** (a) "Project" means (1) any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field; (2) any properties, real or personal, used or useful in the abatement or control of noise, air or water pollution, or in the disposal of solid wastes, in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry; (3) any properties, real or personal, used or useful in connection with the business of telephonic communications, conducted or to be conducted by a telephone company, including toll lines, poles, cables, switching and other electronic equipment and administrative, data processing, garage and research and development facilities; (4) any properties, real or personal, used or useful in connection with a district heating system, consisting of the use of one or more energy conversion facilities to produce hot water or steam for distribution to

homes and businesses, including cogeneration facilities, distribution lines, service facilities and retrofit facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water.

(b) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged in any business.

(c) "Project" also includes any properties, real or personal, used or useful for the promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts, recreational facilities of the type that may be acquired under section 471.191, and related facilities.

(d) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services, including hospitals, nursing homes, and related medical facilities.

(e) "Project" does not include any property to be sold or to be affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

(f) "Project" also means the activities of any revenue producing enterprise involving the construction, fabrication, sale or leasing of equipment or products to be used in gathering, processing, generating, transmitting or distributing solar, wind, geothermal, biomass, agricultural or forestry energy crops, or other alternative energy sources for use by any person or any residential, commercial, industrial or governmental entity in heating, cooling or otherwise providing energy for a facility owned or operated by that person or entity.

(g) "Project" also includes any properties, real or personal, used or useful in connection with a county jail or county regional jail, the plans for which are approved by the commissioner of corrections; provided that the provisions of section 156, subdivisions 7 and 13, do not apply to those projects.

(h) "Project" also includes any real properties used or useful in furtherance of the purposes and policies of sections 136 to 142.

(i) "Project" also includes related facilities as defined by section 471A.02, subdivision 11.

Subd. 2. **MUNICIPALITY.** "Municipality" means any home rule charter or statutory city, any town described in section 368.01, and any county if (1) the project is located outside the boundaries of a city or a town described in section 368.01 or (2) the project involves telephonic communications conducted by or to be conducted by a telephone company, or financial or other assistance to rail users as defined in section 222.48, subdivision 6, for the purpose of making capital investment loans for rail line rehabilitation.

Subd. 3. **REDEVELOPMENT AGENCY.** "Redevelopment agency" means any port authority referred to in sections 49 to 69, or any city authorized by general or special law to exercise the powers of a port authority; any economic

development authority referred to in sections 91 to 109; any housing and redevelopment authority referred to in sections 1 to 47 or any body authorized to exercise the powers of a housing and redevelopment authority; and any area or municipal redevelopment agency referred to in sections 110 to 124.

Subd. 4. **COMMISSIONER.** "Commissioner" means the commissioner of energy and economic development.

Subd. 5. **DEPARTMENT.** "Department" means the department of energy and economic development.

Subd. 6. **TELEPHONE COMPANY.** "Telephone company" means any person, firm, association, including a cooperative association formed pursuant to chapter 308, or corporation, excluding municipal telephone companies, operating for hire any telephone line, exchange or system, wholly or partly within this state.

Subd. 7. **CONTRACTING PARTY.** "Contracting party" means a party to a revenue agreement other than the municipality or redevelopment agency.

Subd. 8. **REVENUES.** "Revenues" of a project include payments under a revenue agreement, or under notes, debentures, bonds and other secured or unsecured debt obligations of a contracting party.

Subd. 9. **REVENUE AGREEMENT.** "Revenue agreement" means any written agreement between a municipality or redevelopment agency and a contracting party with respect to a project, whereby the contracting party agrees to pay to the municipality or redevelopment agency or its order amounts sufficient at all times to pay when due the principal of, premium, if any, and interest on all bonds issued by the municipality or redevelopment agency with respect to that project. A revenue agreement may be in the form of a lease, mortgage, direct or installment sale contract, loan agreement, take or pay or similar agreement, and be secured in manner the parties agree or be unsecured. A revenue agreement must satisfy the requirements of section 156, subdivision 5.

Subd. 10. **TRUSTEE.** "Trustee" means any corporation, bank or other entity authorized under any law of the United States or of any state to exercise trust powers, or any natural person, acting as trustee, co-trustee or successor trustee under an indenture pursuant to designation of the municipality or redevelopment agency.

Subd. 11. **ALTERNATIVE ENERGY.** "Alternative energy" means any energy source which does not depend upon nuclear fuel or nonrenewable fossil fuel, or which makes available another energy source which currently is wasted and which includes, but is not limited to, cogeneration or district heating.

Sec. 155. **[469.154] DUTIES OF DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.**

Subdivision 1. **GENERALLY.** The department of energy and economic

development shall investigate, assist and advise municipalities, and report to the governor and the legislature concerning the operation of sections 153 to 166 and the projects undertaken under those sections.

Subd. 2. **LOCAL REQUEST FOR ASSISTANCE.** Any municipality or redevelopment agency contemplating the exercise of the powers granted by sections 153 to 166 may apply to the commissioner for information, advice, and assistance. The commissioner may handle such preliminary information in a confidential manner, to the extent requested by the municipality.

Subd. 3. **CONDITIONS; APPROVAL.** No municipality or redevelopment agency shall undertake any project authorized by sections 153 to 166, except a project referred to in section 154, subdivision 2, paragraph (g), unless its governing body finds that the project furthers the purposes stated in section 153, nor until the commissioner has approved the project, on the basis of preliminary information the commissioner requires, as tending to further the purposes and policies of sections 153 to 166. The commissioner may not approve any projects relating to health care facilities except as permitted under subdivision 6. Approval shall not be deemed to be an approval by the commissioner or the state of the feasibility of the project or the terms of the revenue agreement to be executed or the bonds to be issued therefor, and the commissioner shall state this in communicating approval.

Subd. 4. **HEARING.** Prior to submitting an application to the department requesting approval of a project pursuant to subdivision 3, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than 14 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the department, together with all attachments and exhibits, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. The governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency shall adopt a resolution determining whether or not to proceed with the project and its financing; it may thereafter apply to the department for approval of the project.

Subd. 5. **INFORMATION TO ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY.** Each municipality and redevelopment agency upon entering into a revenue agreement, except one pertaining to a project referred to in section 154, subdivision 2, paragraph (g), shall furnish the energy and economic

development authority on forms the authority prescribes the following information concerning the project: The name of the contracting party, the nature of the enterprise, the location, approximate number of employees, the general terms and nature of the revenue agreement, the amount of bonds or notes issued, and other information the energy and economic development authority deems advisable. The energy and economic development authority shall keep a record of the information which shall be available to the public at times the authority prescribes.

Subd. 6. **HEALTH CARE FACILITIES.** The commissioner of energy and economic development shall forward to the commissioner of human services and the commissioner of health for review, all applications for projects relating to nursing homes licensed by the commissioner of health under chapter 144A. This review process does not apply to projects approved by the housing finance agency involving residences for the elderly, the costs of which will not be reimbursed under the medical assistance program. The commissioner of human services and the commissioner of health must return the applications to the commissioner of energy and economic development with a recommendation within 30 days of receipt. The commissioner of energy and economic development may not approve an application unless the project has been determined by both the commissioner of human services and the commissioner of health to be consistent with policies of the state as reflected in a statute or rule. The following projects shall not be approved:

(1) projects that will result in an increase in the number of nursing home or boarding care beds in the state;

(2) projects involving refinancing, unless the refinancing will result in a reduction in debt service charges that will be reflected in charges to patients and third-party payors; and

(3) projects that are inconsistent with the established policies of the state as reflected in a statute or rule.

Subd. 7. **EMPLOYMENT PREFERENCE.** Every municipality, redevelopment agency, or other person undertaking a project financed wholly or in part under sections 153 to 166 or by similar financing mechanisms is encouraged to target employment opportunities to qualified individuals who are unemployed or economically disadvantaged as defined in the federal Job Training Partnership Act of 1982, Statutes at Large, volume 96, page 1322. The intent of this subdivision may be accomplished by mechanisms such as a first source agreement in which the employer agrees to use a designated employment office as a first source for employment recruitment, referral, and placement, and by other means.

Not later than July 1, 1987, every municipality, redevelopment agency, or other person who undertakes a project financed wholly or in part by these financing mechanisms shall submit an employment report to the energy and economic development authority. The report shall be on forms provided by the

energy and economic development authority and shall include, but need not be limited to, the following information:

(a) the total number of jobs created by the project,

(b) the number of unemployed and economically disadvantaged persons hired, and

(c) the average wage level of the jobs created.

Sec. 156. **[469.155] POWERS.**

Subdivision 1. **GENERAL.** Any municipality or redevelopment agency has the powers set forth in this section.

Subd. 2. **PROJECT ACQUISITION.** It may acquire, construct, and hold any lands, buildings, easements, water and air rights, improvements to lands and buildings, and capital equipment to be located permanently or used exclusively on a designated site and solid waste disposal and pollution control equipment, and alternative energy equipment and inventory, regardless of where located, that are deemed necessary in connection with a project to be situated within the state, and construct, reconstruct, improve, better, and extend the project. It may also pay part or all of the cost of an acquisition and construction by a contracting party under a revenue agreement.

Subd. 3. **REVENUE BONDS.** It may issue revenue bonds, in anticipation of the collection of revenues of a project to be situated within the state, to finance, in whole or in part, the cost of the acquisition, construction, reconstruction, improvement, betterment, or extension thereof.

Subd. 4. **REFINANCING HEALTH FACILITIES.** It may issue revenue bonds to pay, purchase, or discharge all or any part of the outstanding indebtedness of a contracting party engaged primarily in the operation of one or more nonprofit hospitals or nursing homes previously incurred in the acquisition or betterment of its existing hospital or nursing home facilities to the extent deemed necessary by the governing body of the municipality or redevelopment agency; this may include any unpaid interest on the indebtedness accrued or to accrue to the date on which the indebtedness is finally paid, and any premium the governing body of the municipality or redevelopment agency determines to be necessary to be paid to pay, purchase, or defease the outstanding indebtedness. If revenue bonds are issued for this purpose, the refinancing and the existing properties of the contracting party shall be deemed to constitute a project under section 154, subdivision 2, clause (d). Revenue bonds may not be issued pursuant to this subdivision unless the application for approval of the project pursuant to section 155 shows that a reduction in debt service charges is estimated to result and will be reflected in charges to patients and third party payors. Proceeds of revenue bonds issued pursuant to this subdivision may not be used for any purpose inconsistent with the provisions of chapter 256B. Nothing in this subdivision prohibits the use of revenue bond proceeds to pay outstanding

indebtedness of a contracting party to the extent permitted by law on March 28, 1978.

Subd. 5. **REVENUE AGREEMENTS.** It may enter into a revenue agreement with any person, firm, or public or private corporation or federal or state governmental subdivision or agency so that payments required thereby to be made by the contracting party are fixed and revised as necessary to produce income and revenue sufficient to provide for the prompt payment of principal of and interest on all bonds issued hereunder when due. The revenue agreement must also provide that the contracting party is required to pay all expenses of the operation and maintenance of the project including adequate insurance thereon and insurance against all liability for injury to persons or property arising from its operation, and all taxes and special assessments levied upon or with respect to the project and payable during the term of the revenue agreement. During the term of the revenue agreement, except as provided in subdivision 17, a tax shall be imposed and collected upon the project or, pursuant to the provisions of section 272.01, subdivision 2, for the privilege of using and possessing the project, in the same amount and to the same extent as though the contracting party were the owner of all real and personal property comprising the project.

Subd. 6. **PLEDGE OF REVENUES.** It may pledge and assign to the holders of the bonds or a trustee therefor all or any part of the revenues of one or more projects and define and segregate the revenues or provide for the payment thereof to a trustee, whether or not the trustee is in possession of the project under a mortgage or otherwise.

Subd. 7. **SECURITY INTERESTS.** It may mortgage or otherwise encumber or grant a security interest in any project and its revenues, or may permit a mortgage, encumbrance, or security interest to be granted by a contracting party to the revenue agreement, in favor of the municipality or redevelopment agency, the holders of the bonds, or a trustee therefor. In creating a mortgage, encumbrance, or security interest, a municipality or redevelopment agency shall not obligate itself except with respect to the project and its revenues, unless otherwise specifically provided by law.

Subd. 8. **IMPLEMENTATION OF POWERS AND COVENANTS; CONSTRUCTION AND ACQUISITION BY CONTRACTING PARTY.** It may make all contracts, execute all instruments, and do all things necessary or convenient in the exercise of the powers granted in sections 153 to 166, or in the performance of its covenants or duties, or in order to secure the payment of its bonds. It may enter into a revenue agreement authorizing the contracting party, subject to any terms and conditions the municipality or redevelopment agency finds necessary or desirable and proper, to provide for the construction, acquisition, and installation of the buildings, improvements, and equipment to be included in the project by any means legally available to the contracting party and in the manner determined by the contracting party and without advertisement for bids unless advertisement by the contracting party is otherwise required by law.

Subd. 9. **INTERGOVERNMENTAL AGREEMENTS.** It may enter into and perform contracts and agreements with other municipalities, political subdivisions, and state agencies, authorities, and institutions as the governing body of the municipality or redevelopment agency may deem proper and feasible for or concerning the planning, construction, lease, purchase, mortgaging or other acquisition, and the financing of a project, and the maintenance thereof, including an agreement whereby one municipality issues its revenue bonds in behalf of one or more other municipalities pursuant to revenue agreements with the same or different contracting parties, which contracts and agreements may establish a board, commission, or other body deemed proper for the supervision and general management of the facilities of the project. However, no municipality or redevelopment agency may enter into or perform any contract or agreement with any school district under which the municipality or redevelopment agency issues its revenue bonds or otherwise provides for the construction of school facilities and the school leases or otherwise acquires these facilities.

Subd. 10. **FEDERAL LOANS AND GRANTS.** It may accept from any authorized agency of the federal government loans or grants for the planning, construction, acquisition, leasing, purchase, or other provision of any project, and enter into agreements with the agency respecting the loans or grants.

Subd. 11. **CONVEYANCE OF PROJECTS.** It may sell and convey all properties acquired in connection with projects, including the sale and conveyance thereof subject to a mortgage, or the sale and conveyance thereof under an option granted to the lessee of the project, for the price, and at the time the governing body of the municipality or redevelopment agency determines. No sale or conveyance of the properties may be made in a manner that impairs the rights or interests of the holders of any bonds issued under the authority of sections 153 to 166.

Subd. 12. **REFUNDING.** It may issue revenue bonds to refund, in whole or in part, bonds previously issued by the municipality or redevelopment agency under authority of sections 153 to 166, and interest on them.

Subd. 13. **TERMINATION OF REVENUE AGREEMENT.** If so provided in the revenue agreement, it may terminate the agreement and re-enter or repossess the project upon the default of the contracting party, and operate, lease, or sell the project in the manner authorized or required by the provisions of the revenue agreement or of the resolution or indenture securing the bonds issued for the project. Any revenue agreement which includes provision for a conveyance of real estate to the contracting party may be terminated in accordance with the revenue agreement, notwithstanding that the revenue agreement may constitute an equitable mortgage.

Subd. 14. **LIMITATIONS ON POWERS.** It may not operate any project referred to in sections 153 to 166 as a business or in any manner, except as authorized in subdivision 13. Nothing in this section authorizes any municipality or redevelopment agency to expend any funds on any project, other than the revenues of the project, or the proceeds of revenue bonds and notes issued hereunder, or other funds granted to the municipality or redevelopment agency for the purposes of sections 153 to 166, except:

(1) as is otherwise permitted by law;

(2) to enforce any right or remedy under any revenue agreement or related agreement for the benefit of the bondholders or for the protection of any security given in connection with a revenue agreement; or

(3) to pay without reimbursement part or all of the public cost of redevelopment of land including the acquisition of the site of the project, which cost shall not be deemed part of the cost of the project.

Subd. 15. **INVESTMENT AND DEPOSIT OF FUNDS.** It may invest or deposit, or authorize a trustee to invest or deposit, any proceeds of revenue bonds or notes issued pursuant to sections 153 to 166, and income from the investment of the proceeds, in any manner and upon any terms and conditions agreed to by the contracting party under the related revenue agreement, resolution, or indenture, notwithstanding chapter 118 or section 471.56 or 475.56, but subject to any statutory provisions which govern the deposit and investment of funds of a contracting party which is itself a governmental subdivision or agency.

Subd. 16. **CONTRACTOR'S BOND AND MECHANICS' LIENS.** It may waive or require the furnishing of a contractor's payment and performance bond of the kind described in section 574.26, whether or not the municipality or redevelopment agency is a party to the construction contract. If the bond is required, the provisions of chapter 514 relating to liens for labor and materials are not applicable with respect to work done or labor or materials supplied for the project. If the bond is waived, the provisions of chapter 514 apply with respect to work done or labor or materials supplied for the project.

Subd. 17. **TAX EXEMPTION FOR UNFINISHED SALE OR RENTAL PROJECTS.** If a building is to be constructed for sale or rent to a contracting party, the building is exempt from taxation as public property exclusively used for a public purpose until the building is first conveyed or first occupied by the lessee, in whole or in part, whichever occurs first, for up to a maximum of four years from the date of issue of bonds or notes for the project. The exemption must be applied for before October 10 of the year of the levy of the first taxes to which the exemption applies.

Sec. 157. **[469.156] AUTHORIZATION OF PROJECTS AND BONDS.**

The acquisition, construction, reconstruction, improvement, betterment, or extension of any project, the execution of any revenue agreement or mortgage pertaining thereto, and the issuance of bonds in anticipation of the collection of the revenues of the project to provide funds to pay for its cost, may be authorized by an ordinance or resolution of the governing body adopted at a regular or duly called special meeting thereof by the affirmative vote of a majority of its members. No election shall be required to authorize the use of any of the powers conferred by sections 153 to 166. No lease of any project shall be subject to the provisions of section 504.02, unless expressly so provided in the lease.

Sec. 158. **[469.157] DETERMINATION OF COST OF PROJECT.**

In determining the cost of a project, the governing body may include all cost and estimated cost of the acquisition, construction, reconstruction, improvement, betterment, and extension of the project, all engineering, inspection, fiscal, legal, administrative, and printing expense, the interest which it is estimated will accrue during the construction period and for six months thereafter on money borrowed or which it is estimated will be borrowed pursuant to sections 153 to 166, and bond reserves and premiums for insurance of lease rentals pledged to pay the bonds.

Sec. 159. **[469.158] MANNER OF ISSUANCE OF BONDS; INTEREST RATE.**

Bonds authorized under sections 153 to 166 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, and the bonds may mature at the time or times, in the amount or amounts, within 30 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 153 to 166 may be issued in amounts determined by the municipality or redevelopment agency notwithstanding the provisions of section 475.67, subdivision 3.

Sec. 160. **[469.159] TEMPORARY LOANS.**

After authorization of bonds pursuant to section 157, the governing body may provide funds immediately required for the purpose and not exceeding the amount of the bonds, by effecting temporary loans upon the terms it determines by resolution. The loans shall be evidenced by notes subject to the provisions of section 163, due in not exceeding 24 months from the date thereof, payable to the order of the lender or to bearer, to be repaid with interest from the proceeds of the bonds when issued and delivered to the purchaser. The temporary loans may be made without any public advertisement.

