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HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. 1973

March 12, 2007

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The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs

March 19, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Finance

May 9, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Taxes

May 14, 2007

Committee Recommendation and Adoption of Report:

To Pass as Amended

Read Second Time

1.1 A bill for an act
1.2 relating to local government; enabling the merger of the Minneapolis Public
1.3 Library and the Hennepin County library system; authorizing the transfer of
1.4 property, assets, and certain bond proceeds related to the Minneapolis Public
1.5 Library to Hennepin County; authorizing the transfer of Minneapolis Public
1.6 Library employees to Hennepin County; amending Minnesota Statutes 2006,
1.7 sections 275.065, subdivision 3; 383B.237; 383B.239; 383B.245; 383B.247.

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

1.9 ARTICLE 1
1.10 LIBRARY MERGER

1.11 Section 1. PURPOSE AND PREEMPTION.

1.12 This act enables the merger of the Minneapolis Public Library and the Hennepin
1.13 County library system for the purpose of providing better service to the public, building
1.14 on the respective strengths of the two systems and maximizing long-term operating
1.15 efficiencies, service effectiveness and the advantages of new technology, and providing
1.16 programs and services responsive to the diverse and changing needs and interests of all
1.17 persons and communities served. This act supersedes any contrary Minnesota laws and
1.18 provisions of the home rule charter and ordinances of the city of Minneapolis.

1.19 Sec. 2. DEFINITIONS.

1.20 (a) For the purposes of this act, the terms defined in this section have the meanings
1.21 given unless the context clearly indicates otherwise.

1.22 (b) "Merger date" means the first day after certificates of local approval of this act
1.23 have been filed by the Minneapolis Library Board, the city of Minneapolis, and Hennepin

2.1 County in compliance with Minnesota Statutes, section 645.021, subdivision 3, and the
2.2 transactional documents have been executed.

2.3 (c) "Hennepin County library system" means the system of public libraries created
2.4 and maintained by Hennepin County pursuant to Minnesota Statutes, sections 383B.237
2.5 to 383B.245.

2.6 (d) "Minneapolis Public Library" means the system of public libraries, including real
2.7 property and assets, under the jurisdiction of the Minneapolis Library Board.

2.8 (e) "Minneapolis Library Board" means the library board created in chapter 17,
2.9 section 1, of the city of Minneapolis Charter.

2.10 (f) "Transactional documents" means the agreements and documents needed to
2.11 effectuate the efficient merger of the Minneapolis Public Library and the Hennepin County
2.12 library system pursuant to this act.

2.13 **Sec. 3. TRANSFER OF ASSETS.**

2.14 Notwithstanding any other law to the contrary, the Minneapolis Library Board and
2.15 the city of Minneapolis shall transfer to Hennepin County on the merger date any and all
2.16 of their interest in and rights and title to real property and assets of the Minneapolis Public
2.17 Library for use in and for the benefit of the consolidated Hennepin County library system.
2.18 The real property and assets include, but are not limited to, all buildings and land, leasehold
2.19 interests, the full library collection, and all equipment, copyrights, trademarks, licenses,
2.20 artwork, furnishings, and other personal property of the Minneapolis Library Board.

2.21 **Sec. 4. MINNEAPOLIS CENTRAL LIBRARY PARKING RAMP.**

2.22 (a) Notwithstanding any other law to the contrary, the city of Minneapolis shall
2.23 transfer to Hennepin County on the merger date all of its interest in and rights and title to
2.24 the parking ramp attached to the Central Library of the Minneapolis Public Library.

2.25 (b) After the transfer of the parking ramp, Hennepin County will have the right to
2.26 operate, or contract to operate, and receive all revenues from the operation of the ramp.

2.27 (c) The city of Minneapolis will continue to be responsible for any outstanding
2.28 bonds or other debt instruments issued to fund construction of the parking ramp. Hennepin
2.29 County must reimburse the city of Minneapolis in amounts equal to payments for
2.30 principal and interest on the bonds or other debt instruments attributable to the debt for
2.31 the construction of the ramp or redemption payments, according to terms agreed between
2.32 the county and the city.

2.33 **Sec. 5. TRANSFER OF EMPLOYEES.**

3.1 (a) All persons employed in a permanent position by the Minneapolis Library Board
3.2 on the day before the merger date shall be transferred to the employment of Hennepin
3.3 County on the merger date and be subject to the provisions of Minnesota Statutes,
3.4 sections 383B.26 to 383B.457. The transfer of employees pursuant to this section does
3.5 not constitute severance or termination of employment or a layoff entitling transferred
3.6 employees to severance pay, termination benefits, a retirement plan refund, or any other
3.7 right that may be applicable in the case of severance, termination, or layoff.

