

CHAPTER 465

RIGHTS, POWERS AND DUTIES; MUNICIPALITIES

465.15	Cities may acquire exempt property.	465.797	Rule and law waiver requests.
465.20	Application.	465.803	Repayment of grants.
465.71	Installment and lease purchases; cities; counties; school districts.	465.81	Cooperation and combination.
465.715	Political subdivisions; lease purchase agreements; corporations.	465.82	Cooperation and combination plan.
465.79	Establishment of boundary commission.	465.87	Aids to cooperating and combining units.
		465.88	Planning aid for consolidation studies.

465.15 CITIES MAY ACQUIRE EXEMPT PROPERTY.

Each city of the first class now or hereafter having a population of 50,000 inhabitants or more, including each such city operating under a charter adopted pursuant to the provisions of the Constitution of the state of Minnesota, article IV, section 36, article XI, section 4, or article XII, section 5, is hereby authorized and empowered to acquire by purchase, condemnation, or otherwise any right or interest in land either platted or unplatted within the limits of the city, which interest in land consists of a right or privilege in the owner of the land to offset certain amounts against special assessments levied by the governing body, the city council, or the board of park commissioners of such city for park or parkway purposes, or both.

History: 1997 c 7 art 4 s 6

465.20 APPLICATION.

Sections 465.19 and 465.20 shall apply to all cities including those now or hereafter governed by a charter adopted pursuant to the Constitution of the state of Minnesota, article IV, section 36, article XI, section 4, or article XII, section 5.

History: 1997 c 7 art 4 s 7

465.71 INSTALLMENT AND LEASE PURCHASES; CITIES; COUNTIES; SCHOOL DISTRICTS.

A home rule charter city, statutory city, county, town, or school district may purchase personal property under an installment contract, or lease real or personal property with an option to purchase under a lease-purchase agreement, by which contract or agreement title is retained by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any, but such purchases are subject to statutory and charter provisions applicable to the purchase of real or personal property. For purposes of the bid requirements contained in section 471.345, "the amount of the contract" shall include the total of all lease payments for the entire term of the lease under a lease-purchase agreement. The obligation created by a lease-purchase agreement for personal property or a lease-purchase agreement for real property if the amount of the contract for purchase of the real property is less than \$1,000,000 shall not be included in the calculation of net debt for purposes of section 475.53, and shall not constitute debt under any other statutory provision. No election shall be required in connection with the execution of a lease-purchase agreement authorized by this section. The city, county, town, or school district must have the right to terminate a lease-purchase agreement at the end of any fiscal year during its term.

History: 1997 c 231 art 2 s 33

465.715 POLITICAL SUBDIVISIONS; LEASE PURCHASE AGREEMENTS; CORPORATIONS.

Subdivision 1. **Statutory authorization required.** A county, home rule charter city, statutory city, town, school district, or other political subdivision may not create a corporation, whether for profit or not for profit, unless explicitly authorized to do so by law.

Subd. 2. **Pre-December 1, 1996, lease purchase agreements.** The validity of any lease purchase agreement entered into prior to December 1, 1996, and subsequent refinanc-

ings are not affected by either the amount of consideration paid by a lessor for an interest in real property or, in the case of lessors organized by or on behalf of the city, county, town, or school district, any defect in or lack of authority to organize such entity. A nonprofit corporation organized by or on behalf of a city, county, town, or school district, for the purpose of a lease purchase agreement, may continue in existence until the end of any lease agreement in effect on December 1, 1996, but thereafter is dissolved. During its existence, the nonprofit corporation shall conduct only business that is necessary and directly related to the lease agreement. The nonprofit corporation is a public corporation for purposes of section 465.035 and is subject to all laws as if it were a part of the city, county, town, or school district.

History: 1997 c 219 s 7; 1997 c 231 art 16 s 19

465.79 ESTABLISHMENT OF BOUNDARY COMMISSION.

Subdivision 1. City council, town or county board. By resolution, the city council of a statutory or home rule charter city, town board, or county board may create a boundary commission. Members of the commission shall be residents of the county or counties in which the city or town is located who are familiar with real property.

Subd. 2. Duties of boundary commission. Upon initiation by resolution of the governing body or upon petition of an adjoining or affected property owner, the boundary commission shall review property descriptions of the disputed areas in the respective jurisdiction. Upon mailed notice to all known parties in interest, the commission shall attempt to establish agreements between adjoining landowners as to the location of common boundaries as delineated by a certified land survey. If agreement cannot be reached, the commission shall make a recommendation as to the location of the common boundaries within the disputed area. The commission shall prepare a plan designating all agreed and recommended boundary lines and report to the city council, town board, or county board.

Subd. 3. Hearing. Upon receipt of the plan and a report from the commission, the city council, town board, or county board shall hold a public hearing. The council, town board, or county board shall give mailed notice to all known parties in interest and published notice 20 days prior to the hearing. The council, town board, or county board shall hear all interested parties and may make adjustments to the proposed plan that it deems just and necessary.

