

## Legislative Update

The first legislative policy committee deadline is this Friday, March 10, and this week will be a highly active one in both the House and Senate. MN Management and Budget (MMB) officials released the February budget and economic forecast last Tuesday that will set the parameters for the legislative setting of the state budget. Once policy committee deadlines pass, the focus will turn to finance and tax bills. With deadlines looming, and the budget forecast released, it is anticipated that legislators will finalize committee spending targets soon, which set overall spending parameters for each committee and policy area. At the forecast briefing, majority leaders for the House and Senate stated that tax relief would be a key priority. Continue reading for updates on specific legislative activity. New introduced bills of note are at the end of this newsletter.

## State Budget and Economic Forecast Projects \$1.65 Billion Surplus

The state's February forecast shows increased revenues for FY 2018-19 projected to be \$1.65 billion, a \$321 million increase over the November forecast projection. While state officials noted stronger economic growth and increased projections for tax revenue, they also cautioned that there are significant risks associated with the forecast due to potential but unknown federal policy actions and changes.

MMB officials noted the state's budget reserve shrank by \$326 million to pass the health care premium relief bill, and that it now stands at \$1.6 billion. The Governor and minority leaders of both the House and Senate noted the importance of maintaining a structurally balanced budget (current revenues and spending in balance, excludes any unexpended revenues carried forward from previous biennium) and cautioned against further spending from the budget reserve. State policy requires 33 percent of any projected November budget forecast surplus to be allocated to the reserve account until it reaches a statutorily optimal level. No transfer occurs with the February budget forecast.

The budget forecast documents can be [found here](#).

## Economic Development (MIF/JCF) Bills Introduced

Two bills supported by Metro Cities that would restore funding for the Minnesota Investment Fund and Job Creation Fund were introduced last week. The bills also fund the Redevelopment Grant Program which cities use to clean up land so it can be reused. S.F. 1522 is authored by Sen. Paul Anderson who represents Plymouth and Minnetonka and H.F. 1916 is authored by Rep. Jeff Howe from Rockville in central Minnesota. Metro Cities worked with the Economic Development Association of Minnesota (EDAM) to draft the bill and secure authors for its introduction.

A bill that would provide a one-time exemption from requirements on the use of local MIF funds was heard by the House Jobs committee last week. The bill's author, Rep. Pat Garofalo, explained he received a request from a community to use its revolving loan fund for a use not currently authorized in statute. The bill allows a city with a revolving loan fund a one-time exemption from the MIF requirements to use their funds for other purposes in exchange for a 20

percent payment to the state's general fund. The bill was passed by the committee and referred to the Ways and Means committee. The Senate companion was heard in the Senate Jobs committee today and passed to the Senate floor. Governor Dayton's budget includes expanded uses of the local revolving loan fund and Metro Cities expects additional legislative debate on the use of these funds. **Metro Cities is interested in how this proposal would affect cities. Please contact Charlie Vander Aarde with feedback from your city – [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) or 651-215-4001.**

## **Metropolitan Council Governance Bill Passes House Committee**

[H.F. 1866](#) (formerly H.F. 828)-Albright, was heard on Friday afternoon in the House Transportation and Regional Governance Policy, and was passed and re-referred to the House Government Operations Committee. A similar bill will be heard in the Senate Local Government Committee Tuesday.

The bill would require the Metropolitan Council to be made of county and city officials, would expand the size of the Council from 17 to 27 members, and would create 16 'municipal committees' across the region to appoint city officials to the Council. County officials would be appointed by the seven metro county boards. The bill does not specify whether municipal committees would be structured for consistency, how they would be administered or to which laws they would be subjected. The bill also provides for three ex-officio members representing transportation modes. The bill also prohibits local units of government from spending money to study, design or construct light rail. In addition, the bill eliminates the Transportation Advisory Board (TAB). Metro Cities opposes the bill.

This was the bill's second hearing in the Transportation and Regional Governance Policy committee. At the first hearing, Edina Mayor Jim Hovland and Cottage Grove Mayor Myron Bailey testified, along with Metro Cities staff, in opposition to the bill. At the hearing Friday, Metro Cities staff provided additional opposing testimony focusing on the incompatibilities of the two offices. Sean Kershaw of the Citizens League also testified against the bill, as did citizen TAB member (and former Dayton mayor) Doug Anderson, and Tim Gladhill representing the American Planning Association, MN Chapter. Former Mayor Anderson noted that the work of the TAB itself requires approximately 20 hours per month, and that the breadth and depth of issues it considers would not be practical for the proposed model for the Council. Metro Cities also reiterated its support for staggered terms and improvements to the selection process for Council members to enhance input by local government officials and increase transparency.

