

1.1 A bill for an act

1.2 relating to local and metropolitan government; modifying provisions related to

1.3 local land use and building permits for the comprehensive housing affordability

1.4 act; amending Minnesota Statutes 2020, sections 15.99, subdivisions 1, 2; 326B.106,

1.5 subdivision 1; 326B.145; 326B.153, by adding a subdivision; 394.24, subdivision

1.6 1; 394.307, subdivision 9; 462.355, subdivision 4; 462.357, subdivision 2, by

1.7 adding a subdivision; 462.358, subdivisions 2a, 2b; 462.3593, subdivision 9;

1.8 462C.14, by adding subdivisions; 473.254, subdivision 2; 473.517, subdivision 3;

1.9 473.858, subdivision 1; 473.859, subdivision 2; 473.865, subdivisions 2, 3;

1.10 proposing coding for new law in Minnesota Statutes, chapters 394; 435; 462; 513;

1.11 proposing coding for new law as Minnesota Statutes, chapter 462E; repealing

1.12 Laws 2017, First Special Session chapter 3, article 3, section 126; Laws 2018,

1.13 chapter 214, article 2, section 46.

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

1.15 **ARTICLE 1**

1.16 **IMPACT FEES**

1.17 Section 1. **[394.245] IMPACT FEES.**

1.18 If a board has adopted a comprehensive plan that meets the requirements of this chapter

1.19 and has adopted a capital improvement program, it may impose impact fees as provided in

1.20 chapter 462E.

1.21 Sec. 2. **[462.3594] IMPACT FEES.**

1.22 A statutory or home rule charter city that has adopted a comprehensive municipal plan

1.23 and capital improvement program, as provided in this chapter, may impose impact fees as

1.24 provided in chapter 462E.

2.1 Sec. 3. **[462E.01] IMPACT FEES; DEFINITIONS.**

2.2 Subdivision 1. **Application.** The terms defined in this section have the meanings given
2.3 them for the purposes of this chapter.

2.4 Subd. 2. **Applicable planning law.** "Applicable planning law" means chapter 394 for
2.5 counties, and sections 462.351 to 462.364 for statutory and home rule charter cities, and
2.6 towns.

2.7 Subd. 3. **Impact fee.** "Impact fee" means a fee imposed on new development by a local
2.8 government, pursuant to an ordinance, to pay for capital improvements necessitated by the
2.9 new development that will primarily benefit the new development.

2.10 Subd. 4. **Local government.** "Local government" means a statutory or home rule charter
2.11 city, town, or a county.

2.12 Subd. 5. **Metropolitan area.** "Metropolitan area" is as defined in section 473.121,
2.13 subdivision 2.

2.14 Sec. 4. **[462E.02] AUTHORITY.**

2.15 A local government may impose impact fees by ordinance as provided for by other law.

2.16 Sec. 5. **[462E.03] PERMITTED USES.**

2.17 (a) A local ordinance shall specify the purposes for which impact fees may be imposed
2.18 on new development. A local ordinance may provide for fees to be imposed for any of the
2.19 following purposes:

2.20 (1) transportation infrastructure, including public transit;

2.21 (2) water supply production and distribution;

2.22 (3) wastewater collection and treatment facilities;

2.23 (4) school facilities;

2.24 (5) parks, open space, and recreation facilities;

2.25 (6) public safety facilities, including, but not limited to, police, fire, and emergency
2.26 medical and rescue facilities;

2.27 (7) stormwater control and treatment;

2.28 (8) solid waste collection and disposal; and

2.29 (9) lighting.

3.1 (b) Any project which falls under one or more purposes under paragraph (a) must be
3.2 described in the local government's approved comprehensive plan and capital improvement
3.3 plan. The capital improvement plan must also provide the estimated cost of the project.

3.4 **Sec. 6. [462E.04] FORMULA; CONTRIBUTIONS.**

3.5 A local impact fee ordinance must specify the formula by which fees will be imposed.
3.6 The formula must result in fee amounts that are just and equitable. The formula may include
3.7 in the costs to be recovered the local government's administrative, legal, and other expenses
3.8 related to the impact fees. The formula for determining impact fees for a particular
3.9 development must provide for credits off-setting part or all of the fees that reflect what the
3.10 new development may have contributed in the form of taxes, other fees, dedications, or
3.11 other contributions, toward the improvement for which the impact fees are imposed.

3.12 **Sec. 7. [462E.05] ADVISORY COMMITTEE.**

3.13 A local government that determines to use impact fees must establish an impact fee
3.14 advisory committee made up of representatives of affected interests to assist in the
3.15 development of the ordinance.

3.16 **Sec. 8. [462E.06] EXEMPTIONS.**

3.17 An impact fee ordinance may provide exemptions from the impact fees for projects
3.18 providing low- and moderate-income housing if the need for such housing is identified in
3.19 the comprehensive plan.

3.20 **Sec. 9. [462E.07] SEGREGATION OF FEES; REFUND.**

3.21 (a) Revenues from impact fees must be placed in a separate account and used only for
3.22 projects that meet the criteria of section 462E.03.

3.23 (b) A local government may accumulate impact fees for up to six years. The ordinance
3.24 may provide for a onetime extension for five years more. Fees not used in the time required
3.25 must be refunded to the current owners of the property on which the fees were imposed in
3.26 proportion to the amount paid.

3.27 **Sec. 10. [462E.08] NOTICE; RECORDING.**

3.28 All impact fees paid or due shall be recorded and a purchaser of real property shall be
3.29 notified of any impact fees paid or due.

4.1 Sec. 11. [462E.09] MODEL IMPACT FEE ORDINANCE.

4.2 The League of Minnesota Cities, in collaboration with other stakeholders including, but
4.3 not limited to, the Minnesota Chapter of the American Planning Association, the City
4.4 Engineers Association of Minnesota, and Housing First, shall develop a model impact fee
4.5 ordinance for local governments on or before December 31, 2022.

4.6 **ARTICLE 2**

4.7 **MUNICIPAL STREET IMPROVEMENT DISTRICTS**

4.8 Section 1. [435.39] MUNICIPAL STREET IMPROVEMENT DISTRICTS.

4.9 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
4.10 the meanings given.