Subd. 4. Judicial review. Following the public hearing, the council or board may petition the district court for judicial approval of the proposed plan. If any affected parcel is land registered under chapter 508, the petition must be referred to the examiner of titles for a report. The council or board shall provide sufficient information to identify all parties in interest and shall give notice to parties in interest as the court may order. The court shall determine the location of any contested, disputed, or unagreed boundary and shall determine adverse claims to each parcel as provided in chapter 559. After hearing and determining all disputes, the court shall issue its judgment in the form of a plat complying with chapter 505 and an order designating the owners and encumbrancers of each lot. Real property taxes need not be paid or current as a condition of filing the plat, notwithstanding the requirements of section 505.04.

Subd. 5. Special assessments. The city or board may assess part or all of the cost incurred by it against the benefited properties on a per parcel basis as provided in chapter 429.

History: 1997 c 78 s 1

465.797 RULE AND LAW WAIVER REQUESTS.

[For text of subs 1 to 5, see M.S.1996]

Subd. 5a. Exemptions granted. Notwithstanding subdivision 5, exemptions from enforcement of law granted by the board during calendar year 1995 remain in effect until June 30, 1999. An exemption granted by the board for Itasca county during calendar year 1996 allowing the county to implement a demonstration project to determine the feasibility of using a managed care model for financing chemical dependency treatment services remains in effect until June 30, 1999. This subdivision expires June 30, 1999.

[For text of subs 6 and 7, see M.S.1996]

History: 1997 c 42 s 1

465.803 REPAYMENT OF GRANTS.

Subdivision 1. **Repayment procedures.** Without regard to whether a grant recipient offered to repay the grant in its original application, as part of a grant awarded under section 465.798, 465.799, or 465.801, the board may require the grant recipient to repay all or part of the grant if the board determines the project funded by the grant resulted in an actual savings for the participating local units of government. The grant agreement must specify how the savings are to be determined and the period of time over which the savings will be used to calculate a repayment requirement. The repayment of grant money under this section may not exceed an amount equal to the total savings achieved through the implementation of the project multiplied by the total amount of the grant divided by the total budget for the project and may not exceed the total amount of the original grant.

Subd. 2. **Bonus points.** In addition to the points awarded to competitive grant applications under section 465.802, the board shall award additional points to any applicant that projects a potential cost savings through the implementation of its project and offers to repay the grant money under the formula in subdivision 1.

Subd. 3. **Use of repayment revenue.** All grant money repaid to the board under this section is appropriated to the board for additional grants authorized by sections 465.798, 465.799, and 465.801.

History: 1997 c 202 art 2 s 49

465.81 COOPERATION AND COMBINATION.

Subdivision 1. **Scope.** Sections 465.81 to 465.87 establish procedures to be used by counties, cities, or towns that adopt by resolution an agreement providing a plan to provide combined services during an initial cooperation period that may not exceed two years and then:

- (1) to merge into a single unit of government over the succeeding two-year period; or
- (2) to agree to apportion the entire area of at least one local government unit between or among two or more local government units contiguous to the unit to be apportioned, resulting in the elimination of at least one local government unit over the succeeding two years.

[For text of subd 2, see M.S.1996]

Subd. 3. **Combination requirements.** Counties may combine with one or more other counties. Cities may combine with one or more other cities or with one or more towns. Towns may combine with one or more other towns or with one or more cities. Units that combine must be contiguous. A county, through the adoption of a resolution by all county boards that are affected by the combination, may apportion its territory between or among two or more counties contiguous to the county that is to be apportioned. A city, through the adoption of a resolution by all city councils that are affected by the combination, may apportion its territory between or among two or more cities contiguous to the city that is to be apportioned. A township, through the adoption of a resolution by all town boards or city councils that are affected by the combination, may apportion its territory between or among two or more townships or cities contiguous to the township that is to be apportioned.

History: 1997 c 231 art 2 s 34,35

465.82 COOPERATION AND COMBINATION PLAN.

Subdivision 1. **Adoption and state agency review.** Each governing body that proposes to take part in a combination under sections 465.81 to 465.87 must by resolution adopt a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative proposals for an item that will occur more than three years in the future. The plan must be submitted to the board of government innovation and cooperation for review and comment. For a metropolitan area local government unit, the plan must also be submitted to the metropolitan council for review and comment. The council may point out any resources or technical assistance it may be able to provide a governing body submitting a plan under this subdivision. Significant modifications and specific resolutions of items must be sub-

mitted to the board and council, if appropriate, for review and comment. In the official newspaper of each local government unit proposing to take part in the combination, the governing body shall publish at least a summary of the adopted plans, each significant modification and resolution of items, and, if appropriate, the results of each board and council review and comment. If a territory of a unit is to be apportioned between or among two or more units contiguous to the unit that is to be apportioned, the plan must specify the area that will become a part of each remaining unit.