3.8 (b) Employees transferred pursuant to this section shall be allocated by the Hennepin
3.9 County Human Resources Director to a position in an appropriate classification within the
3.10 county's classification system. Transferred employees who are classified into a Hennepin
3.11 County job classification that is represented by an exclusive representative under
3.12 Minnesota Statutes, chapter 179A, shall be assigned to the existing Hennepin County
3.13 collective bargaining unit that represents the transferred employee's Hennepin County job
3.14 classification. A transferred employee in a nonsupervisory, nonconfidential position must
3.15 also retain representation by an exclusive representative if:

3.16 (i) the employee's position in the county classification system is comparable to the
3.17 position last held within the Minneapolis Public Library; and

3.18 (ii) an exclusive representative had represented the employee while an employee of
3.19 the Minneapolis library system.

3.20 (c) Employees transferred pursuant to this section shall retain employment and
3.21 accrued benefits and, for seniority purposes, their date of county employment will be
3.22 recorded by the employee's most recent date of employment with the Minneapolis Library
3.23 Board. "Accrued benefits" for the purposes of this section means the balance of accrued
3.24 hours of vacation, sick leave, paid time off, compensatory time, and deferred holidays.

3.25 **Sec. 6. MINNEAPOLIS EMPLOYEE RETIREMENT FUND PARTICIPANTS.**

3.26 Employees transferred to Hennepin County employment pursuant to section 5 who
3.27 are members of the Minneapolis Employee Retirement Fund, under Minnesota Statutes,
3.28 chapter 422A, on the day before the merger date may continue their participation in that
3.29 retirement fund upon agreement between the city of Minneapolis and Hennepin County
3.30 set out in the transactional documents that the city shall indemnify Hennepin County for
3.31 any and all unfunded liabilities of the Minneapolis Employees Retirement Fund related
3.32 to these transferring participants.

3.33 **Sec. 7. EXISTING DEBT AND UNISSUED CAPITAL IMPROVEMENT**
3.34 **BONDS.**

4.1 (a) The city of Minneapolis shall be solely responsible for payments on all bonds
4.2 issued prior to the merger date by the city of Minneapolis the proceeds of which were
4.3 applied to finance any portion of the Minneapolis Public Library.

4.4 (b) The city of Minneapolis shall issue bonds, as provided in the transactional
4.5 documents, before or after the merger date, for the remaining balance of the sum authorized
4.6 by the November 7, 2000, voter referendum to finance public library improvements, and
4.7 bonds for library capital improvements contained in the city's capital improvement plans.
4.8 The city of Minneapolis shall be solely responsible for all payments thereunder.

4.9 (c) All unspent proceeds from bonds referenced in paragraph (a) and paragraph
4.10 (b) shall be transferred to Hennepin County as provided in the transactional documents
4.11 to be used solely for capital improvements for the libraries located within the city of
4.12 Minneapolis and in a manner consistent with the terms of the purposes established for
4.13 the issuance of the bonds. Nothing in this section obligates Hennepin County to fund any
4.14 capital improvements in any amounts above and beyond the amount of the proceeds
4.15 transferred under this section.

4.16 (d) The outstanding principal and interest due for all bonds issued by Hennepin
4.17 County pursuant to Minnesota Statutes, section 383B.245, prior to the merger of the
4.18 Minneapolis Public Library and the Hennepin County library system shall be paid by levy
4.19 of a tax on the taxable property within the county outside the city of Minneapolis.

4.20 **Sec. 8. OPERATING FUNDS.**

4.21 (a) In addition to any tax revenues that may be levied by Hennepin County to
4.22 operate the consolidated Hennepin County library system and in addition to any other
4.23 obligations set out in this act, the city of Minneapolis shall contribute funds as specified
4.24 in paragraphs (b) and (c).

4.25 (b) The city of Minneapolis shall contribute operating funds to Hennepin County for
4.26 the library system for a period of ten years after the effective date. The contribution in the
4.27 first year will be in the amount of \$7,800,000. The annual contribution after the first year
4.28 will be in an amount that declines \$780,000 per year from the previous year.