Sec. 161. **[469.160] VALIDITY OF BONDS; PRESUMPTION.**

The validity of bonds or notes issued under sections 153 to 166 shall not depend on nor be affected by the validity or regularity of any proceedings relating to the acquisition, purchase, construction, reconstruction, improvement, betterment, or extension of the project for which they are issued. The ordinance or resolution authorizing the bonds or notes may provide that the bonds or notes shall contain a recital that they are issued pursuant to sections 153 to 166, and the recital shall be conclusive evidence of their validity and of the regularity of their issuance.

Sec. 162. **[469.161] LIMITATION OF POWERS BY RESOLUTION OR ORDINANCE.**

Any ordinance, resolution, revenue agreement, indenture or other instrument authorizing the issuance of bonds under sections 153 to 166 to finance, in whole or in part, the acquisition, construction, reconstruction, improvement, betterment, or extension of any project may contain covenants, notwithstanding that the covenants may limit the exercise of powers conferred by sections 153 to 166 as to:

(1) the rents or installment payments to be charged for the use or purchase of properties acquired, constructed, reconstructed, improved, bettered, or extended under the authority of sections 153 to 166;

(2) the use and disposition of the revenues of the projects;

(3) the creation and maintenance of sinking funds and the regulation, use, and disposition thereof;

(4) the creation and maintenance of funds to provide for maintaining the project and replacement of properties depreciated, damaged, destroyed, or condemned;

(5) the purpose, or purposes, to which the proceeds of sale of bonds may be applied and the use and disposition of the proceeds;

(6) the nature of mortgages or other encumbrances on the project;

(7) the events of default and the rights and liabilities arising thereon and the terms and conditions upon which the holders of bonds may bring any suit or action on the bonds or on any coupons appurtenant to them;

(8) the issuance of other or additional bonds or instruments payable from or constituting a charge against the revenue of the project;

(9) the insurance to be carried upon the project and the use and disposition of insurance moneys;

(10) the keeping of books of account and the inspection and audit thereof;

(11) the terms and conditions upon which any or all of the bonds shall become or may be declared due before maturity and the terms and conditions upon which the declaration and its consequences may be waived;

(12) the rights, liabilities, powers, and duties arising upon the breach by the municipality or redevelopment agency of any covenants, conditions, or obligations;

(13) the vesting in a trustee or trustees of the right to enforce any covenants made to secure or to pay the bonds; the powers and duties of the trustee or trustees, and the limitation of his or its liabilities;

(14) the terms and conditions upon which the holder or holders of the bonds, or the holders of any proportion or percentage of them, may enforce any covenants made under sections 153 to 166 or any duties imposed thereby;

(15) a procedure by which the terms of any ordinance or resolution authorizing bonds or of any other contract with bondholders, including an indenture of trust or similar instrument, may be amended or abrogated, and the amount of bonds the holders of which must consent thereto, and the manner in which the consent may be given; and

(16) the subordination of the security of any bonds issued under sections 153 to 166 and the payment of principal and interest thereof, to the extent deemed feasible and desirable by the governing body, to other bonds or obligations of the municipality or redevelopment agency issued to finance the project or that may be outstanding when the bonds thus subordinated are issued and delivered.

Sec. 163. **[469.162] SOURCE OF PAYMENT FOR BONDS.**

Subdivision 1. **RESTRICTIONS ON PAYMENT.** Revenue bonds issued under sections 153 to 166 shall not be payable from nor charged upon any funds other than the revenue pledged to their payment, except as provided in this section, nor shall the municipality or redevelopment agency issuing the same be subject to any liability on them. No holder of the bonds shall ever have the right to compel any exercise of the taxing power of the municipality or redevelopment agency to pay the bonds or the interest thereon, except as provided in subdivision 2, nor to enforce payment of them against any property of the municipality or redevelopment agency except those projects, or portions thereof, mortgaged or otherwise encumbered under the provisions and for the purpose of sections 153 to 166.

Subd. 2. **TAX INCREMENTS; PRE-1979 PROJECTS.** (a) Any municipality or redevelopment agency may request the county auditor of the county in which a project is situated to certify the original taxable value of the real property included therein and the tax increments realized each year after the commencement of the project, as defined in section 42, and shall be entitled to receive, use, and pledge the tax increments for the further security of the revenue bonds issued to finance the project, in either of the following ways:

(1) to pay premiums for insurance guaranteeing the payment of net rentals when due under the project lease; or

(2) to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds.

(b) Tax increments with respect to any industrial development project shall be segregated and specially accounted for by the county treasurer until all bonds issued to finance the project have been fully paid; but the county treasurer shall remit the same to the municipality or redevelopment agency only in the amount

certified to him to be required for any of the purposes stated in paragraph (a). The amount so needed shall be certified annually to the county auditor and treasurer by the municipality or redevelopment agency on or before October 1. Any tax increment remaining in any year after the remittance shall, when collected, be distributed among all of the taxing districts levying taxes on the project area, in proportion to the amounts levied by them. This subdivision shall not apply to a project, certification of which is requested subsequent to August 1, 1979.

Subd. 3. **RESTRICTIONS ON SECURITY.** Bonds issued under sections 153 to 166 shall not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the municipality or redevelopment agency, except those projects, or portions thereof, mortgaged or otherwise encumbered under the provisions and for the purposes of sections 153 to 166. Each bond issued under sections 153 to 166 shall recite in substance that the bond, including interest thereon, is payable solely from the revenue pledged to its payment, but may contain a reference to the lease insurance or bond reserve for which the tax increment is pledged and appropriated. No such bond shall constitute a debt of the municipality or redevelopment agency within the meaning of any constitutional or statutory limitation. However, nothing herein shall impair the rights of holders of bonds issued hereunder to enforce covenants made for the security thereof as provided in section 164.

Sec. 164. **[469.163] BONDHOLDERS' RIGHTS AND REMEDIES.**

Subject to any contractual limitations binding upon the holders of any issue of revenue bonds, or a trustee therefor, including the restriction of the exercise of any remedy to a specified proportion or percentage of the holders, any holder of bonds, or any trustee therefor, for the equal benefit and protection of all bondholders similarly situated, may:

(1) by suit, action, or proceeding at law or in equity, enforce his or its rights against the municipality or redevelopment agency and its governing body and any of its officers, agents, and employees, and may require and compel the municipality, redevelopment agency, or governing body, or any officers, agents, or employees to perform and carry out its and their duties and obligations under sections 153 to 166 and its and their covenants and agreements with bondholders;

(2) by action require the municipality or redevelopment agency and the governing body thereof to account as if they were the trustees of an express trust;

(3) by action enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders;

(4) bring suit upon the bonds;

(5) foreclose any mortgage or lien given under the authority of sections 153

to 166, and cause the property standing as security to be sold under any proceedings permitted by law or equity; and

(6) exercise any right or remedy conferred by sections 153 to 166 without exhausting and without regard to any other right or remedy conferred by sections 153 to 166 or any other law of this state. None of these rights and remedies is intended to be exclusive of any other, and each is in addition to every other right and remedy.

Sec. 165. **[469.164] POWERS ADDITIONAL TO APPLICATION OF EXISTING LAWS AND RULES.**

Subdivision 1. **GENERALLY.** The powers conferred by sections 153 to 166 are in addition to the powers conferred by any other law or charter. Insofar as the provisions of any other law or charter are inconsistent with sections 153 to 166, the provisions of these sections shall be controlling as to projects instituted under these sections. Section 334.01 shall not apply to any interest rate charged or attributable to any obligation of a contracting party or sublessee or subtenant of a contracting party in connection with any project for which the proceedings are conducted, wholly or partly, pursuant to sections 153 to 166.

Subd. 2. **TELEPHONE COMPANY PROJECTS.** In all cases in which a project involves telephonic communications conducted by or to be conducted by a telephone company, all laws of the state, and rules of the department of public service, that apply to property owned by a telephone company including laws and regulations relating to taxation and valuation of telephone company property, shall similarly apply to any real and personal property acquired, in whole or in part, by the issuance of bonds as authorized herein. In the issuance of any bonds pursuant to sections 153 to 166, these sections shall control, notwithstanding the provisions of chapter 452, or any other general or special law relating to municipal or town telephone companies.

Sec. 166. **[469.165] APPLICABILITY OF HOUSING AND REDEVELOPMENT AUTHORITY PROVISIONS.**

If property that has been acquired by a housing and redevelopment authority pursuant to the provisions of sections 1 to 47, is sold, leased or acquired with the consent of the housing and redevelopment authority in connection with a project conducted wholly or partly pursuant to the provisions of sections 153 to 165, it shall be deemed to be devoted to public purposes and public uses and to conform to the project area redevelopment plan within the meaning of sections 1 to 47. In giving its consent, the housing and redevelopment authority may waive any or all of the terms, conditions, restrictions and limitations imposed upon the property by section 29, and the purchaser of the property or any subsequent purchasers may convey the property without the consent of any housing and redevelopment authority and, to the extent of the waiver, free and clear of the terms, conditions, restrictions and limitations, whether or not the purchaser has obligated himself as provided in section 29, subdivision 5.

ENTERPRISE ZONES

Sec. 167. **[469.166] DEFINITIONS.**

Subdivision 1. **GENERALLY.** In sections 167 to 174, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. **COMMISSIONER.** "Commissioner" means the commissioner of energy and economic development.

Subd. 3. **ENTERPRISE ZONE.** "Enterprise zone" means an area in the state designated as such by the commissioner.

Subd. 4. **CITY.** "City" means a home rule charter or statutory city.

Subd. 5. **MUNICIPALITY.** "Municipality" means a city, or a county for an area located outside the boundaries of a city. If an area lies in two or more cities or in both incorporated and unincorporated areas, "municipality" shall include an entity formed pursuant to section 471.59 by the governing bodies of the cities with jurisdiction over the incorporated area and the counties with jurisdiction over the unincorporated area.

Subd. 6. **GOVERNING BODY.** "Governing body" means the county board in the case of a county, the city council or other body designated by its charter in the case of a city, or the tribal or federal agency recognized as the governing body of an Indian reservation by the United States secretary of the interior.

Subd. 7. **HUD.** "HUD" means the United States secretary of housing and urban development or the secretary's delegate or successor.

Subd. 8. **INDIAN RESERVATION.** "Indian reservation" means an area determined to be such by the United States secretary of the interior.

Subd. 9. **SMSA.** "SMSA" means the area in and around a city of 50,000 inhabitants or more, or an equivalent area, as defined by the United States Secretary of Commerce.

Subd. 10. **EMPLOYMENT PROPERTY.** (a) "Employment property" means taxable property, excluding land but including buildings, structures, fixtures, and improvements that satisfy each of the following conditions:

(1) the property is located within an enterprise zone designated according to section 168.

(2) the property is commercial or industrial property except a facility the primary purpose of which is one of the following: retail food and beverage services, automobile sales or service, or the provision of recreation or entertainment, or a private or commercial golf course, country club, massage parlor, tennis club, skating facility including roller skating, skateboard, and ice skating, racquet sports facility, including any handball or racquetball court, hot tub facility, suntan facility, or racetrack, or property of a public utility.

(b) In the case of property located in a border city zone, "employment property" includes land except in the case of employment property that is assessed pursuant to the first clause of the first sentence of section 273.13, subdivision 24, paragraph (b).

Subd. 11. **MARKET VALUE.** "Market value" of a parcel of employment property means the value of the taxable property as annually determined pursuant to section 273.12, less (i) the market value of all property existing at the time of application for classification, as last assessed prior to the time of application, and (ii) any increase in the market value of the property referred to in clause (i) as assessed in each year after the employment property is first placed in service. In each year, any change in the values of the employment property and the other property on the land shall be deemed to be proportionate unless caused by a capital improvement or loss.

Subd. 12. **LEGISLATIVE ADVISORY COMMISSION.** "Legislative advisory commission" means the legislative advisory commission established under section 3.30.

Sec. 168. **[469.167] DESIGNATION OF ENTERPRISE ZONES.**

Subdivision 1. **PROCESS.** The commissioner shall designate an area as an enterprise zone if (a) an application is made in the form and manner and containing the information as prescribed by the commissioner; (b) the application is made by the governing body of the area; (c) the area is determined by the commissioner to be eligible for designation under section 169; and (d) the zone is selected pursuant to the process provided by section 170.

Subd. 2. **DURATION.** The designation of an area as an enterprise zone shall be effective for seven years after the date of designation.

Subd. 3. **LIMITATION.** No area may be designated as an enterprise zone after December 31, 1986. No area may be designated as a border city zone after December 31, 1983.

Sec. 169. **[469.168] ELIGIBILITY REQUIREMENTS.**

Subdivision 1. **GENERALLY.** An area is eligible for designation if each of the requirements set forth in subdivisions 2 to 4 are met.

Subd. 2. **BOUNDARIES; VACANT LAND.** The boundary of the zone or each subdivision of the zone must be continuous and the area must include vacant or underutilized lands or buildings.

Subd. 3. **ACREAGE; MARKET VALUE.** The area of the zone must be less than 400 acres. The total market value of the taxable property contained in the zone at the time of application must be less than $100,000 per acre or $300,000 per acre for an area located wholly within a first class city. A zone which is located in a city of the third or fourth class may be divided into two to four separate subdivisions which need not be contiguous with each other. Each

subdivision must contain not less than 100 acres. The restrictions provided by this paragraph shall not apply to areas designated pursuant to subdivision 4, paragraph (b) or (c).

Subd. 4. **AREA CHARACTERISTICS.** The area must meet the requirements of paragraphs (a), (b), or (c).

(a) The proposed zone is located within an economic hardship area, as established by meeting two or more of the following criteria:

(1) the percentage of residential housing units within the area which are substandard is 15 percent or greater under criteria prescribed by the commissioner using data collected by the bureau of the census or data submitted by the municipality and approved by the commissioner;

(2) the percentage of households within the area that fall below the poverty level, as determined by the United States Census Bureau, is 20 percent or greater;

(3) (i) the total market value of commercial and industrial property in the area has declined over three of the preceding five years, or (ii) the total market value of all property in the area has declined or has increased less than 10.5 percent over the preceding three-year period;

(4) for the last full year for which data is available, the per capita income in the area was 90 percent or less of the per capita income for the state, excluding standard metropolitan statistical areas, or for the standard metropolitan statistical area if the area is located in a standard metropolitan statistical area;

(5) (i) the current rate of unemployment in the area is at least 120 percent of the statewide average unemployment for the last 12-month period for which verifiable figures are available, or (ii) the total number of employment positions has declined by at least ten percent during the last 18 months.

For purposes of this paragraph, an economic hardship area must have a population under the most recent federal decennial census of at least (1) 4,000 if any of the area is located wholly or partly within a standard metropolitan statistical area, or (2) 2,500 for an area located outside of a standard metropolitan statistical area; except that (1) no minimum population is required in the case of an area located in an Indian reservation, and (2) in the case of two or more cities seeking designation of an enterprise zone under a joint exercise of power pursuant to section 471.59, the minimum population required by this provision shall not exceed the sum of the populations of those cities. A zone qualifying under this paragraph is referred to in sections 167 to 174 as a "hardship area zone."

(b) the area is so designated under federal legislation providing for federal tax benefits to investors, employers or employees in enterprise zones. A zone qualifying under this paragraph is referred to in sections 167 to 174 as a "federally designated zone."

(c) the area consists of a statutory or home rule charter city with a contiguous border with a city in another state or with a contiguous border with a city in Minnesota which has a contiguous border with a city in another state and the area is determined by the commissioner to be economically or fiscally distressed. An area designated under this paragraph is referred to in sections 167 to 174 as a "border city zone."

Sec. 170. **[469.169] SELECTION OF ENTERPRISE ZONES.**

Subdivision 1. **SUBMISSION OF APPLICATIONS.** By August 31 of each year, a municipality seeking designation of an area as an enterprise zone shall submit an application to the commissioner. The commissioner shall establish procedures and forms for the submission of applications for enterprise zone designation.

Subd. 2. **APPLICATIONS; CONTENTS.** The applications for designation as an enterprise zone shall contain, at a minimum:

(1) verification that the area is eligible for designation pursuant to section 169;

(2) a development plan, outlining the types of investment and development within the zone that the municipality expects to take place if the incentives and tax reductions specified under clauses (4) and (5) are provided, the specific investment or development reasonably expected to take place, any commitments obtained from businesses, the projected number of jobs that will be created, the anticipated wage level of those jobs, and any proposed targeting of the jobs created, including affirmative action plans if any. This clause does not apply to an application for designation as a border city zone;

(3) the municipality's proposed means of assessing the effectiveness of the development plan or other programs to be implemented within the zone once they have been implemented;

(4) the specific form of tax reductions, authorized by section 172, subdivision 1, proposed to be granted to businesses, the duration of the tax reductions, an estimate of the total state taxes likely to be foregone as a result, and a statement of the relationship between the proposed tax reductions and the type of investment or development sought or expected to be attracted to or maintained in the area if it is designated as a zone;

(5) the municipality's contribution to the zone as required by subdivision 5;

(6) any additional information required by the commissioner; and

(7) any additional information that the municipality considers relevant to the designation of the area as an enterprise zone.

Subd. 3. **EVALUATION OF APPLICATIONS.** The commissioner shall review and evaluate the applications submitted pursuant to subdivision 2 and shall determine whether each area is eligible for designation as an enterprise

zone. In determining whether an area is eligible under section 169, subdivision 4, paragraph (a), if unemployment, employment, income or other necessary data are not available for the area from the federal departments of labor or commerce or the state demographer, the commissioner may rely upon other data submitted by the municipality if the commissioner determines it is statistically reliable or accurate. The commissioner, together with the commissioner of revenue, shall prepare an estimate of the amount of state tax revenue which will be foregone for each application if the area is designated as a zone.

By October 1 of each year, the commissioner shall submit to the legislative advisory commission a list of the areas eligible for designation as enterprise zones, along with recommendations for designation and supporting documentation. In making recommendations for designation, the commissioner shall consider and evaluate the applications pursuant to the following criteria:

(1) the pervasiveness of poverty, unemployment, and general distress in the area;

(2) the extent of chronic abandonment, deterioration or reduction in value of commercial, industrial or residential structures in the area and the extent of property tax arrearages in the area;

(3) the prospects for new investment and economic development in the area with the tax reductions proposed in the application relative to the state and local tax revenue which would be foregone;

(4) the competing needs of other areas of the state;

(5) the municipality's proposed use of other state and federal development funds or programs to increase the probability of new investment and development occurring;

(6) the extent to which the projected development in the zone will provide employment to residents of the economic hardship area, and particularly individuals who are unemployed or who are economically disadvantaged as defined in the federal Job Training Partnership Act of 1982, 96 Statutes at Large 1322;

(7) the funds available pursuant to subdivision 7; and

(8) other relevant factors that the commissioner specifies in his recommendations.

