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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. **3746**

March 4, 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 local government; authorizing cities to impose a transportation utility  
1.3 fee; proposing coding for new law in Minnesota Statutes, chapter 275.

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

1.5 Section 1. **[275.084] TRANSPORTATION UTILITY FEE.**

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

1.8 (a) "Facility upgrade" means traffic signals, turn lanes, medians, street approaches,  
1.9 alleys, rights-of-way, sidewalks, retaining walls, fence installation, and additional traffic  
1.10 lanes.

1.11 (b) "City" means a home rule charter or statutory city.

1.12 (c) "Governing body" means the city council.

1.13 (d) "Maintenance" means striping, seal coating, crack sealing, sidewalk maintenance,  
1.14 signal maintenance, street light maintenance, and signage.

1.15 (e) "Reconstruction" means paving, grading, adding or maintaining curbs and  
1.16 gutters, bridge repair, overlays, drainage, base work, subgrade corrections, and boulevard  
1.17 restoration.

1.18 Subd. 2. Authorization. A city may impose the transportation utility fee provided  
1.19 in this section on real property located within its boundaries. The fee must be set at a level  
1.20 that does not over fund costs, including overhead costs, involved in reconstructions, facility  
1.21 upgrades, and maintenance described in the master plan of the city under subdivision 5.

1.22 Subd. 3. Procedures for adoption. A city may impose the transportation utility fee  
1.23 provided in this section by ordinance adopted by a two-thirds vote of its governing body.  
1.24 The resolution must not be voted on or adopted and the city may not contract for any

2.1 improvement until after a public hearing has been held on the question. A notice of the  
2.2 time, place, and purpose of the hearing, including the general nature of the improvement,  
2.3 its estimated costs, and the property against which the fee is proposed to be assessed, must  
2.4 be published at least once in each week for two successive weeks in the official newspaper  
2.5 of the city, or in a newspaper of general content and circulation within the city, and the  
2.6 last notice must be published at least seven days prior to the hearing. The city must file  
2.7 the adopted ordinance of record with the county recorder, and the city must provide a  
2.8 copy to the county auditor.

2.9 Subd. 4. **Collection.** The ordinance adopted under this section must provide for the  
2.10 billing and payment of the fee on a monthly, quarterly, or other basis as directed by the  
2.11 governing body. Fees that, as of October 15 each calendar year, have remained unpaid  
2.12 for at least 30 days must be certified to the county auditor for collection as a special  
2.13 assessment payable in the following calendar year against the affected property.

2.14 Subd. 5. **Master plan requirement.** A city must not impose the fee provided in  
2.15 this section unless it has prepared and adopted a master plan that includes information  
2.16 on the proposed reconstruction, facility upgrade, and maintenance for a minimum of the  
2.17 following five years. A capital improvement plan, public facility plan, or comparable  
2.18 information qualifies as a master plan. The master plan must include information on  
2.19 the proposed funding sources for all projects required to be included in the plan. The  
2.20 master plan must be adopted by resolution of the governing body following a hearing and  
2.21 publication of notice of the hearing, as provided in subdivision 3.

2.22 Subd. 6. **Use of proceeds.** Revenues from the fee authorized in this section must  
2.23 only be used for specific projects listed in the master plan and are limited to projected costs  
2.24 of the needs approved in the master plan and described in the published notice before the  
2.25 required public hearing. The city must not accumulate revenues from the fee significantly  
2.26 beyond the estimated costs for reconstructions, facility upgrades, and maintenance that  
2.27 are described in the master plan.

2.28 Subd. 7. **Calculation of fee.** The fee imposed must be calculated based on the  
2.29 relationship of the revenues the city proposes to generate and the relative benefit, as  
2.30 determined by the city, that will accrue to each category of land use from the projects to  
2.31 be financed. The amount of revenue the city proposes to generate must be that amount  
2.32 reasonable and necessary to complete the proposed improvement minus any revenue  
2.33 collected through property taxes or special assessments. The fee may be imposed only  
2.34 against property that will benefit by the improvement, whether or not the property abuts  
2.35 the improvement.

3.1           Subd. 8. Appeals. A property owner may administratively appeal the amount of the  
3.2 fee to the governing body within 60 days after notice of the amount of fee due has been  
3.3 mailed to the property owner. The appeal must be in writing, signed, and dated by the  
3.4 property owner, and must state the reasons why the amount of the fee is incorrect. The  
3.5 appeal may state reasons why the fee imposed by the city generates funds in excess of the  
3.6 amount reasonable and necessary for the improvement described in the published notice,  
3.7 or why the property against which the fee is imposed does not benefit from the proposed  
3.8 improvement. The decision of the governing body may be appealed to the Tax Court in  
3.9 the same manner as appeals of determinations regarding property tax matters provided for  
3.10 in chapter 271. If the governing body does not make a decision within six months after the  
3.11 filing of an administrative appeal, the property owner may elect to appeal to the Tax Court.  
3.12 The appeal procedures in this subdivision are in lieu of any appeal procedures relating to  
3.13 special assessments provided for in chapter 429.

3.14           Subd. 9. Special assessments; bonds; property tax levies. The use of the  
3.15 transportation utility fee by a city does not restrict the city from imposing special  
3.16 assessments, issuing bond debt, or levying property taxes to pay the costs of local street  
3.17 reconstruction, facility upgrades, or maintenance.

3.18           EFFECTIVE DATE. This section is effective the day following final enactment for  
3.19 fees payable in 2008 and thereafter.