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

4.12 (c) "Improvements" means construction, reconstruction, and facility upgrades involving:
4.13 right-of-way acquisition; paving; curbs and gutters; bridges and culverts and their repair;
4.14 milling; overlaying; drainage and storm sewers; excavation; base work; subgrade corrections;
4.15 street lighting; traffic signals; signage; sidewalks; pavement markings; boulevard and
4.16 easement restoration; impact mitigation; connection and reconnection of utilities; turn lanes;
4.17 medians; street and alley returns; retaining walls; fences; lane additions; and fixed transit
4.18 infrastructure, trails, or pathways. Fixed transit infrastructure does not include commuter
4.19 rail rolling stock, light rail vehicles, or transit way buses; capital costs for park-and-ride
4.20 facilities; feasibility studies, planning, alternative analyses, environmental studies,
4.21 engineering, or construction of transitways; or operating assistance for transitways.

4.22 (d) "Maintenance" means striping, seal coating, crack sealing, pavement repair, sidewalk
4.23 maintenance, signal maintenance, street light maintenance, and signage.

4.24 (e) "Municipal street" means a street, alley, or public way in which the municipality is
4.25 the road authority.

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

4.27 (g) "Street improvement district" or "district" means a geographic area designated by a
4.28 municipality and located within the municipality within which a municipality may undertake
4.29 and finance street improvements and maintenance according to this section.

4.30 (h) "Unimproved parcel" means a parcel of land that is not improved by construction of
4.31 an authorized structure or contains a structure that has not previously been occupied, and
4.32 abuts an:

5.1 (1) unimproved municipal street and that is not served by municipal sewer or water
5.2 utilities; or

5.3 (2) improved municipal street and served by municipal sewer or water utilities.

5.4 Subd. 2. **Authorization.** To pay for street improvements and maintenance, a municipality
5.5 may, by ordinance, impose a street improvement fee. The fee amount must be just and
5.6 equitable. The municipality must adopt the ordinance after providing public notice and
5.7 holding a public hearing pursuant to subdivision 5.

5.8 Subd. 3. **Street improvement fee.** Except as provided in subdivision 10, a municipality
5.9 must apportion street improvement fees to all of the developed parcels located in the district.
5.10 A street improvement district must not include any property already located in another street
5.11 improvement district.

5.12 Subd. 4. **Apportionment.** (a) All or part of the costs of municipal street improvements
5.13 and maintenance must be apportioned to all developed parcels or developed tracts of land
5.14 located in the established street improvement district on the basis of each developed parcel's
5.15 or tract's relative share of the vehicular trips to and from all developed parcels and tracts in
5.16 the street improvement district during the preceding calendar quarter, as estimated from a
5.17 representative sample of actual trip data compiled from a source which has been certified
5.18 as suitable for this purpose by the commissioner of transportation.

5.19 (b) Parcels zoned for low density residential development in a street improvement district
5.20 must be assessed on the basis of the average number of trips for all parcels zoned for low
5.21 density residential development within the district.

5.22 Subd. 5. **Adoption of plan; notice and hearing.** (a) Before establishing a municipal
5.23 street improvement district or authorizing a street improvement fee, a municipality must
5.24 propose and adopt a street improvement plan that identifies the location of the municipal
5.25 street improvement district and identifies and estimates the costs of the proposed
5.26 improvements during the proposed period of collection of municipal street improvement
5.27 fees, which must be for a period of at least five years and no more than 20 years.

5.28 (b) Notice of a public hearing on the proposed plan must be given by mail to all affected
5.29 landowners at least 30 days before the hearing and must be posted in a public place for at
5.30 least 30 days before the hearing. The notice shall include the time and place of the hearing,
5.31 a map showing the boundaries of the proposed district, and a statement that all persons
5.32 owning property in the proposed district that would be subject to a service charge will be
5.33 given the opportunity to be heard at the hearing.

6.1 (c) At the public hearing, the governing body must present the plan and all affected
6.2 landowners in attendance must have the opportunity to comment before the governing body
6.3 considers adoption of the plan.

6.4 (d) The proposed improvements included in the street improvement plan must be included
6.5 in the transportation element of the municipality's approved comprehensive plan and capital
6.6 improvement program.

6.7 Subd. 6. **Use of fees.** Revenues from street improvement fees must be placed in a separate
6.8 account and used only for projects located within the district and identified in the municipal
6.9 street improvement plan.

6.10 Subd. 7. **Collection; up to 20 years.** (a) An ordinance adopted under this section must
6.11 provide for billing and payment of the fee on a monthly, quarterly, or other basis as directed
6.12 by the governing body. The governing body may collect municipal street improvement fees
6.13 within a street improvement district for no more than 20 years.

6.14 (b) As of October 15 of each year, fees that have remained unpaid for at least 30 days
6.15 may be certified to the county auditor for collection as a special assessment payable in the
6.16 following calendar year against the affected property.

6.17 Subd. 8. **Not exclusive means of financing improvements.** The use of the municipal
6.18 street improvement fee by a municipality does not restrict the municipality from imposing
6.19 other measures authorized by statute or by home rule charter to pay the costs of local street
6.20 improvements or maintenance, except that a municipality must not impose special
6.21 assessments for projects funded with street improvement fees.

6.22 Subd. 9. **Unimproved parcels; fees.** A municipality may not impose a street improvement
6.23 fee on any unimproved parcel located within an established street improvement district until
6.24 at least three years after the date of substantial completion of the paving of the previous
6.25 unimproved municipal street, or the date which a structure is built and first occupied pursuant
6.26 to a certificate of occupancy, whichever is later.

6.27 Subd. 10. **Institutions of public charity.** A municipality may not impose a street
6.28 improvement fee on any parcel owned by an institution of public charity as defined in section
6.29 272.02, subdivision 7.