The commissioner shall submit a separate list of the areas entitled to designation as federally designated zones and border city zones along with recommendations for the amount of funds to be allocated to each area.

Subd. 4. **LAC RECOMMENDATIONS.** By October 15, the legislative advisory commission shall submit to the commissioner its advisory recommendations regarding the designation of enterprise zones. By October 30 of each year the commissioner shall make the final designation of the areas as enter-

prise zones, pursuant to section 168, subdivision 1. In making the designation, the commissioner may make modifications in the design of or limitations on the tax reductions contained in the application necessary because of the funding limitations under subdivision 7.

Subd. 5. **LOCAL CONTRIBUTION.** No area may be designated as an enterprise zone unless the municipality agrees to make a qualifying local contribution in the form of a property tax reduction for employment property as provided by section 171 for any business qualifying for a state tax reduction pursuant to this section. A qualifying local contribution may in the alternative be a local contribution or investment out of other municipal funds, but excluding any special federal grants or loans, equivalent to the property tax reduction. In concluding the agreement with the municipality the commissioner may require that the local contribution will be made in a specified ratio to the amount of the state credits authorized. If the local contribution is to be used to fund additional reductions in state taxes, the commissioner and the governing body of the municipality shall enter an agreement for timely payment to the state to reimburse the state for the amount of tax revenue foregone as a result. The qualifying local contribution for development within the portion of an enterprise zone that is located in a town that has been added by boundary amendment to an enterprise zone that is located within five municipalities and was designated in 1984 shall be provided by the town.

Subd. 6. **LIMITATIONS; NUMBER OF DESIGNATIONS.** (a) In each of the years 1983 and 1984, the commissioner shall designate at least two but not more than five areas as enterprise zones. No designations shall be made after December 31, 1984.

(b) No more than one area may be designated as an enterprise zone in any county, except that two areas may be designated in a county containing a city of the first class.

(c) No more than two areas in a congressional district may be designated as an enterprise zone in 1984.

This subdivision shall not apply to federally designated zones or border city zones.

Subd. 7. **FUNDING LIMITATIONS.** The maximum amount of the tax reductions which may be authorized pursuant to designations of enterprise zones is $36,400,000. The maximum amount of this total that may be authorized by the commissioner for tax reductions pursuant to section 172, subdivision 1, that will reduce tax revenues which otherwise would have been received during fiscal years 1984 and 1985 is $9,000,000. Of the total limitation and the 1984-1985 biennial limitation the commissioner shall allocate to border city zones an amount equal to $16,610,940 and $5,000,000 respectively. These funds shall be allocated among such zones on a per capita basis except that the maximum allocation to any one city is $6,610,940 and no city's allocation shall exceed $210 on a per capita basis. An amount sufficient to fund the state funded property tax credits, the refundable income tax credits, and the sales tax exemption, as authorized pursuant to this section is appropriated to the commissioner of

revenue. Upon designation of an enterprise zone the commissioner shall certify the total amount available for tax reductions in the zone for its duration. The amount certified shall reduce the amount available for tax reductions in other enterprise zones. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions in excess of the amount certified for the zone, the commissioner shall implement a plan to reduce the available tax reductions in the zone to an amount within the sum certified for the zone. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions below the amount certified, the difference shall be available for certification in other zones or used in connection with an amended plan of tax reductions for the zone as the commissioner determines appropriate. If the tax reductions authorized result in reduced revenues for a dedicated fund, the commissioner of finance shall transfer equivalent amounts to the dedicated fund from the general fund as necessary. Of the $36,400,000 in tax reductions authorized under this subdivision, an additional $800,000 in tax reductions may be authorized within an enterprise zone located within five municipalities that was designated by the commissioner in 1984.

Subd. 8. **ADDITIONAL ENTERPRISE ZONE ALLOCATIONS.** (a) In addition to tax reductions authorized in subdivision 7, the commissioner may allocate $600,000 for tax reductions pursuant to section 172, subdivisions 1 to 8, to hardship area zones or border city zones. Of this amount, a minimum of $200,000 must be allocated to an area added to an enterprise zone pursuant to Laws 1986, chapter 465, article 2, section 3. Allocations made pursuant to this subdivision may not be used to reduce a tax liability, or increase a tax refund, prior to July 1, 1987. Limits on the maximum allocation to a zone imposed by subdivision 7 do not apply to allocations made under this subdivision.

(b) A city encompassing an enterprise zone, or portion of an enterprise zone, qualifies for an additional allocation under this subdivision if the following requirements are met:

(1) the city encompassing an enterprise zone, or portion of an enterprise zone, has signed contracts with qualifying businesses that commit the city's total initial allocation received pursuant to subdivision 7; and

(2) the city encompassing an enterprise zone, or portion of an enterprise zone, submits an application to the commissioner requesting an additional allocation for tax reductions authorized by section 172, subdivisions 1 to 8. The application must identify a specific business expansion project which would not take place but for the availability of enterprise zone tax incentives.

(c) The commissioner shall use the following criteria when determining which qualifying cities shall receive an additional allocation under this subdivision and the amount of the additional allocation the city is to receive:

(1) additional allocations to qualifying cities under this subdivision shall be made within 60 days of receipt of an application;

(2) applications from cities with the highest level of economic distress, as determined using criteria listed in section 169, subdivision 4, paragraph (a), clauses (1) to (5), shall receive priority for an additional allocation under this subdivision;

(3) if the commissioner determines that two cities submitting applications within one week of each other have equal levels of economic distress, the application from the city with the business prospect which will have the greatest positive economic impact shall receive priority for an additional allocation. Criteria used by the commissioner to determine the potential economic impact a business would have shall include the number of jobs created and retained, the amount of private investment which will be made by the business, and the extent to which the business would help alleviate the economic distress in the immediate community; and

(4) the commissioner shall determine the amount of any additional allocation a city may receive. The commissioner shall base the amount of additional allocations on the commissioner's determination of the amount of tax incentives which are necessary to ensure the business prospect will expand in the city. No single allocation under this subdivision may exceed $100,000. No city may receive more than $250,000 under this subdivision.

Sec. 171. **[469.170] TAX CLASSIFICATION OF EMPLOYMENT PROPERTY.**

Subdivision 1. **MUNICIPAL APPLICATIONS.** The governing body of any municipality that contains an enterprise zone designated under section 168 shall by resolution establish a program for classification of new property or improvements to existing property as employment property pursuant to the provisions of this section. Applications for classification under the program shall be filed with the municipal clerk or auditor in a form prescribed by the commissioner of revenue, with additions as prescribed by the governing body. The application shall contain, where appropriate, a legal description of the parcel of land on which the facility is to be situated or improved; a general description of the facility or improvement and its proposed use; the probable time schedule for undertaking any construction or improvement; and information regarding the findings required in subdivision 4; the market value and the assessed value of the land and of all other taxable property then situated on it, according to the most recent assessment; and, if the property is to be improved or expanded, an estimate of the probable cost of the new construction or improvement and the market value of the new or improved facility (excluding land) when completed.

Subd. 2. **HEARING.** Upon receipt of an application the municipal clerk or auditor, subject to any prior approval required by the resolution establishing the program, shall furnish a copy to the assessor for the property and to the governing body of each school district and other public body authorized to levy taxes on the property. The municipal clerk or auditor shall publish a notice in the

official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published. The notice shall state that the applicant, the assessor, representatives of the affected taxing authorities, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time, but the governing body shall take action on the application by resolution within 30 days after the hearing ends. If disapproved, the reasons shall be set forth in the resolution. The applicant may appeal to the commissioner of revenue within 30 days thereafter, but only on the ground that the determination is arbitrary, in relation to prior determinations as to classification under the program, or based upon a mistake of law. If approved, the resolution shall include determinations as to the findings required in subdivision 4, and the clerk or auditor shall transmit it to the commissioner.

Subd. 3. **COMMISSIONER'S ACTION.** Within 60 days after receipt of an approved application or an appeal from the disapproval of an application, the commissioner of revenue shall take action on it. The commissioner of revenue shall approve each application approved by the governing body if he finds that it complies with the provisions of this section. If he disapproves the application, or finds grounds exist for appeal of a disapproved application, he shall transmit the finding to the governing body and the applicant. When grounds for appeal have been determined to exist, the governing body shall reconsider and take further action on the application within 30 days after receipt of the commissioner's notice and serve written notice of the action upon the applicant. The applicant, within 30 days after receipt of notice of final disapproval by the commissioner of revenue or the governing body, may appeal from the disapproval to a court of competent jurisdiction.

Subd. 4. **HARDSHIP AREA ZONE CRITERIA.** In the case of hardship area zones, an application shall not be approved unless the governing body finds that the construction or improvement of the facility:

(1) is reasonably likely to create new employment or prevent a loss of employment in the municipality;

(2) is not likely to have the effect of transferring existing employment from one or more other municipalities within the state;

(3) is not likely to cause the total market value of employment property within the municipality to exceed five percent of the total market value of all taxable property within the municipality; or, if it will, considering the amount of additional municipal services likely to be required for the employment property, is not likely to substantially impede the operation or the financial integrity of the municipality or any other public body levying taxes on property in the municipality; and

(4) will not result in the reduction of the assessed value of existing property within the municipality owned by the applicant, through abandonment, demolition, or otherwise, without provision for the restoration of the existing property within a reasonable time in a manner sufficient to restore the assessed valuation.

Subd. 5. **BORDER CITY ZONE CRITERIA.** In the case of border city zones, an application for assessment as employment property under section 273.13, subdivision 24, paragraph (b), or for a tax reduction pursuant to section 172, subdivision 1, may not be approved unless the governing body finds that the construction or improvement of the facility is not likely to have the effect of transferring existing employment from one or more other municipalities within the state.

Subd. 6. **CLASSIFICATION.** Property shall be classified as employment property and assessed as provided for class 4d property in section 273.13, subdivision 24, paragraph (b), for taxes levied in the year in which the classification is approved and for the four succeeding years after the approval. If the classification is revoked, the revocation is effective for taxes levied in the next year after revocation.

Subd. 7. **REVOCATION.** The governing body may request the commissioner of revenue to approve the revocation of a classification pursuant to this section if it finds by resolution that:

(1) the construction or improvement of the facility has not been completed within two years after the approval of the classification, or any longer period that may have been allowed in the approving resolution or may be necessary due to circumstances not reasonably within the control of the applicant; or

(2) the applicant has not proceeded in good faith with the construction or improvement of the facility, or with its operation, in a manner which is consistent with the purpose of this section and is possible under circumstances reasonably within the control of the applicant.

The findings may be made only after a hearing held upon notice mailed to the applicant by certified mail at least 60 days before the hearing.

Subd. 8. **HEARING.** Upon receipt of the request for revocation, the commissioner of revenue shall notify the applicant and the governing body of a time and place at which the applicant may be heard. The hearing must be held within 30 days after receipt of the request. Within 30 days after the hearing, the commissioner of revenue shall determine whether the facts and circumstances are grounds for revocation as recommended by the governing body. If the commissioner of revenue revokes the classification, the applicant may appeal from the order to a court of competent jurisdiction at any time within 30 days after revocation.

Subd. 9. **ECONOMIC DIVERSIFICATION PROJECTS.** Notwithstanding any provision of sections 167 to 174 to the contrary, a municipality may classify the property of a business provided special assistance as a qualified economic diversification project pursuant to section 116M.07, subdivision 11, clause (d), as employment property under provisions of this section.

Sec. 172. **[469.171] STATE TAX REDUCTIONS.**

Subdivision 1. **AUTHORIZED TYPES.** The following types of tax reductions may be approved by the commissioner for businesses located in an enterprise zone:

(1) an exemption from the general sales tax imposed by chapter 297A for purchases of construction materials or equipment for use in the zone if the purchase was made after the date of application for the zone;

(2) a credit against the income tax of an employer for additional workers employed in the zone, other than workers employed in construction, up to a maximum of $3,000 per employee per year;

(3) an income tax credit for a percentage of the cost of debt financing to construct new or expanded facilities in the zone; and

(4) a state paid property tax credit for a portion of the property taxes paid by a new commercial or industrial facility or the additional property taxes paid by an expansion of an existing commercial or industrial facility in the zone.

Subd. 2. **MUNICIPALITY TO SPECIFY.** The municipality shall specify in its application for designation the types of tax reductions it seeks to be made available in the zone and the percentage rates and other appropriate limitations on the reductions.

Subd. 3. **COMMISSIONER OF REVENUE ACTION.** Upon designation of an enterprise zone and approval by the commissioner of the tax reductions to be made available therein, the commissioner of revenue shall implement the tax reductions.

Subd. 4. **RESTRICTION.** The tax reductions provided by this section shall not apply to any facility described in section 103(b)(6)(O) of the Internal Revenue Code of 1986, as amended through December 31, 1986, or to any regulated public utility.

Subd. 5. **BORDER CITY AREAS.** The commissioner shall approve tax reductions authorized by subdivision 1 within a border city zone only after the governing body of a city designated as an enterprise zone has designated an area or areas, each consisting of at least 100 acres, of the city not in excess of 400 acres in which the tax reductions may be provided.

Subd. 6. **ADDITIONAL BORDER CITY TAX REDUCTIONS.** In addition to the tax reductions authorized by subdivision 1, for a border city zone, the following types of tax reductions may be approved:

(1) a credit against income tax for workers employed in the zone and not qualifying for a credit under subdivision 1, clause (2), subject to a maximum of $1,500 per employee per year;

(2) a state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone. Notwithstanding subdivision 4, the credits provided by this subdivision may be provided to the businesses described in section 103(b)(6)(0)(i) of the Internal Revenue Code of 1986, as amended through December 31, 1986.

Subd. 7. **DURATION.** Each tax reduction provided to a business pursuant to this subdivision shall terminate not longer than five years after the effective date of the tax reduction for the business. Subject to the five-year limitation, the tax reductions may be provided after expiration of the zone's designation.

Subd. 8. **REFUNDABLE CREDITS.** The income tax credits provided pursuant to subdivisions 1 and 6 may be refundable.

Subd. 9. **RECAPTURE.** Any business that (1) receives tax reductions authorized by subdivisions 1 to 8, classification as employment property pursuant to section 171, or an alternative local contribution under section 170, subdivision 5; and (2) ceases to operate its facility located within the enterprise zone within two years after the expiration of the tax reductions shall repay the amount of the tax reduction or local contribution pursuant to the following schedule:

Termination of operations	Repayment Portion
Less than 6 months	100 percent
6 months or more but less than 12 months	75 percent
12 months or more but less than 18 months	50 percent
18 months or more but less than 24 months	25 percent

The repayment must be paid to the state to the extent it represents a tax reduction under subdivisions 1 to 8 and to the municipality to the extent it represents a property tax reduction or other local contribution. Any amount repaid to the state must be credited to the amount certified as available for tax reductions in the zone pursuant to section 170, subdivision 7. Any amount repaid to the municipality must be used by the municipality for economic development purposes.

Sec. 173. **[469.172] DEVELOPMENT AND REDEVELOPMENT POWERS.**

Notwithstanding any contrary provision of law or charter, any city of the first or second class that contains an enterprise zone or that has been designated as an enterprise zone may, in addition to its other powers, exercise the powers granted to a governmental subdivision by sections 1 to 47, 49 to 69, and 110 to 114. Section 60, subdivision 15, shall apply to the city in the exercise of the powers granted pursuant to this section. It may exercise the powers assigned to redevelopment agencies pursuant to sections 153 to 166, without limitation to further the purposes of sections 1 to 47, 49 to 69, and 110 to 135. It may exercise the powers set forth in sections 1 to 47, 49 to 69, and 110 to 165 without limitation to further the purposes and policies set forth in sections 153 to 166. It may exercise the powers granted by this subdivision and any other development or redevelopment powers authorized by other laws, including sections 125 to 135 and 153 to 166, independently or in conjunction with each other as though all the powers had been granted to a single entity. Any project undertaken to accomplish the purposes of sections 1 to 47 that qualifies as single-family housing under section 462C.02, subdivision 4, shall be subject to the provisions of chapter 462C.

Upon expiration of the designation of the enterprise zone, the powers granted by this subdivision may be exercised only with respect to any project, program, or activity commenced or established prior to that date. The powers granted by this subdivision may only be exercised within the zone.

Sec. 174. **[469.173] ADMINISTRATION.**

Subdivision 1. **TECHNICAL ASSISTANCE.** The commissioner shall provide technical assistance to small municipalities seeking designation of an area as an enterprise zone. For purposes of this subdivision, a small municipality means a municipality with a population of 20,000 or less.

Subd. 2. **ADMINISTRATIVE PROCEDURE ACT.** The provisions of chapter 14 shall not apply to designation of enterprise zones.

Subd. 3. **FEDERAL DESIGNATIONS.** The commissioner may accept applications for and may at any time grant a contingent designation of area as an enterprise zone for purposes of seeking a designation of the area as a federally designated zone. For purposes of the designations, the commissioner may waive any of the requirements or limitations on designations contained in this section. If the contingent designation would require funding in excess of the amount available pursuant to section 170, subdivision 7, the commissioner shall inform the members of the legislative advisory commission and shall submit a request for the necessary funding to the tax and appropriations committees of the legislature.

Subd. 4. **REPORTING.** The commissioner shall require municipalities receiving enterprise zone designations to report to the state regarding the economic activity that has occurred in the zone following the designation. This information shall include the number of jobs created in the zone, the number of economically disadvantaged individuals hired in the zone, the average wage level of the jobs created, and descriptions of any affirmative action programs undertaken by the municipality in connection with the zone. The amount of the municipality's local contribution and the number of businesses qualifying for or directly benefiting from the local contribution must be reported annually to the commissioner.

Subd. 5. **INFORMATION SHARING.** Notwithstanding the provisions of sections 290.61 and 297A.43, the commissioner of revenue may share information with the commissioner or with a municipality receiving an enterprise zone designation, insofar as necessary to administer the funding limitations provided by section 170, subdivision 7.

Subd. 6. **ZONE BOUNDARY REALIGNMENT.** The commissioner may approve specific applications by a municipality to amend the boundaries of a zone or of an area or areas designated pursuant to section 172, subdivision 5, at any time. Boundaries of a zone may not be amended to create noncontiguous subdivisions. If the commissioner approves the amended boundaries, the change is effective on the date of approval. Notwithstanding the area limitation under

section 169, subdivision 3, the commissioner may approve a specific application to amend the boundaries of an enterprise zone which is located within five municipalities and was designated in 1984, to increase its area to not more than 800 acres, and may approve an additional specific application to amend the boundaries of that enterprise zone to include a sixth municipality or to further increase its area to include all or part of the territory of a town that surrounds one of the five municipalities, or both.

Subd. 7. **REPEALER.** Sections 170, 172, 173, and this section are repealed effective December 31, 1996.

TAX INCREMENT FINANCING

Sec. 175. **[469.174] DEFINITIONS.**

Subdivision 1. **GENERALLY.** In sections 175 to 180, the terms defined in this section have the meanings given them herein, unless the context indicates a different meaning.