Committee discussion centered on the incompatibilities and high potential for conflicts of interest for local officials under the bill's proposed governance structure. Amendments to provide for staggered terms and improvements to the selection process as well as to authorize a task force to study the Council, were defeated. The bill was passed on a 9-6 partisan roll call vote and re-referred to the House Government Operations Committee.

Metro Cities is preparing a list of all Metropolitan Council-related bills and their status and implications, that will be provided in an upcoming newsletter. Questions? Please contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org).

## **Condo & Townhome Housing Choice Bill Debated**

Legislation that aims to increase the production of condominiums, townhomes and co-ops was approved by the House Civil Law committee last week. The bill, H.F. 1538, is the result of study and research into the dearth of production of these types of housing stock over the past ten years.

Mayor Gene Winstead from Bloomington, Mayor Denny Laufenberger from Chanhassen and Mayor Jim Hovland from Edina testified in support of the bill, describing the lack of multifamily owner-occupied units, and how this limits choices for residents. Other bill advocates explained how recent multifamily housing production has primarily been apartments, with very few owner-occupied options being built.

Metro Cities' policies support increasing housing choices in the region. In an informal survey of cities conducted by our association last fall, communities across the metro region identified the need for additional condominium and townhome units to meet the needs of their residents. While the region has seen an increase in the number of rental units, the number of new owner-occupied units has not kept up with the demand for this product.

The goal of the legislation is to encourage condo and townhome development by reducing the risk of litigation associated with these types of housing and encourages the involved parties to resolve construction defect disputes through negotiations or mediation while also preserving the warranty rights of owners. See the February 17 Metro Cities News for additional information on the proposal.

The House committee approved the bill and sent it to the House floor. The Senate companion is expected to receive a hearing in the next two weeks. Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocityems.org](mailto:charlie@metrocityems.org) with any questions.

### **Record Retention Bill Heard**

[H.F. 1185](#) (Scott) was heard last week in the House Civil Law and Data Practices Committee. The bill would define correspondence for government entities that would include written or electronic text-based communications, provide for a 3-year retention schedule and move from public to non-public storage systems. Members asked questions regarding data liability for private email retention systems. The League of Minnesota Cities testified in opposition, noting concerns on the cost and increased difficulty in searching for data if this bill were to pass. Representatives from the city of Minnetonka also testified opposed to this bill, noting its broad scope and cost. The bill was passed and referred to Government Operations and Elections Policy.

### **Senate Tax Committee Hears LGA, Fiscal Disparities Bills**

The Senate Tax Committee heard [S.F. 476](#) (Weber) that would increase the LGA appropriation from its current \$519 million to \$542 million and \$564 million in 2019. The Governor has included a \$20 million increase for LGA in his budget recommendation. Metro Cities supports increasing LGA. The Senate Tax Committee also heard [S.F. 117](#) (Limmer), that would cap contributions to the fiscal disparities program for municipalities not connected to the regional wastewater treatment system. Metro Cities policies stipulate that modifications to the fiscal disparities program should be considered only within a context of larger reform to the property tax, aids and credits system and Metro Cities testified to this policy. The bill was laid over. Companion legislation has been heard in the House Property Tax Division and was also laid over.

### **House Government Operations Committee Discusses Franchise Fee Bill**

The House Government Operations Committee last Friday heard [H.F. 1146](#) (Vogel), which would restrict cities' use of utility franchise fees by requiring a public notice and hearing and provide for a reverse referendum. Any city ordinance or agreement imposing such fees, under an amended

version of the bill, may be up to five years. The bill, in its current amended version, require cities to explain the fee and its uses, any increases in utility bills, and other costs associated with raising the fee.

The bill is similar to a bill also introduced by Rep. Vogel last year. The amended bill addresses concerns raised by the League of Minnesota Cities last week, but LMC, Metro Cities and other city organization representatives will continue to work with the author on the bill's language as this bill is further considered, as we continue to have concerns with the language and direction of the bill. The bill passed and was sent to the General Register.