6.30 Subd. 11. **Appeal to district court.** Within 30 days after adoption of a street improvement
6.31 fee, any affected landowner may appeal to the district court by serving a notice upon the
6.32 mayor or clerk of the municipality. The notice shall be filed with the court administrator of
6.33 the district court within ten days after its service. The appeal shall be placed upon the

7.1 calendar of the next general term commencing more than five days after the date of serving
7.2 the notice and shall be tried as other appeals in such cases. The court shall either affirm the
7.3 street improvement fee or set it aside and order a reapportionment as provided under
7.4 subdivisions 3 and 4. All objections to the street improvement fee shall be deemed waived
7.5 unless presented on appeal. This section provides the exclusive method of appeal from a
7.6 street improvement fee issued under this section.

7.7 **EFFECTIVE DATE.** This section is effective July 1, 2022.

7.8 **ARTICLE 3**
7.9 **PLANNING AND ZONING**

7.10 Section 1. Minnesota Statutes 2020, section 394.24, subdivision 1, is amended to read:

7.11 Subdivision 1. **Adopted by ordinance.** Official controls which shall further the purpose
7.12 and objectives of the comprehensive plan and parts thereof shall be adopted by ordinance.
7.13 The comprehensive plan must provide guidelines for the timing and sequence of the adoption
7.14 of official controls to ensure planned, orderly, and staged development and redevelopment
7.15 consistent with the comprehensive plan. Official controls do not conflict with a
7.16 comprehensive plan if they permit all of the uses that are permitted or required in the
7.17 comprehensive plan at the densities permitted or required by the comprehensive plan, and
7.18 they prohibit all of the uses that are expressly prohibited by the comprehensive plan.

7.19 Sec. 2. Minnesota Statutes 2020, section 462.355, subdivision 4, is amended to read:

7.20 Subd. 4. **Interim ordinance.** (a) If a municipality is conducting studies or has authorized
7.21 a study to be conducted or has held or has scheduled a hearing for the purpose of considering
7.22 adoption or amendment of a comprehensive plan or official controls as defined in section
7.23 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted
7.24 is annexed to a municipality, the governing body of the municipality may adopt an interim
7.25 ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning
7.26 process and the health, safety and welfare of its citizens. The interim ordinance may regulate,
7.27 restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion
7.28 thereof for a period not to exceed one year from the date it is effective.

7.29 (b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities
7.30 relating to livestock production, a public hearing must be held following a ten-day notice
7.31 given by publication in a newspaper of general circulation in the municipality before the
7.32 interim ordinance takes effect.

8.1 (c)(1) A statutory or home rule charter city may adopt an interim ordinance that regulates,
8.2 restricts, or prohibits a housing proposal only if the ordinance is approved by majority vote
8.3 of all members of the city council. A housing proposal that is consistent with the
8.4 comprehensive plan on the date of submission and is submitted or pending before the
8.5 adoption of an interim ordinance under this subdivision is exempt from the regulations,
8.6 restrictions, or prohibitions in the interim ordinance.

8.7 (2) Before adopting the interim ordinance, the city council must hold a public hearing
8.8 after providing written notice to any person who has submitted a housing proposal, has a
8.9 pending housing proposal, or has provided a written request to be notified of interim
8.10 ordinances related to housing proposals. The written notice must be provided at least three
8.11 business days before the public hearing. Notice also must be posted on the city's official
8.12 website, if the city has an official website.

8.13 (3) The date of the public hearing shall be the earlier of the next regularly scheduled
8.14 city council meeting after the notice period or within ten days of the notice.

8.15 (4) The activities proposed to be restricted by the proposed interim ordinance may not
8.16 be undertaken before the public hearing.

8.17 (5) For the purposes of this paragraph, "housing proposal" means a written request for
8.18 city approval of a project intended primarily to provide residential dwellings, either single
8.19 family or multi-family, and involves the subdivision or development of land or the
8.20 demolition, construction, reconstruction, alteration, repair, or occupancy of residential
8.21 dwellings.

8.22 (d) The period of an interim ordinance applicable to an area that is affected by a city's
8.23 master plan for a municipal airport may be extended for such additional periods as the
8.24 municipality may deem appropriate, not exceeding a total additional period of 18 months.
8.25 In all other cases, no interim ordinance may halt, delay, or impede a subdivision that has
8.26 been given preliminary approval, nor may any interim ordinance extend the time deadline
8.27 for agency action set forth in section 15.99 with respect to any application filed prior to the
8.28 effective date of the interim ordinance. The governing body of the municipality may extend
8.29 the interim ordinance after a public hearing and written findings have been adopted based
8.30 upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be
8.31 held at least 15 days but not more than 30 days before the expiration of the interim ordinance,
8.32 and notice of the hearing must be published at least ten days before the hearing. The interim
8.33 ordinance may be extended for the following conditions and durations, but, except as

9.1 provided in clause (3), an interim ordinance may not be extended more than an additional
9.2 18 months:

9.3 (1) up to an additional 120 days following the receipt of the final approval or review by
9.4 a federal, state, or metropolitan agency when the approval is required by law and the review
9.5 or approval has not been completed and received by the municipality at least 30 days before
9.6 the expiration of the interim ordinance;

9.7 (2) up to an additional 120 days following the completion of any other process required
9.8 by a state statute, federal law, or court order, when the process is not completed at least 30
9.9 days before the expiration of the interim ordinance; or

9.10 (3) up to an additional one year if the municipality has not adopted a comprehensive
9.11 plan under this section at the time the interim ordinance is enacted.

9.12 Sec. 3. Minnesota Statutes 2020, section 462.357, subdivision 2, is amended to read:

9.13 Subd. 2. **General requirements.** (a) At any time after the adoption of a land use plan
9.14 for the municipality, the planning agency, for the purpose of carrying out the policies and
9.15 goals of the land use plan, may prepare a proposed zoning ordinance and submit it to the
9.16 governing body with its recommendations for adoption.

9.17 (b) Subject to the requirements of subdivisions 3, 4, and 5, the governing body may
9.18 adopt and amend a zoning ordinance by a majority vote of all its members. The adoption
9.19 or amendment of any portion of a zoning ordinance which changes all or part of the existing
9.20 classification of a zoning district from residential to either commercial or industrial requires
9.21 a two-thirds majority vote of all members of the governing body.