Subd. 2. **AUTHORITY.** "Authority" means a rural development financing authority created pursuant to sections 143 to 151, a housing and redevelopment authority created pursuant to sections 1 to 47; a port authority created pursuant to sections 49 to 69; an economic development authority created pursuant to sections 91 to 109; a redevelopment agency as defined in sections 153 to 166; a municipality that is administering a development district created pursuant to sections 125 to 135 or any special law, a municipality that undertakes a project pursuant to sections 153 to 166; or a municipality that exercises the powers of a port authority pursuant to any general or special law.

Subd. 3. **BONDS.** "Bonds" means any bonds, including refunding bonds, notes, interim certificates, debentures, or other obligations issued by an authority under section 179 or which were issued in aid of a project under any other law, except revenue bonds issued pursuant to sections 153 to 166, prior to August 1, 1979.

Subd. 4. **CAPTURED ASSESSED VALUE.** "Captured assessed value" means the amount by which the current assessed value of a tax increment financing district exceeds the original assessed value, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

Subd. 5. **GOVERNING BODY.** "Governing body" means the elected council or board of a municipality.

Subd. 6. **MUNICIPALITY.** "Municipality" means any city, however organized, and with respect to a project undertaken pursuant to sections 153 to 166, "municipality" has the meaning given in sections 153 to 166, and with respect to a project undertaken pursuant to sections 143 to 152, or a county or multicounty project undertaken pursuant to sections 4 to 8, "municipality" also includes any county.

Subd. 7. **ORIGINAL ASSESSED VALUE.** "Original assessed value" means the assessed value of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 178, subdivisions 1 and 4. In determining the original assessed value the assessed value of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the assessed value of the property shall be the assessed value as most recently determined by the commissioner of revenue. For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly-owned property.

Subd. 8. **PROJECT.** "Project" means a project as described in section 143; an industrial development district as described in section 59, subdivision 1; an economic development district as described in section 102, subdivision 1; a project as defined in section 2, subdivision 12; a development district as defined in section 126, subdivision 8, or any special law; or a project as defined in section 154, subdivision 2, paragraphs (a), (b), or (c).

Subd. 9. **TAX INCREMENT FINANCING DISTRICT.** "Tax increment financing district" or "district" means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by section 176, subdivision 1, for the purpose of financing redevelopment, mined underground space development, housing or economic development in municipalities through the use of tax increment generated from the captured assessed value in the tax increment financing district.

Subd. 10. **REDEVELOPMENT DISTRICT.** (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well-being of the community; or

(3) less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements, but due to unusual terrain or soil deficiencies requiring substantial filling, grading or other physical preparation for use at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the redevelopment district which, when added to the estimated cost of preparing that land for development, excluding costs directly related to roads as defined in section 160.01 and local improvements as described in section 429.021, subdivision 1, clauses 1 to 7, 11 and 12, and 430.01, if any, exceeds its anticipated fair market value after completion of the preparation. No parcel shall be included within a redevelopment district pursuant to this paragraph unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies, which agreement provides recourse for the authority should the development not be completed; or

(4) the property consists of underutilized air rights existing over a public street, highway or right-of-way; or

(5) the property consists of vacant, unused, underused, inappropriately used or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way; or

(6) the district consists of an existing or proposed industrial park no greater in size than 250 acres, which contains a sewage lagoon contaminated with polychlorinated biphenyls.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

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.

Subd. 12. **ECONOMIC DEVELOPMENT DISTRICT.** "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment district, mined underground space development district or housing district, but which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry or manufacturing from moving their operations to another state; or

(2) it will result in increased employment in the municipality; or

(3) it will result in preservation and enhancement of the tax base of the municipality.

Subd. 13. **MINED UNDERGROUND SPACE DEVELOPMENT DISTRICT.** "Mined underground space development district" means a type of tax increment financing district consisting of a project, or portions of a project, for the development or redevelopment of mined underground space pursuant to sections 136 to 142.

Subd. 14. **ADMINISTRATIVE EXPENSES.** "Administrative expenses" means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or businesses located in the district, or amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 179. "Administrative expenses" includes amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants.

Subd. 15. **PARCEL.** "Parcel" means a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Sec. 176. **[469.175] ESTABLISHING, MODIFYING TAX INCREMENT FINANCING PLAN, ANNUAL ACCOUNTS.**

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;

(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;

(5) estimates of the following:

(i) cost of the project, including administration expenses;

(ii) amount of bonded indebtedness to be incurred;

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

(iv) the most recent assessed value of taxable real property within the tax increment financing district;

(v) the estimated captured assessed value of the tax increment financing district at completion; and

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

(6) a statement of the authority's estimate of the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the tax increment financing district is located in whole or in part.

Subd. 2. **CONSULTATIONS; COMMENT AND FILING.** Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3. The county auditor shall not certify the original assessed value of a district pursuant to section 178, subdivision 1, until the county board of commissioners has presented its written comment on the proposal to the authority, or 30 days has passed from the date of the transmittal by the authority to the board of the information regarding the fiscal and economic implications, whichever occurs first. Upon adoption of the tax increment financing plan, the authority shall file a copy of the plan with the commissioner of energy and economic development. The authority must also file with the commissioner a copy of the development plan for the project area.

Subd. 3. **MUNICIPALITY APPROVAL.** A county auditor shall not certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after

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 the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a mined underground space development district, a housing district or an economic development district.

(2) that the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(5) that the municipality elects the method of tax increment computation set forth in section 178, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

Subd. 4. **MODIFICATION OF PLAN.** A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan; provided that if an authority changes the type of district from housing, redevelopment or economic development to another type of district, this change shall not be considered a modification but shall

require the authority to follow the procedure set forth in sections 175 to 180 for adoption of a new plan, including certification of the assessed valuation of the district by the county auditor.

The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original assessed value by the county auditor or after August 1, 1984, for tax increment financing districts authorized prior to August 1, 1979, except that development districts created pursuant to Minnesota Statutes 1978, chapter 472A, prior to August 1, 1979 may be reduced but shall not be enlarged after five years following the date of designation of the district.

Subd. 5. **ANNUAL DISCLOSURE.** For all tax increment financing districts, whether created prior or subsequent to August 1, 1979, on or before July 1 of each year, the authority shall submit to the county board, the school board, the commissioner of energy and economic development and, if the authority is other than the municipality, the governing body of the municipality a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original assessed value of the district, the captured assessed value retained by the authority, the captured assessed value shared with other taxing districts, the tax increment received and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increment received and expended in that year, the original assessed value, captured assessed value, amount of outstanding bonded indebtedness and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality.

Subd. 6. **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, on or before

July 1, a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county and school district boards 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 pursuant to paragraph (a).

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

(1) the original assessed value of the district;

(2) the captured assessed value of the district, including the amount of any captured assessed value shared with other taxing districts;

(3) the outstanding principal amount of bonds issued or other loans incurred to finance project costs in the district;

(4) for the reporting period and for the duration of the district, the amount budgeted under the tax increment financing plan, and 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 or other public improvements;

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

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

(6) the amount of tax exempt obligations, other than those reported under clause (3), that were issued on behalf of private entities for facilities located in the district.

(d) The reporting requirements imposed by this subdivision are in lieu of the annual disclosure required by subdivision 5.

Sec. 177. **[469.176] LIMITATIONS.**

Subdivision 1. **DURATION OF TAX INCREMENT FINANCING DISTRICTS.** (a) Subject to the limitations contained in paragraphs (b) to (f), any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be

terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 179, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor or after August 1, 1982, for tax increment financing districts authorized prior to August 1, 1979, unless within the three year period (1) bonds have been issued pursuant to section 179, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to sections 153 to 166, prior to August 1, 1979, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) No tax increment shall in any event be paid to the authority from a redevelopment district after 25 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing district, after 25 years from the date of the receipt for a mined underground space development district, and after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after 30 years from August 1, 1979.

(f) Modification of a tax increment financing plan pursuant to section 176, subdivision 4, shall not extend the durational limitations of this subdivision.

Subd. 2. **EXCESS TAX INCREMENTS.** In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following: (1) prepay any outstanding bonds, (2) discharge the pledge of tax increment therefor, (3) pay into an escrow account dedicated to the payment of such bond, or (4) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates. 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.

Subd. 3. **LIMITATION ON ADMINISTRATIVE EXPENSES.** No tax

increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

Subd. 4. **LIMITATION ON USE OF TAX INCREMENT.** (a) All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section 143, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 49 to 69, by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 91 to 109, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 1 to 47, by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 125 to 135, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 153 to 166, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 153 to 166, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve. Revenue derived from tax increment from a mined underground space development district may be used only to pay for the costs of excavating and supporting the space, of providing public access to the mined underground space including roadways, and of installing utilities including fire sprinkler systems in the space.

(b) Revenues derived from tax increment may be used to finance the costs of an interest reduction program operated pursuant to section 12, subdivisions 7 to 10, or pursuant to other law granting interest reduction authority and power by reference to those subdivisions only under the following conditions: (1) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (2) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 179 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (3) tax increments may not be used to finance an interest reduction program for owner-occupied single-family dwellings.

(c) These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for the construction or renovation of a municipally owned building used primarily and regularly for

conducting the business of the municipality; this provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality.

Subd. 5. **REQUIREMENT FOR AGREEMENTS.** No more than 25 percent, by acreage, of the property to be acquired within a project which contains a redevelopment district, or ten percent, by acreage, of the property to be acquired within a project which contains a housing or economic development district, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to section 179 unless prior to acquisition in excess of the percentages, the authority has concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed.

Subd. 6. **ACTION REQUIRED.** If, after four years from the date of certification of the original assessed value of the tax increment financing district pursuant to section 178, no demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original assessed value of that parcel shall be excluded from the original assessed value of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the assessed value thereof as most recently certified by the commissioner of revenue and add it to the original assessed value of the tax increment financing district.

Subd. 7. **SUBSEQUENT DISTRICTS.** Except as provided in subdivision 6, for subsequent recertification of parcels eliminated from a district because of lack of development activity, no parcel that has been so eliminated subsequent to two years from the date of the original certification may be included in a tax increment district if, at any time during the 20 years prior to the date when certification of the district is requested pursuant to section 178, subdivision 1, that parcel had been included in an economic development district.

Sec. 178. **[469.177] COMPUTATION OF TAX INCREMENT.**

Subdivision 1. **ORIGINAL ASSESSED VALUE.** 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 assessed value

of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4. In the case of a mined underground space development district the county auditor shall certify the original assessed value as zero, plus the assessed value, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04. The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value 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 value assessed by the assessor at the time of the transfer. The amount to be added to the original assessed value of the district as a result of enlargements thereof shall be equal to the assessed value 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 176, subdivision 4. Each year the auditor shall also add to the original assessed value of each economic development district an amount equal to the original assessed value for the preceding year multiplied by the average percentage increase in the assessed valuation of all property included in the economic development district during the five years prior to certification of the district. The amount to be subtracted from the original assessed value 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 assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value 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 assessed value 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 assessed value 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 176, subdivision 4.

Subd. 2. **CAPTURED ASSESSED VALUE.** The county auditor shall certify the amount of the captured assessed value to the authority each year, together with the proportion that the captured assessed value bears to the total assessed value of the real property within the tax increment financing district for that year.

(a) An authority may choose to retain any part or all of the captured assessed value for purposes of tax increment financing according to one of the following options:

(1) If the plan provides that all the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 177, subdivision 4, the authority may retain the full captured assessed value.

(2) If the plan provides that only a portion of the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 177, subdivision 4, only that portion shall be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

(b) The portion of captured assessed value that an authority intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

Subd. 3. **TAX INCREMENT, RELATIONSHIP TO CHAPTER 473F.** (a) Unless the governing body elects pursuant to clause (b) the following method of computation shall apply:

(1) The original assessed value and the current assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

(b) The governing body may, by resolution approving the tax increment financing plan pursuant to section 176, subdivision 3, elect the following method of computation:

(1) The original assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. The current assessed value shall exclude any fiscal disparity commercial-industrial assessed value increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 473F.08, subdivision 6. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed

value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

(3) An election by the governing body pursuant to part (b) shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to clause (a) or (b) shall remain the same for the duration of the district.

Subd. 4. **PRIOR PLANNED IMPROVEMENTS.** The authority shall, after diligent search, accompany its request for certification to the county auditor pursuant to subdivision 1, or its notice of district enlargement pursuant to section 176, subdivision 4, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality pursuant to section 176, subdivision 3. The county auditor shall increase the original assessed value of the district by the assessed valuation of the improvements for which the building permit was issued, excluding the assessed valuation of improvements for which a building permit was issued during the three month period immediately preceding said approval of the tax increment financing plan, as certified by the assessor.

Subd. 5. **TAX INCREMENT ACCOUNT.** The tax increment received with respect to any district shall be segregated by the authority in a special account or accounts on its official books and records or as otherwise established by resolution of the authority to be held by a trustee or trustees for the benefit of holders of the bonds.

Subd. 6. **REQUEST FOR CERTIFICATION OF NEW TAX INCREMENT FINANCING DISTRICT.** A request for certification of a new tax increment financing district pursuant to subdivision 1 or of a modification to an existing tax increment financing district pursuant to section 176, subdivision 4, received by the county auditor on or before October 10 of the calendar year shall be recognized by the county auditor in determining mill rates for the current and subsequent levy years. Requests received by the county auditor after October 10 of the calendar year shall not be recognized by the county auditor in determining mill rates for the current levy year but shall be recognized by the county auditor in determining mill rates for subsequent levy years.

Subd. 7. **PROPERTY CLASSIFICATION CHANGES.** When any law governing the classification of real property and determining the percentage of market value to be assessed for ad valorem taxation purposes is amended, the increase or decrease in assessed valuation resulting therefrom shall be applied proportionately to original assessed value and captured assessed value of any tax increment financing district in each year thereafter. This subdivision applies to tax increment districts created pursuant to sections 175 to 179 or any prior tax increment law.

Subd. 8. **ASSESSMENT AGREEMENTS.** An authority may, upon entering into a development or redevelopment agreement pursuant to section 177, subdivision 5, enter into a written assessment agreement in recordable form with the developer or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 177, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

> The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be constructed thereon, hereby certifies that the market value assigned to __ the land and improvements upon completion shall not be less than $..... .

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, the assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of revenue or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual

market values which may result from incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

Sec. 179. **[469.178] TAX INCREMENT BONDING.**

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 177, subdivision 4 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.

Subd. 2. **MUNICIPALITY'S GENERAL OBLIGATION BONDS.** A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 177, subdivision 4 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and shall file the resolution containing the covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of the tax increment, assessments and other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

Subd. 3. **AUTHORITY'S GENERAL OBLIGATION BONDS.** When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 177, subdivision 4. The bonds of the authority shall be authorized by its resolution and shall mature

as determined by resolution of the authority in accordance with sections 175 to 179. The bonds may be issued in one or more series and shall bear the date or dates, bear interest at the rate or rates, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption, with or without premium, as the resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices the authority by resolution shall determine. Notwithstanding any provision of law to the contrary, the bonds shall be fully negotiable. In any suit or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for that purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 175 to 179. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor shall the bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor; the bonds shall state this on their face.

Subd. 4. **AUTHORITY'S REVENUE BONDS.** Notwithstanding any other law, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure that the authority is authorized to make by section 177, subdivision 4. The bonds shall mature as determined by resolution of the authority in accordance with sections 175 to 179 and may be issued in one or more series. The bonds shall bear the date or dates, bear interest at the rate or rates, be in the denomination or denominations, be in the form, either coupon or registered, carry the conversion or registration privileges, have the rank or priority, be executed in the manner, be payable in medium of payment at the place or places, and be subject to the terms of redemption, with or without premium, as the resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices the authority by resolution determines, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for that purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of sections 175 to 179. Neither the authority, nor any director, commissioner,

council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of their issuance. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and by convenants the authority deems by resolution to be necessary and proper to secure payment of the bonds. The bonds shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged, and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under sections 175 to 179 and pledged hereunder, to pay the principal of or interest on the bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof; the bonds shall state this on their face.

Subd. 5. **TEMPORARY BONDS.** (a) In anticipation of the issuance of bonds pursuant to subdivision 2, 3, or 4, the authority or municipality may by resolution issue and sell temporary bonds pursuant to subdivision 2, 3, or 4, maturing within three years from their date of issue, to pay any part or all of the cost of a project. To the extent that the principal of and interest on the temporary bonds cannot be paid when due from receipts of tax increment, assessments, or other funds appropriated for the purpose, they shall be paid from the proceeds of long-term bonds or additional temporary bonds that the authority or municipality offers for sale in advance of the maturity date of the temporary bonds, but the indebtedness funded by an issue of temporary bonds shall not be extended by the issue of additional temporary bonds for more than six years from the date of the first issue. Long-term bonds may be issued pursuant to subdivision 2, 3, or 4 without regard to whether the temporary bonds were issued pursuant to subdivision 2, 3, or 4. If general obligation temporary bonds are issued pursuant to subdivision 2, proceeds of long-term bonds or additional temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by section 475.61 to be levied prior to delivery of the obligations. Subject to the six-year maturity limitation contained above, but without regard to the requirement of section 475.58, if any temporary bonds are not paid in full at maturity, in addition to any other remedy authorized or permitted by law, the holders may demand that the authority or municipality issue pursuant to subdivision 2, 3, or 4 as the temporary bonds and in exchange for the temporary bonds, at par, replacement temporary bonds dated as of the date of the replaced temporary bonds, maturing within one year from the date of the replacement temporary bonds and earning interest at the rate set forth in the resolution authorizing the issuance of the replaced temporary bonds, provided that the rate shall not exceed the maximum rate permitted by law at the date of issue of the replaced temporary bonds. The authority or municipality shall do so upon demand.

(b) Funds of a municipality may be invested in its temporary bonds in accordance with the provisions of section 471.56, and may be purchased upon their initial issue, but shall be purchased only from funds which the governing body of the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in case of emergency. If purchased from a debt service fund securing other bonds, the holders of those bonds may enforce the municipality's obligations on the temporary bonds in the same manner as if they held the temporary bonds.

Subd. 6. **FEDERAL VOLUME LIMITATIONS.** Sections 474A.01 to 474A.21 apply to any issuance of obligations under this section that are subject to limitation under a federal volume limitation act as defined in section 474A.02, subdivision 9, or existing federal tax law as defined in section 474A.02, subdivision 8.

Sec. 180. **[469.179] EXISTING PROJECTS.**

The provisions of sections 175 to 179 shall not affect any project for which tax increment certification was requested pursuant to law prior to August 1, 1979, or any project carried on by an authority pursuant to section 33, subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the district prior to August 1, 1979, except:

(1) as otherwise expressly provided in sections 175 to 179; or

(2) as an authority elects to proceed with an existing district, under the provisions of sections 175 to 179; or

(3) that any enlargements of the geographic area of an existing tax increment financing district subsequent to August 1, 1979, shall be accomplished in accordance with and shall subject the property added as a result of the enlargement to the terms and conditions of sections 175 to 179; or

(4) that beginning with taxes payable in 1980, section 178, subdivision 3, clause (b), shall apply to all development districts created pursuant to Minnesota Statutes 1978, chapter 472A, or any special law, prior to August 1, 1979.

