

# METHODS OF ANNEXATION SUMMARIZED

Method	Ordinance (120 acres)	Ordinance (city owned)	Ordinance (small lots)	Ordinance (200 acres)	Ordinance (60% Surrounded)	Ordinance (surrounded)	Ordinance (Extend Services)
<b>Statute</b>	414.033, subd. 2(3)	414.033, subd. 2(1)	414.033, subd. 2(4)	414.033, subd. 5	414.033, subd. 3	414.033, subd. 2(2)	414.0335
<b>Acreage Limit</b>	120 per owner per year	None	None	200 unplatted acres; no limit on platted	40 acres	None	None - Limited to the area to be served
<b>Requires Abutment?</b>	Yes	Yes	No	Yes	Yes	Yes	No
<b>Other Requirements</b>	- No wastewater facilities - All owners petition - Must not result in more than 120 contiguous acres being annexed from the same owner cumulatively over the preceding 12 months	-Property being annexed is owned by the city	-Property was platted after 8-1-95 with average lot sizes below 21,780 sq ft. and within 2 miles of city limits	- Property is platted or is unplatted and is 200 acres or less - Majority of owners petition	- Property is surrounded 60% or more by city boundary and 40 acres or less - Doesn't apply if property is subject to annexation under 414.033, subd. 2(3)	-Property being annexed is completely surrounded by land within the city limits	- MPCA orders city to enter into contract with town to provide services to an area in the town - Within 90 days city can choose to annex area instead of entering into agreement with town
<b>Statutory Authority to Object?</b>	No - Town can speak against it at the city held hearing	No	No - Town can speak against it at the city held hearing	Yes - 90 days to file written objection, results in contested case hearing	Yes - 90 days to file written objection, results in contested case hearing	No - Town can speak against it at the city held hearing	No
<b>Process</b>	- City must provide petitioner an electric utility service notice at least 30 days before adopting the ordinance - 30 days notice to town and owners - Hearing - City adopts ordinance -File annexation with state, town, county auditor, and Secretary of State - If property is in floodplain, city must amend its ordinances accordingly	- City adopts ordinance - File annexation with state, town, county auditor, and Secretary of State -No notice or hearing required	- City must provide petitioner an electric utility service notice at least 30 days before adopting the ordinance - 30 days notice to town and owners to be annexed and surrounding owners - Hearing - City adopts ordinance - File annexation with state, town, county auditor, and Secretary of State	- Owners file petition with state, town, county, and city - If no objections filed, city determines land is urban or suburban in character - City gives notice and holds a hearing if less than 100% petition - City adopts ordinance - File annexation with state, town, county auditor, and Secretary of State	- City serves notice of notice of intent to annex on town and the state - If town does not object within 90 days, city may adopt ordinance to annex the property - If town objects, it goes to a contested case hearing	- City must provide petitioner an electric utility service notice at least 30 days before adopting the ordinance - 30 days notice to town and owners - Hearing - City adopts ordinance - File annexation with state, town, county auditor, and Secretary of State	- City adopts an ordinance and submits it to the state - State orders annexation within 30 days
<b>Payments to Town</b>	- State's order sets out reimbursement payments in equal amounts over 2 to 8 years unless city and town agree otherwise - Town retains taxes levied in the year of annexation and may levy on the property if annexation is effective after August 1 <sup>st</sup> - City must reimburse town for any special assessments and portion of debt	- Generally no, unless property taxes were being collected on the property	- State's order sets out reimbursement payments in equal amounts over 2 to 8 years unless city and town agree otherwise - Town retains taxes levied in the year of annexation and may levy on the property if annexation is effective after August 1 <sup>st</sup> - City must reimburse town for any special assessments and portion of debt	- State's order sets out reimbursement payments in equal amounts over 2 to 8 years unless city and town agree otherwise - Town retains taxes levied in the year of annexation and may levy on the property if annexation is effective after August 1 <sup>st</sup> - City must reimburse town for any special assessments and portion of debt	- State's order sets out reimbursement payments in equal amounts over 2 to 8 years unless city and town agree otherwise - Town retains taxes levied in the year of annexation and may levy on the property if annexation is effective after August 1 <sup>st</sup> - City must reimburse town for any special assessments and portion of debt	- State's order sets out reimbursement payments in equal amounts over 2 to 8 years unless city and town agree otherwise - Town retains taxes levied in the year of annexation and may levy on the property if annexation is effective after August 1 <sup>st</sup> - City must reimburse town for any special assessments and portion of debt	- State's order sets out reimbursement payments in equal amounts over 2 to 8 years unless city and town agree otherwise - Town retains taxes levied in the year of annexation and may levy on the property if annexation is effective after August 1 <sup>st</sup> - City must reimburse town for any special assessments and portion of debt