9.22 (c) The land use plan must provide guidelines for the timing and sequence of the adoption
9.23 of official controls to ensure planned, orderly, and staged development and redevelopment
9.24 consistent with the land use plan. Official controls do not conflict with a land use plan if
9.25 they permit all of the uses that are permitted or required in the land use plan at the densities
9.26 permitted or required by the land use plan, and they prohibit all of the uses that are expressly
9.27 prohibited by the land use plan.

9.28 Sec. 4. Minnesota Statutes 2020, section 462.358, subdivision 2a, is amended to read:

9.29 Subd. 2a. **Terms of regulations.** The standards and requirements in the regulations may
9.30 address without limitation: the size, location, grading, and improvement of lots, structures,
9.31 public areas, streets, roads, trails, walkways, curbs and gutters, water supply, storm drainage,
9.32 lighting, sewers, electricity, gas, and other utilities; the planning and design of sites; access

10.1 to solar energy; and the protection and conservation of floodplains, shore lands, soils, water,
10.2 vegetation, energy, air quality, and geologic and ecologic features. The regulations shall
10.3 require that subdivisions be consistent with the municipality's official map if one exists and
10.4 its zoning ordinance, and may require consistency with other official controls and the
10.5 comprehensive plan. The regulations may prohibit certain classes or kinds of subdivisions
10.6 in areas where prohibition is consistent with the comprehensive plan and the purposes of
10.7 this section, particularly the preservation of agricultural lands. The regulations may prohibit,
10.8 restrict or control development for the purpose of protecting and assuring access to direct
10.9 sunlight for solar energy systems. The regulations may prohibit the issuance of permits or
10.10 approvals for any tracts, lots, or parcels for which required subdivision approval has not
10.11 been obtained.

10.12 Regulations do not conflict with a comprehensive plan if they permit all of the uses that
10.13 are permitted or required in the comprehensive plan at the densities permitted or required
10.14 by the comprehensive plan, and they prohibit all of the uses that are expressly prohibited
10.15 by the comprehensive plan.

10.16 The regulations may permit the municipality to condition its approval on the construction
10.17 and installation of sewers, streets, electric, gas, drainage, and water facilities, and similar
10.18 utilities and improvements or, in lieu thereof, on the receipt by the municipality of a cash
10.19 deposit, certified check, irrevocable letter of credit, bond, or other financial security in an
10.20 amount and with surety and conditions sufficient to assure the municipality that the utilities
10.21 and improvements will be constructed or installed according to the specifications of the
10.22 municipality. Sections 471.345 and 574.26 do not apply to improvements made by a
10.23 subdivider or a subdivider's contractor.

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

10.30 When the applicant vouches, by certified letter to the municipality, that the conditions
10.31 required by the municipality for approval under this subdivision have been satisfied, the
10.32 municipality has 30 days to release and return to the applicant any and all financial securities
10.33 tied to the requirements. If the municipality fails to release and return the letters of credit
10.34 within the 30-day period, any interest accrued will be paid to the applicant. If the municipality
10.35 determines that the conditions required for approval under this subdivision have not been

11.1 satisfied, the municipality must send written notice within seven business days upon receipt
11.2 of the certified letter indicating to the applicant which specific conditions have not been
11.3 met. The municipality shall require a maintenance or performance bond from any
11.4 subcontractor that has not yet completed all remaining requirements of the municipality.

11.5 The regulations may permit the municipality to condition its approval on compliance
11.6 with other requirements reasonably related to the provisions of the regulations and to execute
11.7 development contracts embodying the terms and conditions of approval. The municipality
11.8 may enforce such agreements and conditions by appropriate legal and equitable remedies.

11.9 Sec. 5. Minnesota Statutes 2020, section 473.254, subdivision 2, is amended to read:

11.10 Subd. 2. **Affordable, life-cycle goals.** (a) The council shall negotiate with each
11.11 municipality to establish affordable and life-cycle housing goals for that municipality that
11.12 are consistent with and promote the policies of the Metropolitan Council as provided in the
11.13 adopted Metropolitan Development Guide. The council shall adopt, by resolution after a
11.14 public hearing, the negotiated affordable and life-cycle housing goals for each municipality
11.15 by January 15, 1996, and by January 15 in each succeeding year for each municipality newly
11.16 electing to participate in the program or for each municipality with which new housing
11.17 goals have been negotiated. By June 30, 1996, and by June 30 in each succeeding year for
11.18 each municipality newly electing to participate in the program or for each municipality with
11.19 which new housing goals have been negotiated, each municipality shall identify to the
11.20 council the actions it plans to take to meet the established housing goals.

11.21 (b) Only parcels that are consistent with and promote the policies of the Metropolitan
11.22 Development Guide and are zoned for multifamily housing at the guided level of density
11.23 may qualify toward a municipality's affordable and life-cycle housing goals under this
11.24 subdivision.

11.25 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,
11.26 Hennepin, Ramsey, Scott, and Washington.

11.27 Sec. 6. Minnesota Statutes 2020, section 473.858, subdivision 1, is amended to read:

11.28 Subdivision 1. **No conflicting zoning, fiscal device, official control.** Within nine months
11.29 following the receipt of a metropolitan system statement for an amendment to a metropolitan
11.30 system plan and within three years following the receipt of a metropolitan system statement
11.31 issued in conjunction with the decennial review required under section 473.864, subdivision
11.32 2, every local governmental unit shall have reviewed and, if necessary, amended its
11.33 comprehensive plan in accordance with sections 462.355, 473.175, and 473.851 to 473.871