4.29 (c) The city of Minneapolis shall contribute funding to Hennepin County in addition
4.30 to the operating funds referenced in paragraph (b) for a period of eight years after the
4.31 effective date to extend the hours of operation of the public libraries located in the city
4.32 of Minneapolis as determined by the city in an amount provided in the transactional
4.33 documents. In the first three years after the effective date, the city of Minneapolis will
4.34 provide full funding for any such extension of hours of operation, including the costs of
4.35 reopening any shuttered Minneapolis public libraries. The contribution by the city of

5.1 Minneapolis will decline by an equal amount per year over the remaining five years as
5.2 provided in the transactional documents.

5.3 **Sec. 9. PLANETARIUM.**

5.4 Any unspent balance in the grant to the city of Minneapolis provided in Laws
5.5 2005, chapter 20, article 1, section 23, subdivision 16, paragraph (a), shall be redirected
5.6 and assigned to Hennepin County.

5.7 **Sec. 10. MINNEAPOLIS LIBRARY BOARD.**

5.8 (a) Notwithstanding any other laws to the contrary or any provision of the
5.9 Minneapolis city charter, the Minneapolis Library Board and all of its functions will be
5.10 dissolved upon the merger date.

5.11 (b) All outstanding liabilities of the Minneapolis Library Board as of the merger date
5.12 will be assumed by the city of Minneapolis as provided in the transactional documents.

5.13 **Sec. 11. BALLPARK TAX LEVY.**

5.14 (a) The funds allowed pursuant to Minnesota Statutes, section 473.757, subdivision
5.15 2, for the purpose of extending the hours of operation of Hennepin County libraries and
5.16 Minneapolis public libraries shall apply to the merged system of the Minneapolis and
5.17 Hennepin County libraries after the merger date.

5.18 (b) Any funds expended pursuant to Minnesota Statutes, section 473.757,
5.19 subdivision 2, shall be in supplement to those funds used to extend the hours of operation
5.20 referenced in section 8, paragraph (c).

5.21 **Sec. 12. TRANSACTIONAL DOCUMENTS.**

5.22 The Minneapolis Library Board, the city of Minneapolis, and Hennepin County
5.23 may enter into transactional documents to effectuate the merger of the library systems as
5.24 provided in this act.

5.25 **ARTICLE 2**

5.26 **STATUTORY CHANGES**

5.27 Section 1. Minnesota Statutes 2006, section 275.065, subdivision 3, is amended to read:

5.28 **Subd. 3. Notice of proposed property taxes.** (a) The county auditor shall prepare
5.29 and the county treasurer shall deliver after November 10 and on or before November 24
5.30 each year, by first class mail to each taxpayer at the address listed on the county's current
5.31 year's assessment roll, a notice of proposed property taxes.

6.1 (b) The commissioner of revenue shall prescribe the form of the notice.

6.2 (c) The notice must inform taxpayers that it contains the amount of property taxes
6.3 each taxing authority proposes to collect for taxes payable the following year. In the case
6.4 of a town, or in the case of the state general tax, the final tax amount will be its proposed
6.5 tax. In the case of taxing authorities required to hold a public meeting under subdivision 6,
6.6 the notice must clearly state that each taxing authority, including regional library districts
6.7 established under section 134.201, and including the metropolitan taxing districts as
6.8 defined in paragraph (i), but excluding all other special taxing districts and towns, will
6.9 hold a public meeting to receive public testimony on the proposed budget and proposed or
6.10 final property tax levy, or, in case of a school district, on the current budget and proposed
6.11 property tax levy. It must clearly state the time and place of each taxing authority's
6.12 meeting, a telephone number for the taxing authority that taxpayers may call if they have
6.13 questions related to the notice, and an address where comments will be received by mail.

6.14 (d) The notice must state for each parcel:

6.15 (1) the market value of the property as determined under section 273.11, and used
6.16 for computing property taxes payable in the following year and for taxes payable in the
6.17 current year as each appears in the records of the county assessor on November 1 of the
6.18 current year; and, in the case of residential property, whether the property is classified as
6.19 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
6.20 which the market values apply and that the values are final values;

6.21 (2) the items listed below, shown separately by county, city or town, and state general
6.22 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
6.23 approved school levy, other local school levy, and the sum of the special taxing districts,
6.24 and as a total of all taxing authorities:

6.25 (i) the actual tax for taxes payable in the current year; and

6.26 (ii) the proposed tax amount.