Method	Orderly Annexation	Contested Case Annexation
Statute	414.0325	414.031
Acreage Limit	None	None
Requires Abutment?	No	Yes
Other Requirements	- Terms negotiated and agreed to by the parties, but resolution must contain certain provisions Note: These agreements are binding	-City resolution; petition of 20% or of 100 owners along with city resolution; town resolution; or joint city-town resolution
Formal Town Authority to Object?	Yes - Parties must agree to adopt the resolution	Yes -Town can choose to oppose the annexation at the state conducted hearing
Process	- 10 days published notice of intent to designate the area - Town and city pass a joint resolution designating area to be annexed and setting out terms and conditions for annexation to occur - Electric utility notice - File resolution with state - In most cases, state orders annexation within 30 days (contested case hearing is a possible alternative)	- 30 days notice to town of intent to annex - Notice and conduct a joint informational meeting -Submit petition / resolution to state - State provides mailed and published notice - Office of Administrative Hearings (OAH) conducts a hearing within 30-60 days -Judge tours the area - Judge considers a list of factors and must issue an order within one year - Order sent to county auditor, parties, and secretary of state
Payments to Town	- As parties agree or state sets out reimbursement payments in equal amounts over 2 to 8 years - Town retains taxes levied in the year of annexation and may levy on the property if annexation is effective after August 1 <sup>st</sup> - City must reimburse town for any special assessments and portion of debt	- OAH determines amount of tax reimbursement - Town may levy on the property if annexation is effective after August 1 <sup>st</sup> - City must reimburse town for any special assessments and portion of debt

#### Notes:

- This summary is only an overview and does not discuss the full details of any of the annexation methods. Furthermore, this summary reflects only one set of interpretations and does not attempt to explain alternative interpretations.
- The state has the authority to order contested cases into an alternative dispute resolution process, which could include mediation and binding arbitration. Minn. Stat. §§ 414.12; 572A.015 -.03.
- An order or other approval for annexation must provide for the reimbursement for lost taxable property in substantially equal amounts between two to eight years. Minn. Stat. § 414.036. The city and town may agree to a different reimbursement schedule.
- A city must reimburse the town for any outstanding special assessments or debt attributable to the annexed property. Minn. Stat. § 414.036.
- Under Minn. Stat. § 414.038, when a city annexes to a town road it must be treated like a line road. If the annexation includes both sides of a town road, that portion of the road becomes the city's responsibility.
- Under Minn. Stat. § 414.039, property annexed containing a town easement remains after the annexation unless otherwise agreed to by the town.
- Two hearings are referenced in this summary: (1) city hearings conducted by the annexing city; and (2) contested hearings conducted by the Office of Administrative Hearings according to procedures established in Minnesota Statutes, chapter 414 and Minnesota Rules Chapter 6000.
- An order for annexation under the contested case procedure may provide for a gradual increase in tax rate on annexed properties from the town rate to the city rate over a period of up to six years. Minn. Stat. § 414.035.
- Refer to [www.mba.state.mn.us](http://www.mba.state.mn.us) and [www.oah.state.mn.us](http://www.oah.state.mn.us) for additional information.

By: Troy Gilchrist, Shareholder  
Kennedy & Graven, Chartered  
1-800-788-8201 / 612-337-9214  
[tgilchrist@kennedy-graven.com](mailto:tgilchrist@kennedy-graven.com)

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