MISCELLANEOUS ECONOMIC DEVELOPMENT POWERS

Sec. 181. **[469.180] ECONOMIC DEVELOPMENT AGREEMENTS WITH SUBDIVISIONS AND CORPORATIONS OF OTHER STATES.**

Subdivision 1. **AGREEMENTS AUTHORIZED.** A county or two or more adjacent counties may make an agreement with contiguous political subdivisions of an adjacent state, with nonprofit corporations, or both, to improve the economic development of the area.

Subd. 2. **TAX LEVIES.** Notwithstanding any law, the county board of any county may appropriate from the general revenue fund a sum not to exceed 1/30 of a mill on the taxable valuation of the county to carry out the purposes of this section.

Sec. 182. **[469.181] DEFERRED PROPERTY TAXATION FOR PRIVATE REDEVELOPMENT.**

Subdivision 1. **APPLICATION.** A developer proposing to construct improvements on property located within an industrial development district as defined in section 59, subdivision 1; an economic development district as defined in section 102, subdivision 1; a development district as defined in section 126, subdivision 8, or any special law; or a redevelopment project as defined in section 2, subdivision 12 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent year.

Subd. 2. **TAX TREATMENT.** Property approved for the tax deferral provided in this section shall be exempt from taxation during the time while the improvements proposed in the plan are under construction. The exemption shall be in effect for the number of taxable years approved by the governing body at the time of approval of the application. The period of deferral shall not exceed the length of the construction period projected in the plan. For taxes payable in the first year following the levy year during which 50 percent of the area of the building becomes occupied, the tax due on the property shall be the sum of:

(1) the amount of tax paid on the property in the year in which the developer applied for the deferral, multiplied by the number of years during which the property was exempt from taxation pursuant to this section; plus

(2) the amount of taxes which would ordinarily be due in the first year following the levy year during which 50 percent of the area of the building becomes occupied; plus

(3) at the option of the governing body, the amount of increased taxes that would have been due and payable each year during the period of deferral.

If the improvements that had been present on the property were demolished prior to the year of the application, the governing body may require that the deferred tax be computed based on the amount of tax due on the property for the last taxable year preceding the demolition of the improvement. For all subsequent taxable years, the property shall be assessed as provided in section 273.11.

Subd. 3. **TRANSFERABILITY.** When ownership of property that has been approved for the tax deferral provided in this section is transferred from the original applicant, the governing body may elect to continue to defer the tax on

the property if the subsequent owner agrees to redevelop the property according to either (1) the original redevelopment plan approved under subdivision 1 or (2) a plan proposed by the subsequent owner and approved by the governing body.

Subd. 4. **EXCEPTIONS.** The provisions of this section do not apply to any property purchased from an authority that acquired the property with tax increment or bonds issued pursuant to section 179.

Sec. 183. **[469.182] EMPLOYMENT BUREAUS; FIRST CLASS CITIES.**

Any city of the first class may establish and conduct an employment bureau, and provide for its regulation and maintenance by the city.

Sec. 184. **[469.183] BONDS FOR MUNICIPAL MARKET; FIRST CLASS CITIES.**

Subdivision 1. **ISSUANCE.** The governing body of any city of the first class that owns, maintains, and operates its own municipal market may issue negotiable bonds in an amount in the aggregate not exceeding $200,000. These bonds shall be in the denominations and payable at the places and at the times, not exceeding 30 years from the date of issuance, as deemed best by the governing body of the city. The bonds shall be in serial form and bear interest at a rate not to exceed six percent per annum, payable semiannually, at the place designated therein. The governing body may negotiate and sell the bonds from time to time to the highest bidder or bidders, and upon the best terms that can be obtained, provided that no such bonds shall be sold for less than the par value thereof and accrued interest thereon.

Subd. 2. **LIMITATIONS NOT TO APPLY.** The bonds authorized by subdivision 1, or any portion thereof, may be issued and sold by any such city notwithstanding any limitation contained in the charter of the city or in any law prescribing or fixing any limit upon the bonded indebtedness of the city. The governing body of a city issuing these bonds shall set aside annually from the revenues of the operation of projects for which the bond issue is authorized, a sufficient amount to pay the interest on the bonds and the principal of any such bonds maturing in any year. In the event that revenue is insufficient for this purpose, the governing body of the city shall include in the tax levy a sufficient amount for the payment of the interest as it accrues and for the accumulation of a sinking fund for the redemption of the bonds at their maturity.

Subd. 3. **USE OF PROCEEDS.** The proceeds of any bonds issued or sold under the authority of this section shall be used for the purchase or condemnation of a site or sites for the expansion, improvement and equipment of the municipal market, owned, maintained, and operated by the city; provided, that no bonds in excess of $200,000 shall be issued for those purposes.

Subd. 4. **ADDITIONAL POWERS.** The authority granted in this section is in addition to all existing power and authority of any city operating under a home rule charter adopted in pursuance of the Constitution of the state of Minnesota, article IV, section 36.

Sec. 185. **[469.184] PROGRAMS FOR MUNICIPAL COMMERCIAL REHABILITATION LOANS.**

Subdivision 1. **PURPOSE.** The legislature finds that in many cities within the state there are small and medium sized commercial buildings which are physically deteriorating and in need of rehabilitation; that there is a need for city programs for the rehabilitation of these commercial buildings; that some owners of small and medium sized commercial buildings are unable to afford rehabilitation loans in the private mortgage market and that the health, safety and general welfare and the preservation of the quality of life of the residents of Minnesota cities are dependent upon the preservation and rehabilitation of these commercial buildings.

Subd. 2. **FINDINGS REQUIRED.** To accomplish the purposes specified in subdivision 1, the governing body of any home rule charter or statutory city may, by ordinance, establish and provide for the administration of a commercial building loan program to rehabilitate and preserve small and medium sized commercial buildings located within its boundaries, upon making the following findings:

(1) that commercial buildings in the city are physically deteriorating, underused, economically inefficient or functionally obsolete, and in need of rehabilitation to meet applicable building codes;

(2) that there is a need for a comprehensive program for the rehabilitation of the buildings to prevent economic and physical blight and deterioration, to increase the municipal tax base, and, if the city has adopted a comprehensive plan, to assist in the implementation of the comprehensive plan of the municipality;

(3) that some owners of small and medium sized commercial buildings in the city are unable to afford rehabilitation loans on terms available in the private mortgage market or to obtain rehabilitation loans on any terms because the private mortgage market is severely restricted; and

(4) that the health, safety and general welfare and the preservation of the quality of life of the residents of the city are dependent upon the preservation and rehabilitation of the small and medium sized commercial buildings.

Subd. 3. **PROGRAM.** The program may include provisions for loans for rehabilitation and preservation purposes, secured by mortgages on the property with respect to which the loans are made, or by other security acceptable to the governing body of the city. Except as hereinafter provided, the loans may be made on terms and conditions as authorized in the program. In approving applications for loans from a program, the following factors shall be considered:

(1) the availability and affordability of private mortgage credit;

(2) the availability and affordability of other governmental programs;

(3) whether the building is required, pursuant to any court order, statute or ordinance, to be repaired, improved or rehabilitated; and

(4) whether the proposed improvements will result in conformance with building and zoning codes and improvement of the aesthetic quality of existing commercial areas.

Subd. 4. **LIMITATIONS.** A loan program shall be operated within the following limitations:

(1) the terms and conditions of all loans made under the program shall be fixed so that the sum of all repayments of principal and interest on them, not then delinquent, and all fees and charges collected, together with other sums to be contributed by the city, shall, over the duration of the program, be estimated to be equal to or greater than the sum of all estimated costs of the program, as determined by the program administrator and approved by the governing body of the city, including administrative costs, mortgage foreclosure costs, and principal and interest payments on bonds issued to finance the program to the extent not paid from bond proceeds;

(2) no loan shall be made for a period exceeding 20 years;

(3) no loan shall exceed 80 percent of the estimated market value of the property to be rehabilitated upon completion of the rehabilitation, less the principal balance of any prior mortgage existing on the property at the time the loan is made; and

(4) no loan shall be made in excess of $200,000 for the rehabilitation of any particular small or medium sized commercial building.

Subd. 5. **GRANT PROHIBITION.** A program authorized by this section does not include the making of grants.

Subd. 6. **ADMINISTRATION.** The municipality may administer the program directly or may contract with any qualified public or private nonprofit agency or enterprise for some or all of the services required. The ordinance establishing the program shall provide for the adoption of program regulations which shall include a definition of "small and medium sized commercial buildings", loan eligibility and loan priority criteria, loan amount limitations and other provisions as deemed necessary.

Subd. 7. **HOUSING AND REDEVELOPMENT AUTHORITY AS AGENT.** A housing and redevelopment authority of a city or county may exercise any or all of the powers conferred by this section on behalf of a city, if the city by ordinance authorizes it.

Subd. 8. **REVENUE BONDS.** Notwithstanding any contrary provision of other law or charter, the governing body of any city operating a program under this section may, by resolution, authorize, issue and sell revenue bonds or obligations payable solely from all or a portion of the revenues derived from or other contributions to the program. The bonds or obligations shall mature as determined by resolution of the governing body of the city in accordance with the limitations of subdivision 4.

The bonds or obligations may be issued in one or more series, bear a date or dates, bear interest at a rate or rates, be in the denomination or denominations, be either coupon or registered, carry conversion or registration privileges, have rank or priority, be executed in the manner, be payable at the place or places, and be subject to the terms of redemption, with or without premium, as the resolution, its trust indenture or mortgage may provide. The bonds or obligations may be sold at public or private sale at the price or prices the governing body of the city by resolution determines, and notwithstanding any contrary provision of law, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds or obligations of the city or their security, any bond reciting in substance that it has been issued by the city to aid in financing a commercial rehabilitation loan program shall be conclusively deemed to have been issued for that purpose, and the program shall be conclusively deemed to have been authorized, established and carried out in accordance with the purposes and provisions of this section. Neither the city nor any council member, board member, director, commissioner, officer, employee or agent of the governing body of the city nor any person executing the bonds shall be liable personally on the bonds by reason of their issuance. The bonds or obligations may be further secured by a pledge or mortgage on the property with respect to which loans are made and in aid of which the bonds are issued and by covenants as the governing body of the city shall deem by resolution to be necessary and proper to secure payment of the bonds. The bonds or obligations, and they shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and properties pledged or mortgaged to their payment, nor shall the issuing city be subject to any liability on them or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder of the bonds or obligations shall ever have the right to compel any exercise of any taxing power of the issuing city or any other public body to pay the principal of or interest on the bonds or obligations, nor to enforce payment of them against any property of the city or other public body other than that expressly pledged or mortgaged for their payment.

Subd. 9. **USE OF BOND PROCEEDS.** The proceeds of the revenue bonds or obligations may be used

(1) to make loans in accordance with a program,

(2) to establish a fund from which loans may be made in accordance with a program,

(3) to establish reserves for the payment of the bonds and interest on them,

(4) to pay all of the interest coming due on the bonds until the money derived from loan repayments is sufficient for the purpose, and

(5) to pay costs of issuance.

Subd. 10. **SECURITY FOR BONDS.** The city may pledge any mortgages

securing loans made under the program and all principal and interest payments to be received under them to the payment of revenue bonds or obligations issued under this section, may make other covenants with respect to them, future mortgages or other matters as deemed necessary for the security of the revenue bonds or obligations, and may assign all of its rights under the mortgages to a trustee for bond holders and enter into an indenture of trust for this purpose, containing other terms and provisions and conferring powers on the trustee as considered necessary for the security of the bonds or obligations.

Subd. 11. **ADDITIONAL SECURITY FOR BONDS.** The governing body of the city shall not amend the regulations adopted by ordinance and in effect at the time any bonds or obligations authorized by this section are issued, to the detriment of the holder of the bonds or obligations.

Sec. 186. **[469.185] CONVEYANCE OF LANDS TO PROMOTE INDUSTRY AND EMPLOYMENT.**

Any municipality owning lands in fee simple and not restricted by the grant, may convey the lands for a nominal consideration to encourage and promote industry and provide employment for citizens.

Sec. 187. **[469.186] BUREAU OF INFORMATION AND PUBLICITY; STATUTORY CITIES.**

The council of any statutory city may establish and maintain a bureau of information and publicity for the purpose of furnishing tourists information and for outdoor advertising and for preparing, publishing, and circulating information and facts concerning the recreational facilities and business and industrial conditions of the community.

Sec. 188. **[469.187] EXPENDITURE FOR PUBLICITY; PUBLICITY BOARD; FIRST CLASS CITIES.**

Any city of the first class may expend money for city publicity purposes. The city may levy a tax, at a rate not exceeding one-thirtieth of one mill upon the assessed valuation of the taxable property of the city. The proceeds of the levy shall be expended in the manner and for the city publicity purposes the council directs. The council may establish and provide for a publicity board or bureau to administer the fund, subject to the conditions and limitations the council prescribes by ordinance.

Sec. 189. **[469.188] TAX FOR ADVERTISING RESOURCES; CITIES OF SECOND OR THIRD CLASS.**

The governing body of any city of the second or third class in this state may levy a tax of not to exceed one-third of one mill against the taxable property in the city for the purpose of advertising agricultural, industrial business, and all other resources of the community subject to the city's levy limits.

Sec. 190. **[469.189] APPROPRIATION FOR ADVERTISING PURPOSES; STATUTORY AND FOURTH CLASS CITIES.**

The governing body of any statutory city or home rule charter city of the fourth class may annually appropriate money to advertise the municipality and its resources and advantages. The money appropriated shall be used only to advertise the municipality or for cooperative programs of promotion for the area by more than one municipality and its resources and advantages.

Sec. 191. **[469.190] LOCAL LODGING TAX.**

Subdivision 1. **AUTHORIZATION.** Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by vote at its annual meeting, impose a tax of up to three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.

Subd. 2. **EXISTING TAXES.** No statutory or home rule charter city or town may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of three percent.

Subd. 3. **DISPOSITION OF PROCEEDS.** Ninety-five percent of the gross proceeds from any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city or town to fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center. This subdivision shall not apply to any statutory or home rule charter city or town that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Subd. 4. **UNORGANIZED TERRITORIES.** A county board acting as a town board with respect to an unorganized territory may impose a lodging tax within the unorganized territory according to this section if it determines by resolution that imposition of the tax is in the public interest.

Subd. 5. **REVERSE REFERENDUM.** If the county board passes a resolution under subdivision 4 to impose the tax, the resolution must be published for two successive weeks in a newspaper of general circulation within the unorganized territory, together with a notice fixing a date for a public hearing on the proposed tax.

The hearing must be held not less than two weeks nor more than four weeks after the first publication of the notice. After the public hearing, the county board may determine to take no further action, or may adopt a resolution authorizing the tax as originally proposed or approving a lesser rate of tax. The resolution must be published in a newspaper of general circulation within the unorganized territory. The voters of the unorganized territory may request a referendum on the proposed tax by filing a petition with the county auditor within 30 days after the resolution is published. The petition must be signed by

voters who reside in the unorganized territory. The number of signatures must equal at least five percent of the number of persons voting in the unorganized territory in the last general election. If such a petition is timely filed, the resolution is not effective until it has been submitted to the voters residing in the unorganized territory at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum.

Subd. 6. **JOINT POWERS AGREEMENTS.** Any statutory or home rule charter city, town, or county when the county board is acting as a town board with respect to an unorganized territory, may enter into a joint exercise of powers agreement pursuant to section 471.59 for the purpose of imposing the tax and disposing of its proceeds pursuant to this section.

Subd. 7. **COLLECTION.** The statutory or home rule charter city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by chapter 297A, and subject to the same interest, penalties and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

Sec. 192. Minnesota Statutes 1986, section 16B.61, subdivision 3, is amended to read:

Subd. 3. **SPECIAL REQUIREMENTS.** (a) **SPACE FOR COMMUTER VANS.** The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) **SMOKE DETECTION DEVICES.** The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) **DOORS IN NURSING HOMES AND HOSPITALS.** The state building code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) A licensed day care center serving fewer than 30 preschool age persons and which is located in a below ground space in a church building is exempt from the state building code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) **MINED UNDERGROUND SPACE.** Nothing in the state building codes shall prevent cities from adopting rules governing the excavation, con-

struction, reconstruction, alteration and repair of mined underground space pursuant to sections ~~472B.03~~ 136 to ~~472B.07~~ 142, or of associated facilities in the space once the space has been created, provided the intent of the building code to establish reasonable safeguards for health, safety, welfare, comfort, and security is maintained.

(f) No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

Sec. 193. Minnesota Statutes 1986, section 41A.05, subdivision 2, is amended to read:

Subd. 2. **ISSUANCE OF BONDS.** (a) Subject to section 16A.80, upon application pursuant to section 41A.04, the board by resolution may exercise the powers of a rural development authority under sections ~~362A.01~~ 143 to ~~362A.05~~ 152 and the powers of a municipality under ~~chapter~~ ~~474~~ sections 153 to 166 for the purposes of providing money to pay the costs of a project, including the issuance of bonds and the loan of the bond proceeds pursuant to a lease or other agreement. The bonds must be issued, sold, and secured on the terms and conditions and in the manner determined by resolution of the board. ~~Sections~~ Section 16A.80 ~~and~~ ~~474.23~~ ~~do~~ does not apply to the bonds. Notwithstanding subdivision 1, a reserve established for the bonds provided by the borrower, including out of bond proceeds, may be deposited and held in a separate account in the guaranty fund and applied to the last installments of principal or interest on the bonds, subject to the reserves being withdrawn for any purpose permitted by subdivision 1. The board may by resolution or indenture pledge any or all amounts in the guaranty fund, including any reserves and investment income on amounts in the fund, to secure the payment of principal and interest on any or all series of bonds, upon the terms and conditions as provided in the resolution or indenture. To the extent the board deems necessary or desirable to prevent interest on bonds from becoming subject to federal income taxation, (1) the amounts in the guaranty fund shall be invested in obligations or securities with restricted yields and (2) the investment income on the amounts are released from the pledge securing the bonds or loan guaranty and appropriately applied to prevent taxation.

(b) Bonds issued pursuant to this chapter are not general obligations of the state or the board. The full faith and credit and taxing powers of the state and the board are not and may not be pledged for the payment of the bonds. No person may compel the levy of a tax for the payment or compel the appropriation of money of the state or the board for the payment of the bonds, except as specifically provided in this chapter.

(c) The issuance of bonds pursuant to this subdivision is subject to sections ~~474.18~~ ~~to~~ ~~474.25~~ 474A.11 and 474A.13. For purposes of sections ~~474.16~~ ~~to~~ ~~474.20~~ 474A.01 to 474A.21, the board is a local issuer and may apply for allocations of authority to issue private activity obligations and may enter into an agreement for the issuance of obligations by another issuer.

