A bill for an act

relating to local government; regulating subdivision development contracts; amending Minnesota Statutes 2008, section 462.358, subdivision 2a.

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

Section 1. Minnesota Statutes 2008, section 462.358, subdivision 2a, is amended to read:

Subd. 2a. **Terms of regulations.** (a) The standards and requirements in the regulations may address without limitation: the size, location, grading, and improvement of lots, structures, public areas, streets, roads, trails, walkways, curbs and gutters, water supply, storm drainage, lighting, sewers, electricity, gas, and other utilities; the planning and design of sites; access to solar energy; and the protection and conservation of flood plains, shore lands, soils, water, vegetation, energy, air quality, and geologic and ecologic features. The regulations shall require that subdivisions be consistent with the municipality's official map if one exists and its zoning ordinance, and may require consistency with other official controls and the comprehensive plan. The regulations may prohibit certain classes or kinds of subdivisions in areas where prohibition is consistent with the comprehensive plan and the purposes of this section, particularly the preservation of agricultural lands. The regulations may prohibit, restrict or control development for the purpose of protecting and assuring access to direct sunlight for solar energy systems. The regulations may prohibit the issuance of permits or approvals for any tracts, lots, or parcels for which required subdivision approval has not been obtained.

(b) The regulations may permit the municipality to condition its approval on the construction and installation of sewers, streets, electric, gas, drainage, and water facilities, and similar utilities and improvements or, in lieu thereof, on the receipt by the

municipality of a cash deposit, certified check, irrevocable letter of credit, bond, or other financial security in an amount and with surety and conditions sufficient to assure the municipality that the utilities and improvements will be constructed or installed according to the specifications of the municipality. Sections 471.345 and 574.26 do not apply to improvements made by a subdivider or a subdivider's contractor.

(c) A municipality may require that an applicant establish an escrow account or other financial security for the purpose of reimbursing the municipality for direct costs relating to professional services provided during the review, approval and inspection of the project. A municipality may only charge the applicant a rate equal to the value of the service to the municipality. Services provided by municipal staff or contract professionals must be billed at an established rate.

(d) When the applicant vouches, by certified letter to the municipality, that the conditions required by the municipality for approval under this subdivision have been satisfied, the municipality has 30 days to release and return to the applicant any and all financial securities tied to the requirements. If the municipality fails to release and return the letters of credit within the 30-day period, any interest accrued will be paid to the applicant. If the municipality determines that the conditions required for approval under this subdivision have not been satisfied, the municipality must send written notice within seven business days upon receipt of the certified letter indicating to the applicant which specific conditions have not been met. The municipality shall require a maintenance or performance bond from any subcontractor that has not yet completed all remaining requirements of the municipality.

(e) The regulations may permit the municipality to condition its approval on compliance with other requirements reasonably related to the provisions of the regulations and to execute development contracts embodying the terms and conditions of approval. The municipality must not require conditions in the development contract relating to building permit fees, park fees, transportation fees, or off-site improvements unless the conditions have a direct and proportionate relationship to the proposed subdivision, are authorized by law, or are agreed upon by all parties to the development contract. Unless otherwise agreed upon by all parties to the development contract, the municipality must provide a copy of the development contract to the applicant at least five working days before the municipality approves the subdivision. The copy of the contract must include all relevant terms, conditions, and exhibits specific to the proposed project. The municipality may enforce such agreements and conditions by appropriate legal and equitable remedies.