Subd. 2. Contents of plan. The plan must state:

(1) the specific cooperative activities the units will engage in during the first two years of the venture;

(2) the steps to be taken to effect the merger of the governmental units, with completion no later than four years after the process begins;

(3) the steps by which a single governing body will be created or, when the entire territory of a unit will be apportioned between or among two or more units contiguous to the unit that is to be apportioned, the steps to be taken by the governing bodies of the remaining units to provide for representation of the residents of the apportioned unit;

(4) changes in services provided, facilities used, and administrative operations and staffing required to effect the preliminary cooperative activities and the final merger, and a two-, five-, and ten-year projection of expenditures for each unit if it combined and if it remained separate;

(5) treatment of employees of the merging governmental units, specifically including provisions for reassigning employees, dealing with exclusive representatives, and providing financial incentives to encourage early retirements;

(6) financial arrangements for the merger, specifically including responsibility for debt service on outstanding obligations of the merging units;

(7) one- and two-year impact analyses, prepared by the granting state agency at the request of the local government unit, of major state aid revenues received for each unit if it combined and if it remained separate, including an impact analysis, prepared by the department of revenue, of any property tax revenue implications associated with tax increment financing districts and fiscal disparities under chapter 276A or 473F resulting from the merger;

(8) procedures for a referendum to be held before the proposed combination to approve combining the local government units, specifically stating whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination is needed to pass the referendum; and

(9) a time schedule for implementation.

Notwithstanding clause (3) or any other law to the contrary, all current members of the governing bodies of the local government units that propose to combine under sections 465.81 to 465.88 may serve on the initial governing body of the combined unit until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached.

Subd. 3. Interim governing body. The plan for cooperation and combination adopted in accordance with subdivision 1 may establish an interim governing body to act on behalf of the new local government unit before the effective date of the combination. If established, the interim governing body must consist of at least a majority of the elected officials from each local government unit taking part in the combination. If the plan establishes an interim governing body, the governing body of each unit taking part in the combination shall appoint its representatives to serve on the interim governing body. An interim governing body may not take any official action on behalf of the new local government unit before approval of the combination through the referendum required by section 465.84. After approval of the combination through the referendum, and before the effective date of the combination, an interim governing body may exercise all statutory authority of the governing body of the new local government unit, including the authority to enter into contracts and adopt policies and local ordinances.

History: 1997 c 231 art 2 s 36-38

465.87 AIDS TO COOPERATING AND COMBINING UNITS.

[For text of subd 1, see M.S.1996]

Subd. 1a. Additional eligibility. A local government unit is eligible to apply for aid under this section if it has combined with another unit of government in accordance with any process within chapter 414 that results in the elimination of at least one local government unit and a copy of the municipal board's order or orders combining the units of government is forwarded to the board. If the municipal board issues two or more orders within 30 days for the annexation of the area of an entire township by two or more cities contiguous to the township, the cities subject to the board's order are eligible to receive pro rata shares, on the basis of their populations, of the total amount of cooperation and combination aid all participating units of government would be eligible to receive under subdivision 2. If two units of government cooperate in the orderly annexation of the entire area of a third unit of government which has a population of at least 8,000 people, the two units of government are each eligible for the amount of aid specified in subdivision 2.

[For text of subds 1b and 1c, see M.S.1996]

Subd. 2. Amount of aid. The annual amount of aid to be paid to each eligible local government unit may not exceed the following per capita amounts, based on the combined population of the units, as estimated by the state demographer, or \$100,000, whichever is less.

Combined Population after Combination	Aid Per Capita
0 - 2,500	\$25
2,500 - 5,000	20
5,000 - 20,000	15
over 20,000	10

If two or more units are eligible for a single award under this subdivision, the award must be divided among the units in pro rata shares based on each unit's population. Payments must be made on the dates provided for payments of local government aid under section 477A.013, beginning in the year during which substantial cooperative activities under the plan initially occur, unless those activities begin after July 1, in which case the initial aid payment must be made in the following calendar year. Payments to a local government unit that qualifies for aid under subdivision 1a must be made on the dates provided for payments of local government aids under section 477A.013, beginning in the calendar year during which a combination in any form is expected to be ordered by the Minnesota municipal board as evidenced in a resolution adopted by July 1 by the affected local government units declaring their intent to combine. The resolutions must certify that the combination agreement addressing all issues relative to the combination is substantially complete. The total amount of aid paid may not exceed the amount appropriated to the board for purposes of this section.

[For text of subd 3, see M.S.1996]

History: 1997 c 231 art 2 s 39,40

465.88 PLANNING AID FOR CONSOLIDATION STUDIES.

Two or more local units of government with a combined population of 30,000 or less based on the most recent decennial census may apply to the board for aid to assist in the study of a possible consolidation or combination. To be eligible for receipt of aid under this section, the local units of government must be subject to a municipal board proceeding to form a consolidation commission under section 414.041, subdivision 2, or the governing bodies of the local units of government must have approved a resolution expressing their intent to develop and submit a combination plan for consideration by the board. The application must be on a form prescribed by the board and must provide a proposed budget detailing how the requested aid is to be used. The governing bodies of the local units of government shall also approve resolutions certifying that the requested aid is essential for paying a portion of the costs associated with the consolidation or combination study. The board may grant up to

\$10,000 in aid for each application received. Two or more local government units with a combined population of at least 2,500 but not greater than 30,000, based on the most recent decennial census, must agree to provide at least \$1 for the study of a possible consolidation or combination for each dollar of aid granted by the board under this section.

History: *1997 c 231 art 2 s 41*