Sec. 194. Minnesota Statutes 1986, section 41A.06, subdivision 5, is amended to read:

Subd. 5. **PROPERTY TAX INCREMENTS.** If tax increment financing is to be used for the project, the applicant for a loan guaranty or bonds for any project, and the county in which the project is situated, shall do all acts and things necessary for the computation and segregation of property tax increments resulting from the construction of the project in accordance with the provisions of section ~~362A.05~~ 150, and for the remittance to the commissioner of finance, for deposit in the loan guaranty fund, of all tax increments received from and after the date of the conditional commitment for the loan guaranty. If the project account contains an amount equal to the average annual payment of principal and interest on the bonds or for the guaranteed portion of a guaranteed loan, the board must annually return the excess tax increment to be distributed as provided by section ~~273.75~~ 177, subdivision 2, clause ~~(d)~~ (4), until the increment has been discharged under the agreement or section ~~362A.05~~ 150.

Sec. 195. Minnesota Statutes 1986, section 115A.69, subdivision 9, is amended to read:

Subd. 9. **DISPOSITION OF PROPERTY.** The district may sell or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property shall be sold in the manner provided by section ~~458.196~~ 66, insofar as practical. The district shall give notice of sale which it deems appropriate. When the district determines that any property which has been acquired from a government unit without compensation is no longer required, the district shall transfer it to the government unit.

Sec. 196. Minnesota Statutes 1986, section 116J.27, subdivision 4, is amended to read:

Subd. 4. **INSPECTIONS.** The commissioner shall conduct inspections on a random basis for compliance with the provisions of subdivision 3. The commissioner may authorize a municipality, with its consent, to conduct the inspections within the municipality's jurisdiction, or to otherwise enforce the provisions of subdivision 3. Any municipality which conducts an inspections or other enforcement program shall have authority under all subdivisions of section 116J.30 to enforce the provisions of subdivision 3; provided that 100 percent of the penalties for violation of subdivision 3 shall be paid to the municipality. With respect to low-rent housing owned by a public housing authority or a housing and redevelopment authority described in ~~chapter 462~~ sections 1 to 47, the commissioner or the municipality which conducts the inspection shall submit the results of the inspection to the housing and redevelopment authority or the public housing authority for review. If the housing and redevelopment authority or the public housing authority does not concur in the findings of the commissioner or the municipality, then the housing and redevelopment authority or the public housing authority and the commissioner or the municipality

shall select a mutually acceptable independent third party or panel of experts knowledgeable in the area of energy conservation. The results of the inspection, the conclusions of the commissioner or the municipality as to compliance with the standards established pursuant to subdivision 1, and the basis for such conclusions, and the position of the housing and redevelopment authority or the public housing authority and the basis for such position shall be submitted to the independent third party or panel for a determination of the specific energy conservation measures which must be completed for compliance with the standards established pursuant to subdivision 1. The costs of the independent third party or panel shall be paid equally by the housing and redevelopment authority or the public housing authority and the commissioner or the municipality.

Sec. 197. Minnesota Statutes 1986, section 116M.03, subdivision 11, is amended to read:

Subd. 11. **BUSINESS LOAN.** "Business loan" means a loan, other than a pollution control loan, energy loan, or farm loan, to a business for the financing of capital expenditures, on an interim or long-term basis, for the acquisition or improvement of land, acquisition, construction, rehabilitation, removal, or improvement of buildings, or acquisition and installation of fixtures and equipment useful for the conduct of the business, including all facilities of a capital nature useful or suitable for any business engaged in any enterprise promoting employment (or any of the other purposes listed below), including, without limitation, those facilities included within the meaning of the term "project" as defined in section ~~474.02~~ 154, ~~subdivisions 1 to 11~~ subdivision 2, paragraphs (a) to (g) and section ~~474.03~~ 156, subdivision 4.

Sec. 198. Minnesota Statutes 1986, section 116M.03, subdivision 19, is amended to read:

Subd. 19. **SMALL BUSINESS LOAN.** "Small business loan" means a loan to a business that is an "eligible small business" or a "targeted small business" for the financing of (a) capital expenditures on an interim or long-term basis for the acquisition or improvement of land, acquisition, construction, rehabilitation, removal, or improvement of buildings, or the acquisition and installation of fixtures and equipment useful to conduct a small business, including all facilities of a capital nature useful or suitable for any business engaged in any enterprise promoting employment including, without limitation, those facilities included within the meaning of the term "project" as defined in section ~~474.02, subdivisions 1 to 11~~ 154, subdivision 2, paragraphs (a) to (g) and section ~~474.03~~ 156, subdivision 4; or (b) short-term costs of conducting a small business.

With respect to financing the capital expenditure or facility or short-term costs, if the authority determines that the expenditure, facility, or costs will accomplish one or more of the following purposes: tend to maintain or provide gainful employment opportunities within or for the people of Minnesota; aid, assist, and encourage the economic development or redevelopment of any politi-

cal subdivision of Minnesota; or maintain or diversify and expand employment promoting enterprise within Minnesota.

Sec. 199. Minnesota Statutes 1986, section 116M.03, subdivision 28, is amended to read:

Subd. 28. **QUALIFIED DIVERSIFICATION PROJECT.** A qualified economic diversification project means the provision of special assistance under section 116M.07, subdivision 11, paragraph (d) to a business, if the following criteria are satisfied.

(1) If the business is located outside of a distressed county, the following conditions must be satisfied:

(a) the business is principally engaged in manufacturing;

(b) the primary market for the product of the business is national or international in scope;

(c) the business would not locate or expand or continue to expand in Minnesota if special assistance were not provided;

(d) the project will result in the addition of at least 50 permanent employees;

(e) the total capital investment for the project exceeds $3,000,000;

(f) the provision of special assistance to the business will result in diversification of the state's economy by expanding the types of products produced or technologies by establishing new markets for Minnesota products or technologies; and

(g) the project will not directly result in a reduction in the employment of other Minnesota businesses.

(2) If the business is located in a distressed county, the following conditions must be satisfied:

(a) The business is principally engaged in manufacturing or in selling of tangible personal property or services in response to orders received by mail or telephone or in providing business services by mail or electronic data transmission.

(b) The business would not locate in the distressed county or an adjacent Minnesota county if special assistance were not provided;

(c) The total capital investment for the project exceeds $3,000,000 and the business will increase employment by at least 25 permanent positions or the total capital investment for the project exceeds $1,000,000 and the business will increase employment by at least 50 additional positions.

(d) For purposes of this subdivision, "manufacturing" has the meaning given in section ~~474.16~~ 474A.02, subdivision ~~6~~ 14, except that the provisions of clause ~~(b)~~ (2) do not apply.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 200. Minnesota Statutes 1986, section 116M.06, subdivision 3, is amended to read:

Subd. 3. **ECONOMIC DEVELOPMENT FUNDS; PREFERENCES.** (a) The following eligible small businesses have preference among all business applicants for financial assistance from the economic development fund:

(1) businesses located in areas of the state that are experiencing the most severe unemployment rates in the state;

(2) businesses that are likely to expand and provide additional permanent employment;

(3) businesses located in border communities that experience a competitive disadvantage due to location;

(4) businesses that have been unable to obtain traditional financial assistance due to a disadvantageous location, minority ownership, or other factors rather than due to the business having been considered a poor financial risk;

(5) businesses that utilize state resources, thereby reducing state dependence on outside resources, and that produce products or services consistent with the long-term social and economic needs of the state;

(6) businesses located in designated enterprise zones, as described in section ~~273.1312, subdivision~~ 4 169; and

(7) business located in federally designated economically distressed areas.

(b) Except in connection with the issuance of authority bonds or notes, the authority may not invest the funds in a program that does not have financial participation from the private sector, as determined by the authority.

(c) The provisions of this subdivision do not apply to economic diversification projects.

Sec. 201. Minnesota Statutes 1986, section 116M.07, subdivision 11, is amended to read:

Subd. 11. **SPECIAL ASSISTANCE PROGRAM.** (a) The authority may operate a special assistance program and may designate certain businesses as being in need of special assistance. In connection with the special assistance program the authority may borrow money and may issue negotiable bonds and notes in accordance with section 116M.08, subdivisions 11 and 12. Notwithstanding any provision to the contrary in section 116M.08, subdivision 11, the aggregate principal amount of the authority's bonds and notes outstanding at any one time and issued in connection with the special assistance program, excluding the amount satisfied and discharged by payment and deducting amounts held in debt service reserve accounts and amounts used to make loans guaranteed or insured by the federal government or a department, agency, or instru-

mentality of the federal government or by a private insurer or guarantor authorized to do business in the state of Minnesota and acceptable to the authority, shall not exceed $25,000,000. This authorization is in addition to the authorization contained in section 116M.08, subdivision 11.

(b) No business shall be eligible to receive special assistance unless the authority has first passed a resolution designating the business as being in need of special assistance. The resolution shall include findings that the designation and receipt of the special assistance will be of exceptional benefit to the state of Minnesota in that at least three of the following criteria are met:

(1) in order to expand or remain in Minnesota, the business has demonstrated that it is unable to obtain suitable financing from other sources;

(2) special assistance will enable a business not currently located in Minnesota to locate a facility within Minnesota which directly increases the number of jobs within the state;

(3) the business will create or retain significant numbers of jobs within a community in Minnesota;

(4) the business has a significant potential for growth in jobs or economic activities within Minnesota within the ensuing five-year period; and

(5) the business will maintain a significant level of productivity within Minnesota within the ensuing five-year period.

(c) Special assistance may include:

(1) a business loan;

(2) a small business loan; or

(3) use of money in the economic development fund to provide financial assistance to businesses in accordance with section 116M.06, subdivision 2, except that section 116M.06, subdivision 2, clause (g), shall apply only to eligible small businesses.

(d) In the case of a qualified economic diversification project, special assistance may include, in addition:

(1) reimbursement of expenses paid or to be paid by the business for property or sales taxes for a period not to exceed five years; or

(2) use of money in the economic development fund to provide interest subsidy payments under section 116M.06, subdivision 2, clause (g) without regard to whether the business is an eligible small business.

In the case of an economic diversification project, the total amount of special assistance provided to a business may not exceed 20 percent of the total capital investment in the project. If special assistance is provided for a project

located in an enterprise zone, the sum of the amount of special assistance and the tax reductions provided under section ~~273.1314, subdivision 9~~ 172, subdivisions 1 to 8, may not exceed 30 percent of the total capital investment in the project. The amount of special assistance provided for an economic diversification project may not exceed $20,000 for each permanent job to be created by the project.

Sec. 202. Minnesota Statutes 1986, section 124.214, subdivision 3, is amended to read:

Subd. 3. **EXCESS TAX INCREMENT.** If a return of excess tax increment is made to a school district pursuant to section ~~273.75~~ 177, subdivision 2 or upon decertification of a tax increment district, the school district's aid entitlements and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, if the school district is entitled to basic foundation aid according to section 124A.02;

(ii) sections 124A.10, subdivision 3a, and 124A.20, subdivision 2, if the school district is entitled to third-tier aid according to section 124A.10, subdivision 4;

(iii) sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the school district is eligible for fourth-tier aid according to section 124A.12, subdivision 4;

(iv) section 124A.03, subdivision 4, if the school district is entitled to summer school aid according to section 124.201; and

(v) section 275.125, subdivisions 5 and 5c, if the school district is entitled to transportation aid according to section 124.225, subdivision 8a;

(B) to the total amount of the school district's certified levy for the fiscal year pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, 124A.20, subdivision 2, and 275.125, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment, and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds $25,000.

Sec. 203. Minnesota Statutes 1986, section 216B.49, subdivision 7, is amended to read:

Subd. 7. When a public utility is engaged in a project pursuant to ~~chapter 474~~ sections 153 to 166, notwithstanding the provisions of section ~~474.03~~ 156, funds or accounts established in connection with the project or payment of bonds issued for the project may also be invested in investments of the type authorized in section 11A.24, subdivisions 1 to 5.

Sec. 204. Minnesota Statutes 1986, section 268.38, subdivision 3, is amended to read:

Subd. 3. **ELIGIBLE RECIPIENTS.** A housing and redevelopment authority established under section ~~462.425~~ 3 or a community action agency recognized under section 268.53 is eligible for assistance under the program. In addition, a partnership, joint venture, corporation, or association that meets the following requirements is also eligible:

(1) it is established for a purpose not involving pecuniary gain to its members, partners, or shareholders;

(2) it does not pay dividends or other pecuniary remuneration, directly or indirectly, to its members, partners, or shareholders; and

(3) in the case of a private, nonprofit corporation, it is established under and in compliance with chapter 317.

Sec. 205. Minnesota Statutes 1986, section 272.02, subdivision 5, is amended to read:

Subd. 5. The holding of property by a political subdivision of the state for later resale for economic development purposes shall be considered a public purpose in accordance with subdivision 1, clause (7) for a period not to exceed eight years. The holding of property by a political subdivision of the state for

later resale (1) which is purchased or held for housing purposes, or (2) which meets the conditions described in section ~~273.73~~ 175, subdivision 10, shall be considered a public purpose in accordance with subdivision 1, clause (7). The governing body of the political subdivision which acquires property which is subject to this subdivision shall after the purchase of the property certify to the city or county assessor whether the property is held for economic development purposes or housing purposes, or whether it meets the conditions of section ~~273.73~~ 175, subdivision 10. If the property is acquired for economic development purposes and buildings or other improvements are constructed after acquisition of the property, and if more than one-half of the floor space of the buildings or improvements which is available for lease to or use by a private individual, corporation, or other entity is leased to or otherwise used by a private individual, corporation, or other entity the provisions of this subdivision shall not apply to the property. This subdivision shall not create an exemption from section 272.01, subdivision 2; 272.68; 273.19; or ~~462.575~~ 40, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person.

Sec. 206. Minnesota Statutes 1986, section 272.026, is amended to read:

272.026 TAX STATUS OF PROPERTY MANAGED BY A HOUSING REDEVELOPMENT AUTHORITY OR PUBLIC HOUSING AGENCY.

Any property that is under the direct management and control of, but is not owned by, a housing redevelopment authority or public housing agency, and is used in a manner authorized and contemplated by ~~chapter 462~~ sections 1 to 47, and for which the authority or agency is eligible for assistance payments under federal law, is public property used for essential public and governmental purposes, and the property and the authority or agency is exempt from all taxes and special assessments of the city, the county, the state, or any political subdivision of the state in the same manner as property referred to in section ~~462.575~~ 40, subdivision 1. Payments in lieu of taxes for the property shall remain as provided in section 272.68 or ~~462.575~~ 40, subdivision 3.

Sec. 207. Minnesota Statutes 1986, section 272.68, subdivision 4, is amended to read:

Subd. 4. When the political subdivision is a housing and redevelopment authority which has obtained the right to take possession of a property in a redevelopment project area, it may lease the property to the previous occupant for temporary use pending the relocation of the former occupant's residence or business or may relocate such former occupant in any other property owned by it in such project area. The authority may agree with the municipality to the payment of certain sums in lieu of taxes on said property during such temporary occupancy in which event the payment of the sum agreed upon shall be in lieu of taxes as provided in section ~~462.575~~ 40 and the provisions of section 272.01, subdivision 2, and section 273.19 shall not apply to such property or to the use thereof.

Sec. 208. Minnesota Statutes 1986, section 273.13, subdivision 9, is amended to read:

Subd. 9. **CLASS 4A, 4B, 4C, AND 4D.** (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at 43 percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at 28 percent of the first $60,000 of market value and 43 percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the 28 percent assessment, and in the case of other commercial or industrial property owned by one person or entity, only one parcel in each county shall qualify for the 28 percent assessment.

(4) Employment property defined in section ~~273.1313~~ 167, during the period provided in section ~~273.1313~~ 171, shall constitute class 4d and shall be valued and assessed at 20 percent of the first $50,000 of market value and 21.5 percent of the remainder, except that for employment property located in ~~an~~ a border city enterprise zone designated pursuant to section ~~273.1312~~ 169, subdivision 4, paragraph (c), ~~clause (3),~~ the first $60,000 of market value shall be valued and assessed at 28 percent and the remainder shall be assessed and valued at 38.5 percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section ~~273.1314~~ 172, subdivision ~~9, paragraph (a)~~ 1.

Sec. 209. Minnesota Statutes 1986, section 273.13, subdivision 24, is amended to read:

Subd. 24. **CLASS 3.** (a) Commercial and industrial property is class 3a. It is assessed at 28 percent of the first $60,000 of market value and 43 percent for the market value over $60,000. In the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel may qualify for the 28 percent assessment. In the case of other commercial or industrial property owned by one person or entity, only one parcel in each county may qualify for the 28 percent assessment.

(b) Employment property defined in section ~~273.1313~~ 167, during the period provided in section ~~273.1313~~ 171, shall constitute class 3b and shall be

valued and assessed at 20 percent of the first $50,000 of market value and 21.5 percent of the remainder, except that for employment property located in ~~an~~ a border city enterprise zone designated pursuant to section ~~273.1312~~ 169, subdivision 4, paragraph (c), ~~clause (3),~~ the first $60,000 of market value shall be valued and assessed at 28 percent and the remainder shall be assessed and valued at 38.5 percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section ~~273.1314~~ 172, subdivision ~~9, paragraph (a)~~ 1.

(c) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 3c and shall be valued and assessed at 40 percent of market value.

Sec. 210. Minnesota Statutes 1986, section 273.1393, is amended to read:

273.1393 **COMPUTATION OF NET PROPERTY TAXES.**

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

(1) disaster credit as provided in section 273.123;

(2) wetlands credit as provided in section 273.115;

(3) native prairie credit as provided in section 273.116;

(4) powerline credit as provided in section 273.42;

(5) agricultural preserves credit as provided in section 473H.10;

(6) enterprise zone credit as provided in section ~~273.1314~~ 172;

(7) state school agricultural credit as provided in section 124.2137;

(8) state paid homestead credit as provided in section 273.13, subdivisions 22 and 23;

(9) taconite homestead credit as provided in section 273.135;

(10) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

Sec. 211. Minnesota Statutes 1986, section 282.01, subdivision 1, is amended to read:

Subdivision 1. **CLASSIFICATION; USE; EXCHANGE.** It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. All parcels of land becoming the property of the state in trust under the provisions of any law now existing or hereafter enacted declaring the forfeiture of lands to the state for taxes, shall be classified by the county board of the county wherein such parcels lie as conservation or nonconservation. Such classification shall be made with consideration, among other things, to the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. Such classification, furthermore, shall aid: to encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; to facilitate reduction of governmental expenditures; to conserve and develop the natural resources; and to foster and develop agriculture and other industries in the districts and places best suited thereto.

In making such classification the county board may make use of such data and information as may be made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing information pertinent thereto at the time such classification is made. Such lands may be reclassified from time to time as the county board may deem necessary or desirable, except as to conservation lands held by the state free from any trust in favor of any taxing district.