Questions? Please contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org)

### **Interim Ordinance Bill Amended, Passes House Floor, Senate Committee**

This week, an amendment to the interim ordinance bill was adopted that addresses many of the concerns raised by the League of Minnesota Cities, Metro Cities and others. The amendment to both [S.F. 201](#) and [H.F. 330](#) would now require a two-thirds vote of members present at the city council meeting to pass an interim ordinance. Prior to enacting the ordinance, a city must hold a public hearing and give notice to any person who has submitted written information to the city regarding a housing proposal that is potentially affected but the ordinance. The notice must be provided three days prior to the hearing. The amendment stipulates that the activities related to the interim ordinance must cease until after the hearing, and addresses concerns related to the vague term "related to housing" that was a part of the bill as introduced. With these changes, Metro Cities is no longer opposed to this legislation.

H.F. 330 was passed by the House by a vote of 87-44. S.F. 201 is awaiting a vote on the Senate floor. Should it be signed by the governor, this law would be enacted on August 1 of this year.

### **Small Cell Wireless Bill Receives First Hearings**

A bill that would severely limit the ability of cities to regulate the public right of way received a hearing in House and Senate committees last week. [H.F. 739](#) received a hearing in the House Commerce and Regulatory Reform, while [S.F. 561](#) was heard in the Senate Energy and Utilities Finance and Policy Committee.

In both committees, amendments were adopted that have been developed by the proponents as cities and others have raised concerns with the bill. However, it is the position of both Metro Cities, the League of Minnesota Cities and other stakeholders that the proposed amendments are not adequate to address concerns, as the bill would allow wireless providers to place small wireless equipment on utility poles or other local government property and prohibit cities from being able to negotiate zoning, rates, permit timelines or maintenance related to this equipment.

H.F. 739 was passed to the Government Operations and Elections Committee, where it will likely be heard next week, while S.F. 561 was passed to the Local Government Committee. The bill authors assured legislative committees and stakeholders that the bills are works in progress. Metro Cities will continue to work with the authors and stakeholders.

### **Elections Bill**

The House Committee on Government Operations and Elections Policy heard [H.F. 1697](#), (O'Driscoll) that would grant \$14 million dollars to counties, cities, and towns for new elections

equipment, and require a 50% match from each local government. The bill was passed and referred to State Government Finance.

## **CTIB Dissolution on Hold; Will Have Another Meeting This Week**

The Counties Transit Improvement Board (CTIB) did not dissolve at a special meeting held Friday, March 3, but an agreement could be close. The board reviewed a draft resolution that would define the parameters of dissolving the board, as well as how the current obligations of CTIB and future transit costs would be funded. Most components of the resolution appeared agreeable to members of the board, but a few details remain to be decided. CTIB has tabled the resolution until Wednesday, March 8. It is likely that CTIB will vote on the resolution at this meeting.

## **New Bill Introductions of Note:**

[S.F. 1437](#), Bill modifies local government aid appropriation for cities.

[S.F. 1439](#), Bill expands the exemption for certain local government capital projects.

[S.F. 1456](#), Bill temporarily modifies the restrictions on use of Minnesota Investment Fund loan repayment funds.

[S.F. 1483](#), Bill allows consideration of reasonableness system statements in the Metropolitan Land Planning Act.

[S.F. 1487](#), Authorizes a local unit of government to assess costs to large retail stores for excessive consumption of law enforcement services.

[S.F. 1490](#), Modifies the governance of the Metropolitan Council.

[S.F. 1524](#), Requires the commissioner of transportation to develop a policy for evaluating, ranking and selecting projects. Requires a report to the legislature.

[S.F. 1525](#), Bill makes changes to the project selection process for the corridors of commerce program.

[H.F. 1750](#), Appropriates money for the supplemental metropolitan transit service.

[H.F. 1813](#), Requires a disparities impact report for new and existing programs relating to legacy funding.

[H.F. 1814](#), Directs the Legislative Commission on Data Practices and Personal Data Privacy to study and recommend options for expanding public access to legislative records and meetings.

[S.F. 1590](#), Bill allows a reverse referendum for property tax levies under certain circumstances, modifies dates for local referenda related to spending.

[S.F. 1631](#), Bill provides for additional financing of metropolitan-area transit and paratransit capital expenditures.

[H.F. 1829/S.F. 1410](#), Provides for abatement of penalties for late payment of taxes.

