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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3322**

February 21, 2008

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

1.1 A bill for an act
1.2 relating to municipalities; authorizing municipalities to establish street
1.3 improvement districts and apportion street improvement fees within districts;
1.4 requiring adoption of street improvement plan; authorizing collection of fees;
1.5 proposing coding for new law in Minnesota Statutes, chapter 435.

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

1.7 Section 1. **[435.39] MUNICIPAL STREET IMPROVEMENT DISTRICTS.**

1.8 Subdivision 1. Definitions. For the purposes of this section, the following terms
1.9 have the meanings given.

1.10 (a) "Municipality" means a home rule charter or statutory city.

1.11 (b) "Governing body" means the city council of a municipality.

1.12 (c) "Municipal street" means a street, alley, or public way, as to which the
1.13 municipality is the road authority with powers conferred by section 429.021.

1.14 (d) "Street improvement district" means a geographic area designated by a
1.15 municipality within which street improvements and maintenance may be undertaken and
1.16 financed in accordance with this section.

1.17 (e) "Improvements" means construction, reconstruction, and facility upgrades
1.18 involving any or all of the following: right-of-way acquisition; paving; curbs and gutters;
1.19 bridges and culverts and their repair; milling; overlaying; drainage and storm sewers;
1.20 excavation; base work; subgrade corrections; street lighting; traffic signals; signage;
1.21 sidewalks; pavement markings; boulevard and easement restoration; impact mitigation;
1.22 connection and reconnection of utilities; turn lanes; medians; street and alley returns;
1.23 retaining walls; fences; lane additions; and fixed transit infrastructure.

1.24 (f) "Maintenance" means striping, seal coating, crack sealing, pavement repair,
1.25 sidewalk maintenance, signal maintenance, street light maintenance, and signage.

2.1 Subd. 2. **Authorization.** A municipality may establish by ordinance municipal
2.2 street improvement districts and may defray all or part of the total costs of municipal
2.3 street improvements and maintenance by apportioning street improvement fees to all of
2.4 the parcels located in the district.

2.5 Subd. 3. **Uniformity.** The total costs of municipal street improvements and
2.6 maintenance must be apportioned to all parcels or tracts of land located in the established
2.7 street improvement district on a uniform basis within each classification of real estate.

2.8 Subd. 4. **Adoption of plan.** Before establishing a municipal street improvement
2.9 district or authorizing a street improvement fee, a municipality must propose and adopt a
2.10 street improvement plan that identifies and estimates the costs of proposed improvements
2.11 and maintenance for the following five years and identifies the location of the municipal
2.12 street improvement district. Notice of a public hearing on the proposed plan must be given
2.13 by mail to all affected landowners at least ten days before the hearing and posted for at
2.14 least ten days before the hearing. At the public hearing, the governing body must present
2.15 the plan, and all affected landowners in attendance must have the opportunity to comment
2.16 before the governing body considers adoption of the plan.

2.17 Subd. 5. **Use of fees.** Revenues collected from property in a district from the
2.18 fee authorized in this section must be placed in a separate account and be used only
2.19 for projects located within that same district and identified in the municipal street
2.20 improvement district plan.

2.21 Subd. 6. **Collection; up to 20 years.** The ordinance adopted under this section must
2.22 provide for the billing and payment of the fee on a monthly, quarterly, or other basis
2.23 as directed by the governing body. The governing body may collect municipal street
2.24 improvement fees on all street improvement project districts for up to a maximum of 20
2.25 years. Fees that, as of October 15 of each calendar year, have remained unpaid for at
2.26 least 30 days may be certified to the county auditor for collection as a special assessment
2.27 payable in the following calendar year against the affected property.

2.28 Subd. 7. **Notice; hearings.** A municipality may impose by ordinance a municipal
2.29 street improvement fee. The ordinance must not be voted on or adopted until after a
2.30 public hearing has been held on the question.

2.31 Subd. 8. **Special assessments; bonds; property tax levies.** The use of the
2.32 municipal street improvement fee by a municipality does not restrict the municipality from
2.33 imposing other measures to pay the costs of local street improvements or maintenance
2.34 such as levying special assessments, issuing bond debt, or levying property taxes.