12.1 and the applicable planning statute and shall have submitted the plan to the Metropolitan
 12.2 Council for review pursuant to section 473.175. The provisions of sections 462.355, 473.175,
 12.3 and 473.851 to 473.871 shall supersede the provisions of the applicable planning statute
 12.4 wherever a conflict may exist. If the comprehensive municipal plan is in conflict with the
 12.5 zoning ordinance, the zoning ordinance shall be brought into conformance with the plan by
 12.6 local government units in conjunction with the review and, if necessary, amendment of its
 12.7 comprehensive plan required under section 473.864, subdivision 2. A local government
 12.8 unit shall not adopt any fiscal device or official control which is in conflict with its
 12.9 comprehensive plan, including any amendments to the plan, or which permits activity in
 12.10 conflict with metropolitan system plans, as defined by section 473.852, subdivision 8. The
 12.11 comprehensive plan shall provide guidelines for the timing and sequence of the adoption
 12.12 of official controls to ensure planned, orderly, and staged development and redevelopment
 12.13 consistent with the comprehensive plan. ~~For purposes of this section, a fiscal device or~~
 12.14 ~~official control shall not be considered to be in conflict with a local government unit's~~
 12.15 ~~comprehensive plan or to permit an activity in conflict with metropolitan system plans if~~
 12.16 ~~such fiscal device or official control is adopted to ensure the planned, orderly, and staged~~
 12.17 ~~development of urbanization or redevelopment areas designated in the comprehensive plan~~
 12.18 ~~pursuant to section 473.859, subdivision 5. Fiscal devices and official controls do not conflict~~
 12.19 with a comprehensive plan if they permit all of the uses that are permitted or required in
 12.20 the comprehensive plan at the densities permitted or required by the comprehensive plan,
 12.21 and they prohibit all of the uses that are expressly prohibited by the comprehensive plan.

12.22 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,
 12.23 Hennepin, Ramsey, Scott, and Washington.

12.24 Sec. 7. Minnesota Statutes 2020, section 473.865, subdivision 2, is amended to read:

12.25 Subd. 2. **No conflict with plans.** A local governmental unit shall not adopt any official
 12.26 control or fiscal device which is in conflict with its comprehensive plan or which permits
 12.27 activity in conflict with metropolitan system plans. Fiscal devices and official controls do
 12.28 not conflict with a comprehensive plan if they permit all of the uses that are permitted or
 12.29 required in the comprehensive plan at the densities permitted or required by the
 12.30 comprehensive plan, and they prohibit all of the uses that are expressly prohibited by the
 12.31 comprehensive plan.

12.32 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,
 12.33 Hennepin, Ramsey, Scott, and Washington.

13.1 Sec. 8. Minnesota Statutes 2020, section 473.865, subdivision 3, is amended to read:

13.2 Subd. 3. **Amendments.** If an official control conflicts with a comprehensive plan as the
13.3 result of an amendment to the plan, the official control shall be amended by the unit within
13.4 nine months following the amendment to the plan or within 60 days of the submission of a
13.5 development application that is not in conflict with the comprehensive plan, whichever
13.6 occurs first, so as to not conflict with the amended comprehensive plan.

13.7 **APPLICATION.** This section applies in the counties of Anoka, Carver, Dakota,
13.8 Hennepin, Ramsey, Scott, and Washington.

13.9 ARTICLE 4

13.10 LIMITING REGULATIONS ON RESIDENTIAL DEVELOPMENT

13.11 Section 1. Minnesota Statutes 2020, section 462.357, is amended by adding a subdivision
13.12 to read:

13.13 Subd. 7a. **Duplex is a permitted use.** A two-family residential building, also known as
13.14 a duplex, is a permitted use in all areas zoned for single-family residential use and in any
13.15 residential subdivision development.

13.16 Sec. 2. **[462.3575] LIMITING REGULATIONS ON RESIDENTIAL**
13.17 **DEVELOPMENT.**

13.18 Subdivision 1. **Application.** This section applies to official controls adopted under
13.19 sections 462.357, 462.358, and 462.3595.

13.20 Subd. 2. **Planned unit development.** (a) A municipality shall not require a planned unit
13.21 development agreement in lieu of a proposed residential development if the proposed
13.22 residential development complies with the existing city zoning ordinances, subdivision
13.23 regulation, or qualifies as a conditional use.

13.24 (b) A municipality shall not require planned unit development agreement conditions
13.25 that exceed the requirements in the State Building Code under chapter 326B.

13.26 (c) A planned unit development agreement must be made available to the public by
13.27 posting the agreement on the website of the municipality at least seven days prior to the
13.28 governing body's review of the agreement. If the municipality does not have a website, a
13.29 copy of the planned unit development agreement must be available for review at the city
13.30 hall building of the municipality. If the agreement is approved by the governing body, the
13.31 agreement cannot be modified unless all parties to the agreement concur.

14.1 Subd. 3. **Limitation on aesthetic mandates.** A municipality shall not condition approval
14.2 of a building permit, subdivision development, or planned unit development on the use of
14.3 specific materials, design, amenities, or other aesthetic conditions that are not required by
14.4 the State Building Code under chapter 326B. This subdivision only applies to residential
14.5 development.

14.6 Subd. 4. **Garages.** A municipality shall not require more than one garage as defined in
14.7 section 325F.82, subdivision 3, for a single-family dwelling.

14.8 **ARTICLE 5**

14.9 **MUNICIPAL DEDICATION FEES**

14.10 Section 1. Minnesota Statutes 2020, section 462.358, subdivision 2b, is amended to read:

14.11 Subd. 2b. **Dedication.** (a) The regulations may require that a reasonable portion of the
14.12 buildable land, as defined by municipal ordinance, of any proposed subdivision be dedicated
14.13 to the public or preserved for public use as streets, roads, sidewalks, sewers, electric, gas,
14.14 and water facilities, storm water drainage and holding areas or ponds and similar utilities
14.15 and improvements, parks, recreational facilities as defined in section 471.191, playgrounds,
14.16 trails, wetlands, or open space. The requirement must be imposed by ordinance or under
14.17 the procedures established in section 462.353, subdivision 4a.

14.18 (b) If a municipality adopts the ordinance or proceeds under section 462.353, subdivision
14.19 4a, as required by paragraph (a), the municipality must adopt a capital improvement budget
14.20 and have a parks and open space plan or have a parks, trails, and open space component in
14.21 its comprehensive plan subject to the terms and conditions in this paragraph and paragraphs
14.22 (c) to (i).