6.27 If the county levy under clause (2) includes an amount for a lake improvement
6.28 district as defined under sections 103B.501 to 103B.581, the amount attributable for that
6.29 purpose must be separately stated from the remaining county levy amount.

6.30 In the case of a town or the state general tax, the final tax shall also be its proposed
6.31 tax unless the town changes its levy at a special town meeting under section 365.52. If a
6.32 school district has certified under section 126C.17, subdivision 9, that a referendum will
6.33 be held in the school district at the November general election, the county auditor must
6.34 note next to the school district's proposed amount that a referendum is pending and that,
6.35 if approved by the voters, the tax amount may be higher than shown on the notice. In
6.36 the case of the city of Minneapolis, ~~the levy for the Minneapolis Library Board and the~~

7.1 levy for Minneapolis Park and Recreation shall be listed separately from the remaining
7.2 amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul
7.3 Library Agency must be listed separately from the remaining amount of the city's levy.
7.4 In the case of Ramsey County, any amount levied under section 134.07 may be listed
7.5 separately from the remaining amount of the county's levy. In the case of a parcel where
7.6 tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies,
7.7 the proposed tax levy on the captured value or the proposed tax levy on the tax capacity
7.8 subject to the areawide tax must each be stated separately and not included in the sum of
7.9 the special taxing districts; and

7.10 (3) the increase or decrease between the total taxes payable in the current year and
7.11 the total proposed taxes, expressed as a percentage.

7.12 For purposes of this section, the amount of the tax on homesteads qualifying under
7.13 the senior citizens' property tax deferral program under chapter 290B is the total amount
7.14 of property tax before subtraction of the deferred property tax amount.

7.15 (e) The notice must clearly state that the proposed or final taxes do not include
7.16 the following:

7.17 (1) special assessments;

7.18 (2) levies approved by the voters after the date the proposed taxes are certified,
7.19 including bond referenda and school district levy referenda;

7.20 (3) a levy limit increase approved by the voters by the first Tuesday after the first
7.21 Monday in November of the levy year as provided under section 275.73;

7.22 (4) amounts necessary to pay cleanup or other costs due to a natural disaster
7.23 occurring after the date the proposed taxes are certified;

7.24 (5) amounts necessary to pay tort judgments against the taxing authority that become
7.25 final after the date the proposed taxes are certified; and

7.26 (6) the contamination tax imposed on properties which received market value
7.27 reductions for contamination.

7.28 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or
7.29 the county treasurer to deliver the notice as required in this section does not invalidate the
7.30 proposed or final tax levy or the taxes payable pursuant to the tax levy.

7.31 (g) If the notice the taxpayer receives under this section lists the property as
7.32 nonhomestead, and satisfactory documentation is provided to the county assessor by the
7.33 applicable deadline, and the property qualifies for the homestead classification in that
7.34 assessment year, the assessor shall reclassify the property to homestead for taxes payable
7.35 in the following year.

8.1 (h) In the case of class 4 residential property used as a residence for lease or rental
8.2 periods of 30 days or more, the taxpayer must either:

8.3 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,
8.4 renter, or lessee; or

8.5 (2) post a copy of the notice in a conspicuous place on the premises of the property.

8.6 The notice must be mailed or posted by the taxpayer by November 27 or within
8.7 three days of receipt of the notice, whichever is later. A taxpayer may notify the county
8.8 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to
8.9 which the notice must be mailed in order to fulfill the requirements of this paragraph.

8.10 (i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special
8.11 taxing districts" means the following taxing districts in the seven-county metropolitan area
8.12 that levy a property tax for any of the specified purposes listed below:

8.13 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
8.14 473.446, 473.521, 473.547, or 473.834;

8.15 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;
8.16 and

8.17 (3) Metropolitan Mosquito Control Commission under section 473.711.

8.18 For purposes of this section, any levies made by the regional rail authorities in the
8.19 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
8.20 398A shall be included with the appropriate county's levy and shall be discussed at that
8.21 county's public hearing.

8.22 (j) The governing body of a county, city, or school district may, with the consent
8.23 of the county board, include supplemental information with the statement of proposed
8.24 property taxes about the impact of state aid increases or decreases on property tax
8.25 increases or decreases and on the level of services provided in the affected jurisdiction.

8.26 This supplemental information may include information for the following year, the current
8.27 year, and for as many consecutive preceding years as deemed appropriate by the governing
8.28 body of the county, city, or school district. It may include only information regarding:

8.29 (1) the impact of inflation as measured by the implicit price deflator for state and
8.30 local government purchases;

8.31 (2) population growth and decline;

8.32 (3) state or federal government action; and

8.33 (4) other financial factors that affect the level of property taxation and local services
8.34 that the governing body of the county, city, or school district may deem appropriate to
8.35 include.