If any such lands are located within the boundaries of any organized town, with taxable valuation in excess of $20,000, or incorporated municipality, the classification or reclassification and sale shall first be approved by the town board of such town or the governing body of such municipality insofar as the lands located therein are concerned. The town board of the town or the governing body of the municipality will be deemed to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this subdivision, it shall, within 90 days of the request for classification or reclassification and sale, file a written application with the county board to withhold the parcel from public sale. The county board shall then withhold the parcel from public sale for one year.

Any tax-forfeited lands may be sold by the county board to any organized or incorporated governmental subdivision of the state for any public purpose for which such subdivision is authorized to acquire property or may be released from the trust in favor of the taxing districts upon application of any state

agency for any authorized use at not less than their value as determined by the county board. The commissioner of revenue shall have power to convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to any governmental subdivision for any authorized public use, provided that an application therefor shall be submitted to the commissioner with a statement of facts as to the use to be made of such tract and the need therefor and the recommendation of the county board. The deed of conveyance shall be upon a form approved by the attorney general and shall be conditioned upon continued use for the purpose stated in the application, provided, however, that if the governing body of such governmental subdivision by resolution determines that some other public use shall be made of such lands, and such change of use is approved by the county board and an application for such change of use is made to, and approved by, the commissioner, such changed use may be made of such lands without the necessity of the governing body conveying the lands back to the state and securing a new conveyance from the state to the governmental subdivision for such new public use.

Whenever any governmental subdivision to which any tax-forfeited land has been conveyed for a specified public use as provided in this section shall fail to put such land to such use, or to some other authorized public use as provided herein, or shall abandon such use, the governing body of the subdivision shall authorize the proper officers to convey the same, or such portion thereof not required for an authorized public use, to the state of Minnesota, and such officers shall execute a deed of such conveyance forthwith, which conveyance shall be subject to the approval of the commissioner and in form approved by the attorney general, provided, however, that a sale, lease, transfer or other conveyance of such lands by a housing and redevelopment authority as authorized by sections ~~462.411~~ 1 to ~~462.705~~ 47 shall not be an abandonment of such use and such lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority referring to a conveyance by it and stating that the conveyance has been made as authorized by sections ~~462.411~~ 1 to ~~462.705~~ 47 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by this subdivision will then terminate. No vote of the people shall be required for such conveyance. In case any such land shall not be so conveyed to the state, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the same to have reverted to the state, and shall serve a notice thereof, with a copy of the declaration, by certified mail upon the clerk or recorder of the governmental subdivision concerned, provided, that no declaration of reversion shall be made earlier than five years from the date of conveyance for failure to put such land to such use or from the date of abandonment of such use if such lands have been put to such use. The commissioner shall file the original declaration in the commissioner's office, with verified proof of service as herein required. The governmental subdivision may appeal to the district court of the county in which the land lies by filing with the court administrator a notice of appeal, specifying the grounds of appeal and the description of the land involved, mailing a copy thereof by certified mail to the

commissioner of revenue, and filing a copy thereof for record with the county recorder or registrar of titles, all within 30 days after the mailing of the notice of reversion. The appeal shall be tried by the court in like manner as a civil action. If no appeal is taken as herein provided, the declaration of reversion shall be final. The commissioner of revenue shall file for record with the county recorder or registrar of titles, of the county within which the land lies, a certified copy of the declaration of reversion and proof of service.

Any city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, which has acquired tax-forfeited land for a specified public use pursuant to the terms of this section, may convey said land in exchange for other land of substantially equal worth located in said city of the first class, provided that the land conveyed to said city of the first class now or hereafter having a population of 450,000, or over, or its board of park commissioners, in exchange shall be subject to the public use and reversionary provisions of this section; the tax-forfeited land so conveyed shall thereafter be free and discharged from the public use and reversionary provisions of this section, provided that said exchange shall in no way affect the mineral or mineral rights of the state of Minnesota, if any, in the lands so exchanged.

Sec. 212. Minnesota Statutes 1986, section 290.61, is amended to read:

290.61 **PUBLICITY OF RETURNS, INFORMATION.**

It shall be unlawful for the commissioner or any other public official or employee to divulge or otherwise make known in any manner any particulars set forth or disclosed in any report or return required by this chapter, or any information concerning, the taxpayer's affairs acquired from the taxpayer's records, officers, or employees while examining or auditing any taxpayer's liability for taxes imposed hereunder, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making such return or to comply with the provisions of sections 256.978, 268.12, subdivision 12, 270A.11, ~~273.1314~~ 174, subdivision ~~16~~ 5, 290.612 and 302A.821. The commissioner may furnish a copy of any taxpayer's return, including audit documents and information, to any official of the United States or of any state having duties to perform in respect to the assessment or collection of any tax imposed upon or measured by income, if such taxpayer is required by the laws of the United States or of such state to make a return therein. Prior to the release of any information to any official of the United States or any other state under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota. The commissioner and all other public officials and employees shall keep and maintain the same secrecy in respect to any information furnished by any department, commission, or official of the United States or of any other state in respect to the income of any person as is required by this section in respect to information concerning the affairs of taxpayers under this chapter. Nothing herein contained shall be construed to

prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and the items thereof. Upon request of a majority of the members of the senate tax committee or of the house tax committee or the tax study commission, the commissioner shall furnish abstracted financial information to those committees for research purposes from returns or reports filed pursuant to this chapter, without disclosing the name, address, social security number, business identification number or any other item of information associated with any return or report which the commissioner believes is likely to identify the taxpayer. The commissioner shall not furnish the actual return, or a portion thereof, or a reproduction or copy of any return or portion thereof. "Abstracted financial information" means only the dollar amounts set forth on each line on the form including the filing status.

Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

In order to locate the named payee on state warrants issued pursuant to this chapter or chapter 290A and undeliverable by the United States postal service, the commissioner may publish in any newspaper of general circulation in this state or make available to radio or television stations a list of the name and last known address of the payee as shown on the reports or returns filed with the commissioner. The commissioner may exclude the names of payees whose refunds are in an amount which is less than a minimal amount to be determined by the commissioner. The list shall not contain any particulars set forth on any report or return. The publication or announcement shall include instructions on claiming the warrants.

An employee of the department of revenue may, in connection with official duties relating to any audit, collection activity, or civil or criminal tax investigation or any other offense under this chapter, disclose return information to the extent that such disclosure is necessary in obtaining information, which is not otherwise reasonably available, with respect to the correct determination of tax, liability for tax, or the amount to be collected or with respect to the enforcement of any other provision of this chapter.

In order to facilitate processing of returns and payments of taxes required by this chapter, or to facilitate the development, implementation, and use of computer programs and automated procedures for purposes of administering this chapter or chapter 290A, the commissioner may contract with outside vendors and may disclose private and nonpublic data to the vendor. The data disclosed will be administered by the vendor consistent with this section, and the vendor must agree to subject the vendor and the vendor's employees to the civil and criminal penalties provided by law for unlawful disclosure.

Information from a tax return required under this chapter on a holder of a license issued by the Minnesota racing commission or an owner of a horse may be provided by the commissioner to the Minnesota racing commission.

The commissioner may provide to the Minnesota supreme court and the

board of professional responsibility information regarding the amount of any uncontested delinquent taxes due under this chapter or a failure to file a return due under this chapter by an attorney admitted to practice law in this state under chapter 481.

Sec. 213. Minnesota Statutes 1986, section 298.2211, subdivision 1, is amended to read:

Subdivision 1. **PURPOSE; GRANT OF AUTHORITY.** In order to accomplish the legislative purposes specified in ~~chapters 362A,~~ sections 143 to 166 and chapter 462C, ~~and 474,~~ within tax relief areas as defined in section 273.134, the commissioner of iron range resources and rehabilitation may exercise the following powers: (1) all powers conferred upon a rural development financing authority under ~~sections 362A.01 to 362A.05~~ sections 143 to 150; (2) all powers conferred upon a city under chapter 462C, subject to compliance with the provisions of section 474A.07; (3) all powers conferred upon a municipality or a redevelopment agency under ~~chapter 474~~ sections 153 to 166; (4) all powers provided by ~~chapter 362A~~ sections 143 to 152 to further any of the purposes and objectives of ~~chapters~~ chapter 462C and ~~474~~ sections 153 to 166; and (5) all powers conferred upon a municipality or an authority under sections ~~273.73~~ 175 to ~~273.76~~ 178, section ~~273.77~~ 179, except ~~paragraph (a)~~ subdivision 2 thereof, and section ~~273.78~~ 180, subject to compliance with the provisions of section ~~273.74~~ 176, subdivisions 1, 2, and 3; provided that any tax increments derived by the commissioner from the exercise of this authority may be used only to finance or pay premiums or fees for insurance, letters of credit, or other contracts guaranteeing the payment when due of net rentals under a project lease or the payment of principal and interest due on or repurchase of bonds issued to finance a project or program, to accumulate and maintain reserves securing the payment when due on bonds issued to finance a project or program, or to provide an interest rate reduction program pursuant to section ~~462.445~~ 12, subdivision ~~10~~ 7. Tax increments and earnings thereon remaining in any bond reserve account after payment or discharge of any bonds secured thereby shall be used within one year thereafter in furtherance of this section or returned to the county auditor of the county in which the tax increment financing district is located. If returned to the county auditor, the county auditor shall immediately allocate the amount among all government units which would have shared therein had the amount been received as part of the other ad valorem taxes on property in the district most recently paid, in the same proportions as other taxes were distributed, and shall immediately distribute it to the government units in accordance with the allocation.

Sec. 214. Minnesota Statutes 1986, section 298.2211, subdivision 3, is amended to read:

Subd. 3. **PROJECT APPROVAL.** All projects authorized by this section shall be submitted by the commissioner to the iron range resources and rehabilitation board, which shall recommend approval or disapproval or modification of the projects. Each project shall then be submitted to the legislative advisory

committee for any review and comment the committee deems appropriate. Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections ~~273.71 to 273.86~~ 175 to 180, the governing body of each municipality in which any part of the project is located and the county board of any county containing portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project, as so approved by the board and the applicable governing bodies, if any, together with any comment provided by the legislative advisory committee, detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 215. Minnesota Statutes 1986, section 353.01, subdivision 6, is amended to read:

Subd. 6. **GOVERNMENTAL SUBDIVISION.** "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources, but does not mean any municipal housing and redevelopment authority organized under the provisions of sections ~~462.415 to 462.705~~ 1 to 47; or any port authority organized pursuant to ~~chapter 458~~ sections 49 to 69; or any hospital district organized or reorganized prior to July 1, 1975 pursuant to sections 447.31 to 447.37.

Sec. 216. Minnesota Statutes 1986, section 355.11, subdivision 5, is amended to read:

Subd. 5. "Employing unit" means any municipal housing and redevelopment authorities organized pursuant to sections ~~462.415~~ 1 to ~~462.705~~ 47 and any soil and water conservation district organized pursuant to chapter 40 or any port authority organized pursuant to ~~chapter 458~~ sections 49 to 69, or any economic development authority organized pursuant to sections ~~458C.01 to 458C.23~~ 91 to 109, or any hospital district organized or reorganized pursuant to sections 447.31 to 447.37.

Sec. 217. Minnesota Statutes 1986, section 355.16, is amended to read:

355.16 **COSTS DEFRAYED FROM PROCEEDS OF SPECIAL BENEFIT TAXES.**

The proceeds of the special benefit taxes authorized to be levied for redevelopment purposes under section ~~462.545~~ 33, subdivision 6, may be used to defray all or part of the costs incurred by any housing and redevelopment authority under the provisions of sections 355.11 to 355.16.

Sec. 218. Minnesota Statutes 1986, section 412.251, is amended to read:

412.251 **ANNUAL TAX LEVY.**

The council shall make its annual tax levy by resolution within the per capita limits established by statute. The amount of taxes levied for general city purposes shall not exceed 11-2/3 mills on each dollar of the assessed valuation of the property taxable in the city in cities having an assessed valuation of less than $1,500,000 and 10 mills on each dollar in cities having an assessed valuation of more than $1,500,000. In calculating such limit property used for homestead purposes shall be figured as provided in section 273.13, subdivision 7a. The following taxes may be levied in addition to the levies above authorized:

(1) A tax for the payment of principal and interest on outstanding obligations of the city as provided by sections 475.61, 475.73 and 475.74.

(2) A tax for the payment of judgments as authorized by section 465.14.

(4) A maximum of one-third of one mill but not to exceed $500 to provide musical entertainment to the public in public buildings or on public grounds.

(5) A tax for band purposes as authorized by section 449.09.

(6) A tax for the support of a municipal forest, as authorized by section 459.06.

(7) A tax for advertising purposes, as authorized by section ~~465.56~~ 190.

(8) A tax for forest fire protection in any city in a forest area, as authorized by section 88.04.

(9) A maximum of 1-2/3 mills for the utilities fund in any city whose utilities are under the jurisdiction of a public utilities commission. Such tax shall be levied for the purpose of paying the cost of the utility service or other services supplied to the city.

(10) A tax for the support of a public library, as authorized by section 134.07.

(11) A tax for firefighters' relief association purposes as authorized by sections 69.772, subdivision 4, 69.773, subdivision 5, or other statutes.

(12) Such other special taxes as may be authorized by law.

Nothing in this section shall be construed to reduce levies of any municipality below the per capita levy spread in 1970.

Sec. 219. Minnesota Statutes 1986, section 462C.02, subdivision 6, is amended to read:

Subd. 6. "City" means any statutory or home rule charter city, a county

housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to section ~~462.426~~ 4, or any public body which (a) is the housing and redevelopment authority in and for a statutory or home rule charter city, the port authority of a statutory or home rule charter city, or an economic development authority of a city established under sections ~~458C.01 to 458C.23~~ 91 to 109, and (b) is authorized by ordinance to exercise, on behalf of a statutory or home rule charter city, the powers conferred by sections 462C.01 to 462C.10.

Sec. 220. Minnesota Statutes 1986, section 462C.02, subdivision 9, is amended to read:

Subd. 9. "Targeted area" means

(a) a development district established pursuant to section ~~472A.03~~ 127,

(b) a development district established pursuant to Laws 1971, chapter 677 as amended,

(c) a redevelopment project established pursuant to section 462.521,

(d) an industrial development district established pursuant to section 458.191,

(e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States Department of Housing and Urban Development,

(f) an area of chronic economic distress designated by the Minnesota housing finance agency, or

(g) an economic development district established pursuant to section 458C.14.

Sec. 221. Minnesota Statutes 1986, section 462C.05, subdivision 7, is amended to read:

Subd. 7. A development may consist of a combination of a multifamily housing development and a new or existing health care facility, as defined by section ~~474.02~~ 154, if the following conditions are satisfied:

(a) The multifamily housing development is designed and intended to be used for rental occupancy;

(b) The multifamily housing development is designed and intended to be used primarily by elderly or physically handicapped persons; and

(c) Nursing, medical, personal care, and other health related assisted living services are available on a 24-hour basis in the development to the residents.

The limitations of section 462C.04, subdivision 2, clause (c), shall not apply to projects defined in this subdivision and approved by the Minnesota housing finance agency before October 1, 1983.

The Minnesota housing finance agency shall provide, in the annual report required by section 462C.04, subdivision 2, information on the costs incurred for the issuance of bonds for projects defined in this subdivision. The report shall also include the Minnesota housing finance agency's recommendations for the regulation of costs of issuance for future issues.

Sec. 222. Minnesota Statutes 1986, section 462C.06, is amended to read:

462C.06 **COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.**

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to 462C.10 either (1) on its own behalf or (2) on behalf of a city (other than a county housing and redevelopment authority), if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to section ~~462.426~~ 4 or the county housing and redevelopment authority has been created by special law; provided, however, that any program undertaken pursuant to this section is subject to the limitations of sections 462C.03 and 462C.04 in the case of a single-family housing program, and subject to the limitations of section 462C.05 in the case of a multifamily housing development program.

Sec. 223. Minnesota Statutes 1986, section 465.54, is amended to read:

465.54 **MAY PAY EXPENSES FROM GENERAL FUND OF STATUTORY CITY.**

The council of any statutory city may pay from the general fund of the municipality, for the purposes of section ~~465.53~~ 187, expenses incurred by the governing officers in the performance of their official duties. Trips for lobbying purposes or trips to meetings or conventions not in connection with specific municipal projects pending before the officer making the trip are not authorized for payment under this section.

All expenditures for the purposes of this section shall be within the statutory limits upon tax levies in the statutory city.

Sec. 224. Minnesota Statutes 1986, section 465.74, subdivision 7, is amended to read:

Subd. 7. **PORT AUTHORITIES, OWNERSHIP AND OPERATION OF DISTRICT HEATING SYSTEMS.** A port authority organized pursuant to sections ~~458.09 to 458.1991~~ 49 to 69 or a special law may acquire, own, construct, and operate a district heating system or systems to provide heating and cooling services and other energy services within the statutory or home rule charter city within which it is created. The authority may, in conjunction with a district heating system, acquire, own, construct, and operate an energy management and

control system to monitor and control users' energy demand within the city as a related ancillary function of the district heating system. The authority may, in conjunction with a district heating system, acquire, own, construct, and operate ancillary services related to an energy management and control system including, but not limited to, sensing and monitoring services for supervision of fire and life safety systems and building security systems within the city.

This section shall be effective for a port authority only after adoption of an ordinance or resolution by the board of the port authority and by the governing body of the city stating their intention to exercise the authority allowed by this section.

A port authority may, with approval of the city, lease part or all of the district heating system or contract with respect to part or all of the district heating system, with any person, corporation, association, or public utility company for the purpose of constructing, improving, operating, or maintaining the district heating system.

Sec. 225. Minnesota Statutes 1986, section 465.77, is amended to read:

465.77 **REGULATION OF DRILLING TO PROTECT MINED UNDERGROUND SPACE DEVELOPMENT.**

A home rule charter city or statutory city may regulate drilling for the purposes and in the manner provided in section ~~472B.08~~ 142.

Sec. 226. Minnesota Statutes 1986, section 471A.03, subdivision 9, is amended to read:

Subd. 9. **USE OF BOND PROCEEDS.** The municipality may issue bonds and other obligations and apply their proceeds toward the payment of the costs of the related facilities in the same manner and subject to the same conditions and limitations that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality and for these purposes, related facilities shall be considered to be a project within the meaning of section ~~474.02~~ 154, subdivision ~~1a~~ 2, paragraph (b).