14.23 (c) The municipality may choose to accept a cash fee as set by ordinance from the
14.24 applicant for some or all of the new lots created in the subdivision, based on the average
14.25 fair market value of the unplatted land for which park fees have not already been paid that
14.26 is, no later than at the time of final approval or under the city's adopted comprehensive plan,
14.27 to be served by municipal sanitary sewer and water service or community septic and private
14.28 well as authorized by state law. For purposes of redevelopment on developed land, the
14.29 municipality may choose to accept a cash fee based on fair market value of the land no later
14.30 than the time of final approval. The park fee is capped at ten percent of the fair market value
14.31 of the development. "Fair market value" means the value of the land as determined by the
14.32 municipality annually based on tax valuation or other relevant data. If the municipality's
14.33 calculation of valuation is objected to by the applicant, then the value shall be as negotiated

15.1 between the municipality and the applicant, or based on the market value as determined by
15.2 the municipality based on an independent appraisal of land in a same or similar land use
15.3 category. In addition to the cash fee option, fees may be paid by donating land, building
15.4 recreational facilities, or a combination of these options.

15.5 (d) In establishing the portion to be dedicated or preserved or the cash fee, the regulations
15.6 shall give due consideration to the open space, recreational, or common areas and facilities
15.7 open to the public that the applicant proposes to reserve for the subdivision. The value of
15.8 any portion dedicated or preserved for park or trail purposes shall be deducted from any
15.9 cash fee so that the applicant is not penalized for including open space, recreational, or
15.10 common areas and facilities in their development proposal.

15.11 (e) The municipality must reasonably determine that it will need to acquire that portion
15.12 of land for the purposes stated in this subdivision as a result of approval of the subdivision.

15.13 (f) Cash payments received must be placed by the municipality in a special fund to be
15.14 used only for the purposes for which the money was obtained. The municipality must
15.15 maintain records detailing the purposes for which the money was obtained and the manner
15.16 in which it was spent to further those purposes. The records must be readily available to the
15.17 applicant upon request.

15.18 (g) Cash payments received must be used only for the acquisition and development or
15.19 improvement of parks, recreational facilities, playgrounds, trails, wetlands, or open space
15.20 based on the approved park systems plan. Cash payments must not be used for ongoing
15.21 operation or maintenance of parks, recreational facilities, playgrounds, trails, wetlands, or
15.22 open space. The municipality must maintain records demonstrating the manner in which
15.23 each cash payment was used.

15.24 (h) The municipality must not deny the approval of a subdivision based solely on an
15.25 inadequate supply of parks, open spaces, trails, or recreational facilities within the
15.26 municipality.

15.27 (i) Previously subdivided property from which a park dedication has been received,
15.28 being resubdivided with the same number of lots, is exempt from park dedication
15.29 requirements. If, as a result of resubdividing the property, the number of lots is increased,
15.30 then the park dedication or per-lot cash fee must apply only to the net increase of lots.

15.31 (j) The municipality may not require a dedication of land for a street that is not a collector
15.32 or arterial street and has a curb-to-curb width greater than 32 feet.

ARTICLE 6**METROPOLITAN AREA DENSITY OF DEVELOPMENT**

Section 1. Minnesota Statutes 2020, section 473.859, subdivision 2, is amended to read:

Subd. 2. **Land use plan.** (a) A land use plan shall include the water management plan required by section 103B.235, and shall designate the existing and proposed location, intensity and extent of use of land and water, including lakes, wetlands, rivers, streams, natural drainage courses, and adjoining land areas that affect water natural resources, for agricultural, residential, commercial, industrial and other public and private purposes, or any combination of such purposes.

(b) A land use plan shall contain a protection element, as appropriate, for historic sites, the matters listed in the water management plan required by section 103B.235, and an element for protection and development of access to direct sunlight for solar energy systems.

(c) A land use plan shall also include a housing element containing standards, plans and programs for providing adequate housing opportunities to meet existing and projected local and regional housing needs, including but not limited to the use of official controls and land use planning to promote the availability of land for the development of low and moderate income housing.

(d) A land use plan shall also include the local government's goals, intentions, and priorities concerning aggregate and other natural resources, transportation infrastructure, land use compatibility, habitat, agricultural preservation, and other planning priorities, considering information regarding supply from the Minnesota Geological Survey Information Circular No. 46.

(e) A land use plan and the related official controls for an area identified as land that may come within the urban service area for residential development and that is not connected to the metropolitan disposal system, must provide for a density of residential development of at least five units per acre, or if intended to remain rural of no more than one unit per ten acres.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to a land use plan amendment proposed on or after that date. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

ARTICLE 7

METROPOLITAN COUNCIL; SEWER AVAILABILITY CHARGES

Section 1. Minnesota Statutes 2020, section 473.517, subdivision 3, is amended to read:

Subd. 3. **Allocation of treatment, interceptor costs; reserved capacity.** (a) In preparing each budget the council shall estimate the current costs of acquisition, betterment, and debt service, only, of the treatment works in the metropolitan disposal system which will not be used to total capacity during the budget year, and the percentage of such capacity which will not be used, and shall deduct the same percentage of such treatment works costs from the current costs allocated under subdivision 1. The council shall also estimate the current costs of acquisition, betterment, and debt service, only, of the interceptors in the metropolitan disposal system that will not be used to total capacity during the budget year, shall estimate the percentage of the total capacity that will not be used, and shall deduct the same percentage of interceptor costs from the current costs allocated under subdivision 1. The total amount so deducted with respect to all treatment works and interceptors in the system shall be allocated among and paid by the respective local government units in the metropolitan area through a metropolitan sewer availability charge for each new connection or increase in capacity demand to the metropolitan disposal system within each local government unit. Amounts collected through the metropolitan sewer availability charge (SAC) must be deposited in the council's wastewater reserve capacity fund. Each fiscal year an amount from the wastewater reserve capacity fund shall be transferred to the wastewater operating fund for the reserved capacity costs described in this paragraph. For the purposes of this subdivision, the amount transferred from the wastewater reserve capacity fund to the wastewater operating fund shall be referred to as the "SAC transfer amount."

(b) The council will record on a cumulative basis the total SAC transfer deficit. In any year that the wastewater reserve capacity fund has a year-end balance of at least two years' estimated SAC transfer amount, the council shall increase the subsequent annual SAC transfer amount in excess of the amount required by paragraph (a) with the goal of eliminating the cumulative total SAC transfer deficit. The annual amount by which the council increases the SAC transfer amount shall be determined by the council after appropriate study and a public hearing.