9.1 The information may be presented using tables, written narrative, and graphic
9.2 representations and may contain instruction toward further sources of information or
9.3 opportunity for comment.

9.4 Sec. 2. Minnesota Statutes 2006, section 383B.237, is amended to read:

9.5 **383B.237 LIBRARY SYSTEM.**

9.6 The Hennepin County Board of Commissioners may establish and maintain a system
9.7 of public libraries for the free use of the residents of the county. The board shall determine
9.8 the locations of the libraries, and may levy taxes for library operations and maintenance
9.9 on all taxable property within the county ~~which was not taxed in 1980 by the city of~~
9.10 ~~Minneapolis for the support of any free public library.~~ The county may acquire, lease,
9.11 construct, alter, or contract for the use of any real or personal property necessary for the
9.12 establishment and operation of a free county library system. Acquisition of real property
9.13 may be undertaken in accordance with chapter 117.

9.14 Sec. 3. Minnesota Statutes 2006, section 383B.239, is amended to read:

9.15 **383B.239 BOARD.**

9.16 The county board shall direct, operate and manage the county library system. A
9.17 county library board consisting of ~~seven~~ 11 members who reside in the county library
9.18 service area shall be appointed by the county board. For the first three years following
9.19 the merger of the Minneapolis Public Library and the Hennepin County library system,
9.20 three of the members shall be residents of the city of Minneapolis. The library board shall
9.21 provide advice and make recommendations on any matter pertaining to the library system
9.22 to the county board and the library director and shall exercise the powers and perform the
9.23 duties delegated to it by the county board, which may include, but are not limited to, the
9.24 establishment of rules governing library operations, review of the annual operating budget
9.25 for submission to the county board, development of a long-range plan and acceptance of
9.26 gift and trust funds. The library board shall determine the contents of the collections of the
9.27 library system and shall be responsible for the use of library meeting rooms.

9.28 Sec. 4. Minnesota Statutes 2006, section 383B.245, is amended to read:

9.29 **383B.245 LIBRARY LEVY.**

9.30 (a) The county board may levy a tax on the taxable property within the county
9.31 ~~outside of any city in which is situated a free public library of the city to acquire, better,~~

10.1 and construct county library buildings and branches and to pay principal and interest
10.2 on bonds issued for that purpose.

10.3 (b) The county board may by resolution adopted by a five-sevenths vote issue and
10.4 sell general obligation bonds of the county in the manner provided in sections 475.60 to
10.5 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59, but
10.6 the maturity years and amounts and interest rates of each series of bonds shall be fixed
10.7 so that the maximum amount of principal and interest to become due in any year, on the
10.8 bonds of that series and of all outstanding series issued by or for the purposes of libraries,
10.9 shall not exceed an amount equal to 0.01612 percent of market value of all taxable
10.10 property in the county, ~~which was not taxed in 1987 by any city for the support of any~~
10.11 ~~free public library~~, as last finally equalized before the issuance of the new series. When
10.12 the tax levy authorized in this section is collected it shall be appropriated and credited to
10.13 a debt service fund for the bonds in amounts required each year in lieu of a countywide
10.14 tax levy for the debt service fund under section 475.61.

10.15 Sec. 5. Minnesota Statutes 2006, section 383B.247, is amended to read:

10.16 **383B.247 MERGER.**

10.17 The county and the library board of the city of Minneapolis may agree to merge their
10.18 public library systems at a time and in a manner as they may agree as enabled pursuant to
10.19 this act. ~~The merger shall be subject to enabling legislation by the legislature.~~

10.20 Sec. 6. **EFFECTIVE DATE.**

10.21 This act is effective the day after the transactional documents have been fully
10.22 executed and certificates of local approval have been filed by the Minneapolis Library
10.23 Board, the city of Minneapolis, and Hennepin County in compliance with Minnesota
10.24 Statutes, section 645.021, subdivision 3. The Minneapolis Library Board, the city of
10.25 Minneapolis, and Hennepin County must not file a certificate of local approval until the
10.26 Minneapolis Library Board, the city of Minneapolis, and the exclusive representatives of
10.27 the Minneapolis library employees have reached an agreement addressing the impact of
10.28 the merger on employees.