Sec. 227. Minnesota Statutes 1986, section 473.195, subdivision 1, is amended to read:

Subdivision 1. In addition to, and not in limitation of, all other powers invested in it by law, the council, and the members thereof, shall have, throughout the metropolitan area, the same functions, rights, powers, duties, privileges, immunities and limitations as are provided for housing and redevelopment authorities created for municipalities, and for the commissioners of such authorities. The provisions of sections ~~462.411 to 462.705~~ 1 to 47 and of all other laws relating to housing and redevelopment authorities shall be applicable to the council when functioning as an authority, except as herein provided or as clearly indicated otherwise from the context of such laws. Section ~~462.425~~ 3 shall have

no application to the council nor to any municipality or county within which the council undertakes a project. Any municipality or county, and the governing bodies of any municipality or county, within and for which the council undertakes a project shall have all the powers, authority and obligations granted to municipalities and counties by the provisions of sections ~~462.411 to 462.705~~ 1 to 47 and all other laws relating to housing and redevelopment authorities. The council may plan and propose projects within the boundaries of any municipality, and may otherwise exercise the powers of an authority at any time; provided, however, that the council shall not implement any housing project, housing development project, redevelopment project or urban renewal project within the boundaries of any municipality or county without the prior approval of the governing body of the municipality or county in which any such project is to be located; and provided further that the council shall not propose any project to the governing body of a municipality or county having an active authority created pursuant to section ~~462.425~~ 3, or pursuant to special legislation, without first submitting the proposed project to the municipal or county authority for its review and recommendations; and provided further that as to any project proposed by the council and approved by the municipality or county, the council shall not undertake the project if within 60 days after it has been proposed, the municipality or county agrees to undertake the project. All plans and projects of the council shall be consistent with the comprehensive development guide.

Sec. 228. Minnesota Statutes 1986, section 473.201, subdivision 1, is amended to read:

Subdivision 1. The council shall allocate the net unreimbursed costs of any project which it undertakes to the municipality or group of municipalities or county for which the project is undertaken. The governing body of each such municipality or county shall impose taxes or other revenue measures to provide funds necessary to pay the allocated costs, and the governing body of each such municipality or county shall have all the powers, authority and obligation granted to authorities by section ~~462.545~~ 33 and all other provisions of law regarding the financing of such projects, provided that the council shall have the powers of an authority for purposes of applying for and receiving federal grants in connection with all projects which it undertakes.

Sec. 229. Minnesota Statutes 1986, section 473.504, subdivision 11, is amended to read:

Subd. 11. The commission may sell or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. Such property may be sold in the manner provided by section ~~458.196~~ 66, insofar as practical. The commission may give such notice of sale as it shall deem appropriate. When the commission determines that any property or any interceptor or treatment works or any part thereof which has been acquired from a local government unit without compensation is no longer required, but is required as a local facility by the government unit from which it was acquired, the commission may by resolution transfer it to such government unit.

Sec. 230. Minnesota Statutes 1986, section 473.556, subdivision 6, is amended to read:

Subd. 6. **DISPOSITION OF PROPERTY.** (a) The commission may sell or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property shall be sold in the manner provided by section ~~458.196~~ 66, insofar as practical and consistent with sections 473.551 to 473.595.

(b) Real property at the metropolitan sports area (not including the indoor public assembly facility and adjacent parking facilities) which is no longer needed for sports facilities may be sold or leased for residential, commercial, or industrial development in accordance with the procedures in section ~~458.196~~ 66 within two years to a private, for-profit entity, and thereafter the property shall be subject to all applicable taxes and assessments and all government laws, rules and ordinances bearing on use and development as if the property were privately owned.

(c) Any real property right, title, or interest within the provisions of paragraph (b) owned by the commission may be sold or leased in whole or in part to the port authority of the city of Bloomington to further the general plan of port improvement or industrial development or for any other purpose which the authority considers to be in the best interests of the district and its people. The property shall be sold or leased to the authority in accordance with section ~~458.196~~ 66, subdivisions 1 to 4. Section ~~458.196~~ 66, subdivisions 5 to 7 shall not apply to a sale under this paragraph.

(d) Real property disposed of under clause (c) shall be subject to leases, agreements, or other written interests in force on June 1, 1983.

(e) The proceeds from the sale of any real property at the metropolitan sports area shall be paid to the council and used for debt service or retirement.

Sec. 231. Minnesota Statutes 1986, section 473.638, subdivision 2, is amended to read:

Subd. 2. **RETENTION OR SALE OF PROPERTY.** The commission may retain any property now owned by it or acquired under subdivision 1 and use it for a lawful purpose, or it may provide for the sale or other disposition of the property in accordance with a redevelopment plan in the same manner and upon the same terms as the housing and redevelopment authority and governing body of a municipality under the provisions of section ~~462.525~~ 29, all subject to the provisions of section 473.636, subdivision 2, or to existing land use and development control measures approved by the council.

Sec. 232. Minnesota Statutes 1986, section 473.811, subdivision 8, is amended to read:

Subd. 8. **COUNTY SALE OR LEASE.** Each metropolitan county may sell

or lease any facilities or property or property rights previously used or acquired to accomplish the purposes specified by sections 473.149, 473.151, 473.801 to 473.823, 473.827, 473.831, 473.833, and 473.834. Such property may be sold in the manner provided by section ~~458.196~~ 66, or may be sold in the manner and on the terms and conditions determined by the county board. Each metropolitan county may convey to or permit the use of any such property by a local government unit, with or without compensation, without submitting the matter to the voters of the county. No real property or property rights acquired pursuant to this section, may be disposed of in any manner unless and until the county shall have submitted to the agency and the metropolitan council for review and comment the terms on and the use for which the property will be disposed of. The agency and the council shall review and comment on the proposed disposition within 60 days after each has received the data relating thereto from the county.

Sec. 233. Minnesota Statutes 1986, section 473.852, subdivision 6, is amended to read:

Subd. 6. "Fiscal devices" means the valuation of property pursuant to section 273.111, the designation of urban and rural service districts, pursuant to section 272.67, and the establishment of development districts pursuant to sections ~~472A.01 to 472A.13~~ 125 to 135, and any other statutes authorizing the creation of districts in which the use of tax increment bonding is authorized.

Sec. 234. Minnesota Statutes 1986, section 473F.02, subdivision 3, is amended to read:

Subd. 3. "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (1) which may, by law, constitute the tax base for a tax increment pledged pursuant to section ~~462.585~~ 42 or ~~474.10~~ 163, certification of which was requested prior to August 1, 1979, to the extent and while such tax increment is so pledged; (2) which may, by law, constitute the tax base for tax revenues set aside and paid over for credit to a sinking fund pursuant to direction of the city council in accordance with Laws 1963, chapter 881, as amended, to the extent that such revenues are so treated in any year; or (3) which is exempt from taxation pursuant to section 272.02:

(a) That portion of class 3 property defined in Minnesota Statutes 1971, section 273.13, consisting of stocks of merchandise and furniture and fixtures used therewith; manufacturers' materials and manufactured articles; and tools, implements and machinery, whether fixtures or otherwise.

(b) That portion of class 4 property defined in Minnesota Statutes 1971, section 273.13, which is either used or zoned for use for any commercial or industrial purpose, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property shall be considered as used exclusively for residential occupancy only if

each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdivision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

Sec. 235. Minnesota Statutes 1986, section 473F.05, is amended to read:

473F.05 **ASSESSED VALUATION; 1972 AND SUBSEQUENT YEARS.**

On or before November 20 of 1972 and each subsequent year, the assessors within each county in the area shall determine and certify to the county auditor the assessed valuation in that year of commercial-industrial property subject to taxation within each municipality in the county, determined without regard to section ~~273.76~~ 178, subdivision 3.

Sec. 236. Minnesota Statutes 1986, section 473F.08, subdivision 2, is amended to read:

Subd. 2. The taxable value of a governmental unit is its assessed valuation, as determined in accordance with other provisions of law including section ~~273.76~~ 178, subdivision 3, subject to the following adjustments:

(a) There shall be subtracted from its assessed valuation, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year pursuant to section 473F.06 in respect to that municipality as the total preceding year's assessed valuation of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section ~~273.76~~ 178, subdivision 3, bears to the total preceding year's assessed valuation of commercial-industrial property within the municipality, determined without regard to section ~~273.76~~ 178, subdivision 3;

(b) There shall be added to its assessed valuation, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide base for the year attributable to that municipality as the total preceding year's assessed valuation of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's assessed valuation of residential property of the municipality.

Sec. 237. Minnesota Statutes 1986, section 473F.08, subdivision 4, is amended to read:

Subd. 4. In 1972 and subsequent years, the county auditor shall divide that

portion of the levy determined pursuant to subdivision 3, clause (b), by the assessed valuation of the governmental unit, taking section ~~273.76~~ 178, subdivision 3 into account, less that portion subtracted from assessed valuation pursuant to subdivision 2, clause (a). The resulting rate shall apply to all taxable property except commercial-industrial property, which shall be taxed in accordance with subdivision 6.

Sec. 238. Minnesota Statutes 1986, section 473F.08, subdivision 6, is amended to read:

Subd. 6. The rate of taxation determined in accordance with subdivision 5 shall apply in the taxation of each item of commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section ~~273.73~~ 175, subdivision 9, to that portion of the assessed valuation of the item which bears the same proportion to its total assessed valuation as 40 percent of the amount determined pursuant to section 473F.06 in respect to the municipality in which the property is taxable bears to the amount determined pursuant to section 473F.05. The rate of taxation determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the assessed valuation of the item.

Sec. 239. Minnesota Statutes 1986, section 475.525, subdivision 3, is amended to read:

Subd. 3. **REDEVELOPMENT AGENCY.** A municipality may itself, or by ordinance authorize any redevelopment agency as defined in section ~~474.02~~ 154, subdivision 3, acting for the municipality, to exercise any and all of the powers granted to the municipality under subdivision 2 and to the redevelopment agency under any other law for the purpose of financing all or any portion of the district heating system and any conversion facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water furnished by the district heating system including, but without limitation, the payment of interest during construction and for a reasonable time thereafter and the establishment of reserves for bond payment and for working capital, in which event if the issuer is a redevelopment agency the sources of revenue that may be pledged to the payment of revenue bonds or obligations shall include any revenues of the redevelopment agency. The proceeds of bonds or obligations issued by the municipality or redevelopment agency may be used to make or purchase loans for facilities which the issuer estimates will require such financing, and, for the purpose of making or purchasing such loans the issuer shall have power to enter into loan agreements and other related agreements, both before and after the issuance of the obligations, with such persons, firms, public or private corporations, federal or state agencies, governmental units, and under such terms and conditions as the issuer shall deem appropriate; and any governmental unit in the state shall have the power to apply, contract for and receive the loans without limitation under any other provisions of chapter 475.

Sec. 240. Minnesota Statutes 1986, section 477A.011, subdivision 7, is amended to read:

Subd. 7. **LOCAL REVENUE BASE.** For the 1984 aid distribution, a municipality's local revenue base means the sum of:

(a) (1) in the case of a municipality which had a local revenue base for the 1981 aid distribution, the 1981 aid distribution base calculated pursuant to Minnesota Statutes 1980, section 477A.01, less any amount added to the local revenue base for the costs of principal and interest on bonded debt incurred for the purpose of providing capital replacement for streets, curbs, gutters, storm sewers, and bridges, multiplied by a factor of 1.208, and multiplied by a factor equal to the estimated 1981 population divided by the 1980 census population, provided that the latter factor is greater than 1.0; or

(2) in the case of a municipality which did not have a local revenue base for the 1981 aid distribution, the local government aid distribution certified for 1983 pursuant to sections 477A.011 to 477A.014, plus the property tax levy, exclusive of levies for bonded indebtedness for taxes payable in 1983;

(b) the total amount certified in calendar year 1983 pursuant to Minnesota Statutes 1982, section 273.138; and

(c) the total amount certified in calendar year 1983 pursuant to Minnesota Statutes 1982, section 273.139, including any amount received by a tax increment financing district as defined by section ~~273.73~~ 175, subdivision 9, or which qualifies for exemption pursuant to ~~273.78~~ section 182, which lies totally within the municipality, and including any amount which would have been received in 1983 pursuant to section 273.139 by a tax increment financing district as defined by section ~~273.73~~ 175, subdivision 9, lying totally within the municipality, for a project approved by the Minnesota housing finance agency or the United States department of housing and urban development prior to March 1, 1983, had the project been completed and subject to taxation based upon full market value for taxes payable in 1983.

Any municipality whose payable 1983 levy exceeded its payable 1979 levy by a factor of ten, primarily because of a loss in state administered aids, may apply to the commissioner of revenue to have its local revenue base computed as if it did not have a local revenue base for the 1981 distribution. Applications shall be in the form and accompanied by the data required by the commissioner.

For 1985 and all subsequent calendar year aid distributions the local revenue base means the adjusted local revenue base used in the previous year aid distribution.

Sec. 241. Minnesota Statutes 1986, section 504.24, subdivision 2, is amended to read:

Subd. 2. If a landlord, an agent or other person acting under the landlord's direction or control, in possession of a tenant's personal property, fails to allow the tenant to retake possession of the property within 24 hours after written demand by the tenant or the tenant's duly authorized representative or within

48 hours, exclusive of weekends and holidays, after written demand by the tenant or a duly authorized representative when the landlord, the landlord's agent or person acting under the landlord's direction or control has removed and stored the personal property in accordance with subdivision 1 in a location other than the premises, the tenant shall recover from the landlord punitive damages not to exceed $300 in addition to actual damages and reasonable attorney's fees. In determining the amount of punitive damages the court shall consider (a) the nature and value of the property; (b) the effect the deprivation of the property has had on the tenant; (c) if the landlord, an agent or other person acting under the landlord's direction or control unlawfully took possession of the tenant's property; and (d) if the landlord, an agent or other person under the landlord's direction or control acted in bad faith in failing to allow the tenant to retake possession of the property. The provisions of this subdivision shall not apply to personal property which has been sold or otherwise disposed of by the landlord in accordance with subdivision 1, or to landlords who are housing authorities, created or authorized to be created by sections ~~462.415 to 462.705~~ 1 to 47, and their agents and employees, in possession of a tenant's personal property, except that housing authorities must allow the tenant to retake possession of the property in accordance with this subdivision.

Sec. 242. Minnesota Statutes 1986, section 609.321, subdivision 12, is amended to read:

Subd. 12. A "public place" means a public street or sidewalk, a pedestrian skyway system as defined in section ~~472A.02~~ 126, subdivision ~~6~~ 4, a hotel, motel, or other place of public accommodation, or a place licensed to sell intoxicating liquor, wine, nonintoxicating malt beverages, or food.

Sec. 243. **INSTRUCTION TO REVISOR.**

If a provision of a section of Minnesota Statutes repealed by section 244 is amended by the 1987 regular session, the revisor shall codify the amendment consistent with the recodification of the affected section by this act, notwithstanding any law to the contrary.

Sec. 244. **REPEALER.**

Minnesota Statutes 1986, sections 273.1312; 273.1313; 273.1314; 273.71; 273.72; 273.73; 273.74; 273.75; 273.76; 273.77; 273.78; 273.86; 362A.01; 362A.02; 362A.03; 362A.04; 362A.041; 362A.05; 362A.06; 373.31; 426.055; 458.09; 458.091; 458.10; 458.11; 458.12; 458.14; 458.15; 458.16; 458.17; 458.18; 458.19; 458.191; 458.192; 458.193; 458.194; 458.1941; 458.195; 458.196; 458.197; 458.198; 458.199; 458.1991; 458.70; 458.701; 458.702; 458.703; 458.711; 458.712; 458.713; 458.72; 458.74; 458.741; 458.75; 458.76; 458.77; 458.771; 458.772; 458.773; 458.774; 458.775; 458.776; 458.777; 458.778; 458.79; 458.80; 458.801; 458.81; 458C.01; 458C.03; 458C.04; 458C.05; 458C.06; 458C.07; 458C.08; 458C.09; 458C.10; 458C.11; 458C.12; 458C.13; 458C.14; 458C.15; 458C.16; 458C.17; 458C.18; 458C.19; 458C.20; 458C.22; 458C.23; 459.01; 459.02; 459.03; 459.04; 459.05; 459.31; 459.32; 459.33; 459.34; 462.411; 462.415; 462.421; 462.425;

462.426; 462.427; 462.428; 462.429; 462.4291; 462.432; 462.435; 462.441; 462.445; 462.451; 462.455; 462.461; 462.465; 462.466; 462.471; 462.475; 462.481; 462.485; 462.491; 462.495; 462.501; 462.505; 462.511; 462.515; 462.521; 462.525; 462.531; 462.535; 462.541; 462.545; 462.551; 462.555; 462.556; 462.561; 462.565; 462.571; 462.575; 462.581; 462.585; 462.591; 462.595; 462.601; 462.605; 462.611; 462.615; 462.621; 462.625; 462.631; 462.635; 462.641; 462.645; 462.651; 462.655; 462.661; 462.665; 462.671; 462.675; 462.681; 462.685; 462.691; 462.695; 462.701; 462.705; 462.712; 462.713; 462.714; 462.715; 462.716; 465.026; 465.53; 465.55; 465.56; 472.01; 472.02; 472.03; 472.04; 472.05; 472.06; 472.07; 472.08; 472.09; 472.10; 472.11; 472.12; 472.125; 472.13; 472.14; 472.15; 472.16; 472A.01; 472A.02; 472A.03; 472A.04; 472A.05; 472A.06; 472A.07; 472A.09; 472A.10; 472A.11; 472A.12; 472A.13; 472B.01; 472B.02; 472B.03; 472B.04; 472B.05; 472B.06; 472B.07; 472B.08; 474.01; 474.02; 474.03; 474.04; 474.05; 474.06; 474.07; 474.08; 474.09; 474.10; 474.11; 474.13; 474.15; Laws 1961, chapter 545; Laws 1963, chapters 254; and 827; Laws 1967, chapter 541; Laws 1969, chapter 98; Laws 1973, chapter 114; Laws 1974, chapter 218; Laws 1975, chapter 326; Laws 1976, chapter 234, section 3; Laws 1979, chapter 269, section 1; Laws 1980, chapters 453; and 595, sections 5 and 8; Laws 1982, chapter 523, article 24, section 2; Laws 1983, chapters 110; and 257, section 1; Laws 1984, chapters 397; 498; and 548, section 9; and Laws 1985, chapters 173; 177; 188; 189; 192; 199; 205; 206, sections 2 and 3; and 301, sections 3 and 4; are repealed.

Approved May 28, 1987

CHAPTER 292—S.F.No. 89

An act relating to agriculture; clarifying and amending the farmer-lender mediation act; amending Minnesota Statutes 1986, sections 336.9-501; 514.960, subdivisions 2 and 4; 550.365; 559.209; 580.031; 581.015; 583.22, subdivisions 2, 7b, and 8, and by adding a subdivision; 583.24, subdivision 1, and by adding a subdivision; 583.26, subdivisions 1, 2, 3, 4, 5, 6, and 9, and by adding a subdivision; 583.27, subdivisions 1, 3, and 4; and 583.285; proposing coding for new law in Minnesota Statutes, chapters 514, 550, 559, and 583; repealing Minnesota Statutes 1986, section 583.24, subdivision 3.

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

Section 1. **[550.366] JUDGMENTS ON DEBTS RELATED TO AGRICULTURAL PROPERTY.**

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

(a) **AGRICULTURAL PROPERTY.** "Agricultural property" means personal property that is used in a farm operation.

(b) **FARM DEBTOR.** "Farm debtor" means a person who has incurred debt while in the operation of a family farm, a family farm corporation, or an authorized farm corporation as defined in section 500.24, subdivision 2.