(c) The council shall adjust the SAC charge so that development in unsewered areas is assessed at three SAC units per acre without regard to the actual number of connections.

18.1 **APPLICATION; EFFECTIVE DATE.** This section applies in the counties of Anoka,
18.2 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and is effective January 1,
18.3 2023.

18.4 **ARTICLE 8**

18.5 **LOW INCOME HOUSING APPLICATIONS**

18.6 Section 1. Minnesota Statutes 2020, section 462C.14, is amended by adding a subdivision
18.7 to read:

18.8 Subd. 5. **Applications allowed.** A city, as defined in section 462C.02, subdivision 6,
18.9 must accept an application to the Minnesota Housing Finance Agency for a project as their
18.10 application for local housing money for the same project.

18.11 Sec. 2. Minnesota Statutes 2020, section 462C.14, is amended by adding a subdivision to
18.12 read:

18.13 Subd. 6. **Late fines prohibited.** A city, as defined in section 462C.02, subdivision 6,
18.14 shall not fine a nonprofit that receives city money for low-income housing for turning in a
18.15 late application.

18.16 **ARTICLE 9**

18.17 **BUILDING PERMIT DEADLINES**

18.18 Section 1. Minnesota Statutes 2020, section 15.99, subdivision 1, is amended to read:

18.19 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms shall
18.20 have the meanings given.

18.21 (b) "Agency" means a department, agency, board, commission, or other group in the
18.22 executive branch of state government; a statutory or home rule charter city, county, town,
18.23 or school district; any metropolitan agency or regional entity; and any other political
18.24 subdivision of the state.

18.25 (c) "Request" means a written application for a building permit, or a written application
18.26 related to zoning, septic systems, watershed district review, soil and water conservation
18.27 district review, or the expansion of the metropolitan urban service area, for a permit, license,
18.28 or other governmental approval of an action. A request must be submitted in writing to the
18.29 agency on an application form provided by the agency, if one exists. The agency may reject
18.30 as incomplete a request not on a form of the agency if the request does not include
18.31 information required by the agency. A request not on a form of the agency must clearly

19.1 identify on the first page the specific permit, license, or other governmental approval being
19.2 sought. No request shall be deemed made if not in compliance with this paragraph.

19.3 (d) "Applicant" means a person submitting a request under this section. An applicant
19.4 may designate a person to act on the applicant's behalf regarding a request under this section
19.5 and any action taken by or notice given to the applicant's designee related to the request
19.6 shall be deemed taken by or given to the applicant.

19.7 Sec. 2. Minnesota Statutes 2020, section 15.99, subdivision 2, is amended to read:

19.8 Subd. 2. **Deadline for response.** (a) Except as otherwise provided in this section, section
19.9 462.358, subdivision 3b, or 473.175, or chapter 505, and notwithstanding any other law to
19.10 the contrary, an agency must approve or deny within 60 days a written request for a building
19.11 permit, or a written request relating to zoning, septic systems, watershed district review,
19.12 soil and water conservation district review, or expansion of the metropolitan urban service
19.13 area for a permit, license, or other governmental approval of an action. Failure of an agency
19.14 to deny a request within 60 days is approval of the request. If an agency denies the request,
19.15 it must state in writing the reasons for the denial at the time that it denies the request.

19.16 (b) When a vote on a resolution or properly made motion to approve a request fails for
19.17 any reason, the failure shall constitute a denial of the request provided that those voting
19.18 against the motion state on the record the reasons why they oppose the request. A denial of
19.19 a request because of a failure to approve a resolution or motion does not preclude an
19.20 immediate submission of a same or similar request.

19.21 (c) Except as provided in paragraph (b), if an agency, other than a multimember governing
19.22 body, denies the request, it must state in writing the reasons for the denial at the time that
19.23 it denies the request. If a multimember governing body denies a request, it must state the
19.24 reasons for denial on the record and provide the applicant in writing a statement of the
19.25 reasons for the denial. If the written statement is not adopted at the same time as the denial,
19.26 it must be adopted at the next meeting following the denial of the request but before the
19.27 expiration of the time allowed for making a decision under this section. The written statement
19.28 must be consistent with the reasons stated in the record at the time of the denial. The written
19.29 statement must be provided to the applicant upon adoption.

19.30 Sec. 3. Minnesota Statutes 2020, section 394.307, subdivision 9, is amended to read:

19.31 Subd. 9. **Opt-out.** A county ~~may by resolution~~ is not permitted to opt-out of the
19.32 requirements of this section.

20.1 **EFFECTIVE DATE.** This section is effective retroactively from September 1, 2016.

20.2 Sec. 4. Minnesota Statutes 2020, section 462.3593, subdivision 9, is amended to read:

20.3 Subd. 9. **Opt-out.** A municipality ~~may by ordinance~~ is not permitted to opt-out of the
20.4 requirements of this section.

20.5 **EFFECTIVE DATE.** This section is effective retroactively from September 1, 2016.

20.6 **ARTICLE 10**

20.7 **BUILDING PERMIT FEES**

20.8 Section 1. Minnesota Statutes 2020, section 326B.153, is amended by adding a subdivision
20.9 to read:

20.10 Subd. 1b. **Building permit fees; municipalities.** Beginning January 1, 2022, fees for
20.11 building permits, including any inspection fees, adopted by a municipality must be based
20.12 on a cost per square foot. All permit and inspection fees must be made available publicly
20.13 through one or more of the following:

20.14 (1) posting on the website of the municipality;

20.15 (2) providing a copy by mail, if requested; or

20.16 (3) keeping a copy for review at the city hall building of a municipality.