[H.F. 1842](#), Provides for corridors of commerce program eligibility.

[H.F. 1853](#), Modifies sales and use tax exemption provisions for construction materials for local governments and other entities by certain contractors.

[H.F. 1856](#), Appropriates money to the Metropolitan Council for regional park and open-space land acquisition and improvements.

[H.F. 1866](#), Modifies governance of the Metropolitan Council.

[H.F. 1879](#), Allocates certain sales tax revenue, appropriates money for the small cities assistance program.

[H.F. 1899](#), Increases the motor fuels tax.

[H.F. 1928](#), Repeals the Livable Communities Act and transferring its funding sources to council bus operations, makes conforming changes.

[H.F. 1943](#), Reenacts sewer availability charge transfer provisions.

[S.F. 1681/H.F. 2057](#), Changes compliance with the metropolitan long-range solid waste policy plan optional, requires rulemaking for the revision of certain solid waste standards.

[S.F. 1693/H.F. 1994](#), Modifies the requirements for buffers on public waters and drainage ditches,

clarifies certain rulemaking for soil loss ordinances.

[S.F. 1712](#), Makes changes to the project selection process for the corridors of commerce program for eligibility and project selection process.

[S.F. 1718](#), Modifies requirements for a government entity denying access to data.

[S.F. 1719](#), Defines correspondence in government record retention law. Provides a minimum three-year period for correspondence retention.

[S.F. 1731](#), Exempts certain storm water use from water-use permit requirements.

[H.F. 1959](#), Establishes an active transportation program to support bicycle, pedestrian, and other non-motorized transportation activities, allocates certain general sales tax revenue, requires a legislative report.

[H.F. 1975](#), Narrows a bidding exception for certain water tank service municipal contracts.

[H.F. 1981](#), Authorizes cities and towns to apply for transportation replacement service during a certain period.

[H.F. 1990](#), Modifies the amount of financial assistance provided to replacement mass transit service providers.

[H.F. 2000](#), Transfers all long-range transportation planning functions from the Metropolitan Council to the Department of Transportation.

[H.F. 2015](#), Requires a waiver of certain limitations on water appropriations for municipal drinking water supply.

[H.F. 2039](#), Requires status changes and removals from the statewide voter registration system to be included in public information lists.

[H.F. 2050](#), Allows voter electronic signatures for purposes of electronic rosters.

[H.F. 2057](#), Makes compliance with the metropolitan long-range solid waste policy plan optional, requires rulemaking for the revision of certain solid waste standards.

[H.F. 2061](#), Provides a tax exemption for purchases used in providing transportation and public transit services.

[H. F. 1722](#), Bill requires MnDOT to initiate negotiations to extend and modify Northstar commuter rail passenger service.

[H.F. 1745](#) Bill creates a Metro Mobility Enhancement Task Force.

[H. F. 1747](#), Bill makes changes to the sewer availability charge related to outdoor seating.

[H. F. 1790](#),/ [S.F. No. 1546](#) Bill appropriates \$40 million in the biennium to the Metropolitan Council for regional parks and trails operation and maintenance.

[S.F. No. 1465](#): Bill allows cities and towns to apply for opting out of Metro Transit starting July 1<sup>st</sup>, 2017 through December 31<sup>st</sup>, 2017.

[S.F. No. 1521](#): Bill creates a local cost-share assistance account for transportation projects to be funded by a capital investment allocation.

[S.F. No. 1525](#): Bill makes changes to the project selection process within MNDot for the corridors of commerce program.

[H. F. 1995](#), Bill prohibits interference of orderly annexation agreements by cities not a party to the agreement.

[H. F. 2031](#), Bill appropriates \$10 million in the bonding bill for shade tree replacement

[H. F. 2032](#), [S.F. No. 1688](#) Bill appropriates \$10 million from the general fund for shade tree replacement

[H. F. 2058](#), Bill eliminates certain eminent domain procedural exceptions for construction or expansion of light rail or bus rapid transit lines;

[S.F. No. 1731](#)/[HF 2028](#): Bill exempts certain storm water use from water-use permit requirements;

[S.F. 1497](#), Adds cities and tribal governments as eligible applicants to the Workforce and Affordable Homeownership Development Program at MHFA.

[S.F. 1547](#), Appropriates money for the youth-at-work grant program.

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