20.17 **ARTICLE 11**

20.18 **ENERGY COST DISCLOSURE AND ENERGY CODE PAYBACK PERIOD**

20.19 Section 1. Minnesota Statutes 2020, section 326B.106, subdivision 1, is amended to read:

20.20 Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections
20.21 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the
20.22 Construction Codes Advisory Council establish a code of standards for the construction,
20.23 reconstruction, alteration, and repair of buildings, governing matters of structural materials,
20.24 design and construction, fire protection, health, sanitation, and safety, including design and
20.25 construction standards regarding heat loss control, illumination, and climate control. The
20.26 code must also include duties and responsibilities for code administration, including
20.27 procedures for administrative action, penalties, and suspension and revocation of certification.
20.28 The code must conform insofar as practicable to model building codes generally accepted
20.29 and in use throughout the United States, including a code for building conservation. In the
20.30 preparation of the code, consideration must be given to the existing statewide specialty

21.1 codes presently in use in the state. Model codes with necessary modifications and statewide
21.2 specialty codes may be adopted by reference. The code must be based on the application
21.3 of scientific principles, approved tests, and professional judgment. To the extent possible,
21.4 the code must be adopted in terms of desired results instead of the means of achieving those
21.5 results, avoiding wherever possible the incorporation of specifications of particular methods
21.6 or materials. To that end the code must encourage the use of new methods and new materials.
21.7 Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall
21.8 administer and enforce the provisions of those sections.

21.9 (b) The commissioner shall develop rules addressing the plan review fee assessed to
21.10 similar buildings without significant modifications including provisions for use of building
21.11 systems as specified in the industrial/modular program specified in section 326B.194.
21.12 Additional plan review fees associated with similar plans must be based on costs
21.13 commensurate with the direct and indirect costs of the service.

21.14 (c) ~~Beginning with the 2018 edition of the model building codes and in 2026 and every~~
21.15 ~~six years thereafter, the commissioner shall review the new model building codes and adopt~~
21.16 ~~the model codes as amended for use in Minnesota, within two years of the published edition~~
21.17 ~~date. The commissioner may not adopt new model building codes or amendments to the~~
21.18 ~~building codes prior to the adoption of the new building codes to advance construction~~
21.19 ~~methods, technology, or materials, or, where necessary to protect the health, safety, and~~
21.20 ~~welfare of the public, or to improve the efficiency or the use of a building 2026, unless~~
21.21 approved by law.

21.22 (d) Notwithstanding paragraph (c), the commissioner shall act on each new model
21.23 residential energy code and the new model commercial energy code in accordance with
21.24 federal law for which the United States Department of Energy has issued an affirmative
21.25 determination in compliance with United States Code, title 42, section 6833. The
21.26 commissioner may not adopt new energy codes or amendments prior to adoption of to
21.27 new energy codes, as amended for use in Minnesota, to advance construction methods,
21.28 technology, or materials, or, where necessary to protect the health, safety, and welfare of
21.29 the public, or to improve the efficiency or use of a building unless the commissioner has
21.30 determined that any cost to residential construction or remodeling per unit due to
21.31 implementation of the proposed changes to the energy codes will be no more than the net
21.32 present value of the projected energy savings over thirty years due to the proposed changes.

21.33 (e) The limitations on adoption of new or amended codes under paragraphs (c) and (d)
21.34 do not apply to new or amended code changes necessary to protect the immediate health,
21.35 safety, and welfare of the public.

22.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2021, and
 22.2 applies to rules proposed or adopted but not yet effective as of January 1, 2021.

22.3 Sec. 2. **[513.62] ENERGY COST DISCLOSURE REQUIREMENT.**

22.4 A seller of residential real property must disclose to a prospective purchaser the total
 22.5 cost of the usage of electricity, natural gas, and water over the previous 12 month period of
 22.6 the property along with information about how the cost compares to the average cost of
 22.7 such utilities per residential household statewide.

22.8 **ARTICLE 12**

22.9 **CONSTRUCTION AND DEVELOPMENT FEE REPORT**

22.10 Section 1. Minnesota Statutes 2020, section 326B.145, is amended to read:

22.11 **326B.145 ANNUAL REPORT.**

22.12 (a) Each municipality shall annually report by June 30 to the department, in a format
 22.13 prescribed by the department, all construction and development-related fees collected by
 22.14 the municipality from developers, builders, and subcontractors if the cumulative fees collected
 22.15 exceeded ~~\$5,000~~ \$7,000 in the reporting year, ~~except that, for reports due June 30, 2009,~~
 22.16 ~~to June 30, 2013, the reporting threshold is \$10,000.~~

22.17 (b) The report must include:

22.18 (1) the number and valuation of units for which fees were paid;

22.19 (2) the amount of building permit fees, plan review fees, administrative fees, engineering
 22.20 fees, infrastructure fees, and other construction and development-related fees; and

22.21 (3) the expenses associated with the municipal activities for which fees were collected,
 22.22 including a separate listing of costs associated with conducting inspections for each of the
 22.23 following categories:

22.24 (i) labor;

22.25 (ii) transportation;

22.26 (iii) office space; and

22.27 (iv) any other expenses incurred by the municipality as a result of conducting inspections.

22.28 (c) A municipality that collects \$7,000 or less in a reporting year from all construction
 22.29 and development-related fees shall report that the municipality collected \$7,000 or less in
 22.30 the reporting year by indicating as such on a form provided by the department.

23.1 (d) In developing the form for reporting, the department must include a list of common
23.2 definitions for all categories of construction and development-related fees collected by
23.3 municipalities. A municipality that collects a fee not included in the common list of
23.4 definitions must report the fee as "other" and provide an explanation of the fee.

23.5 (e) A municipality that fails to report to the department in accordance with this section
23.6 is subject to the remedies provided by section 326B.082.

23.7 **ARTICLE 13**

23.8 **OAK GROVE, NOWTHEN LAND USE EXCEPTIONS REPEALED**

23.9 Section 1. **METROPOLITAN COUNCIL.**

23.10 The Metropolitan Council must review and amend as appropriate its metropolitan
23.11 development guide, policy plans, and system statements to make them consistent with the
23.12 effect of the repeal of the special laws in section 2.

23.13 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
23.14 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,
23.15 Scott, and Washington.

23.16 Sec. 2. **REPEALER.**

23.17 Laws 2017, First Special Session chapter 3, article 3, section 126; and Laws 2018, chapter
23.18 214, article 2, section 46, are repealed.

23.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.