



## Legislative Update

Today marks the second policy committee deadline for the Legislature and this week was marked by numerous hearings on bills. Policy bills that have not been heard at this point are considered to have missed the deadline and therefore are unlikely to progress this session.

Senate Majority Leader Gazelka and members of his caucus held a press conference on Thursday to announce their plan to cut taxes by \$900 million. While details were not released, legislators indicated the plan would include middle class tax cuts, tax credits for student loan interest, and relief for farmers and small business owners. The Senate majority caucus will release further committee budget targets today, and Governor Dayton will also issue his revised and recalibrated state budget recommendations that will account for the February budget and economic forecast projections.

Dayton [issued a letter](#) to legislative leaders earlier this week outlining his expectations for budget bills and end-of-session negotiations. The projected budget surplus now stands at \$1.6 billion for FY 18-19.

## Several Bills Advancing that Affect Local Decision Making Authority

Metro Cities has been meeting with the LMC and other city organization representatives to discuss concerns with the trend of bills that are advancing through the legislative process that would undermine local decision making authority in numerous areas of law and policy. Bills have been proposed to restrict the use of franchise fees, to eliminate the ability of a city to establish a special service district, to prohibit cities from governing public rights of way with small cell wireless placement, to restrict local government aid (LGA) using factors not related to the formula, and to restrict cities' use of interim ordinances, to name a few.

While 'local control' is a broad term, when applied, it matters a great deal. Metro Cities is very concerned about the number of proposals that would affect the ability of cities to act in the best interests of their local community and to address specific local needs, and bills that would set legislative precedent for issues of this nature. Metro Cities and other city organizations are preparing a letter for legislative leaders to outline our concerns that we will publish once finalized. The LMC has also prepared a [sample resolution](#) for cities on this issue that it will distribute.

Please stay tuned for legislative action alerts on bills and newsletter updates and information. It is especially important that city officials be communicating with their local legislators on these issues. Contact Patricia Nauman at [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org) or 651-215-4002, with any questions.

## Franchise Fee Bill Heard in Senate Committee

[SF 2092](#), (Draheim) was heard in the Senate Local Government committee on Thursday evening. The bill as amended provides for public notice, hearing and reverse referendum provisions on whether a city may impose fees that raises revenue. The referendum provision is now at a 10% threshold under the amended bill. The bill also contains a five-year renewal clause. The bill was re-referred to the Senate Tax committee. A companion bill has been introduced by Rep. Bob

Vogel that is progressing through the House. The bill follows similar legislation introduced and considered last year in the House.

Edina City Manager Scott Neal testified on the bill, and discussed the public processes and outreach used by the city on these fees. LMC staff testified with concerns about the bill, and noted modifications made by the authors to accommodate some of the concerns. Metro Cities policies support cities' ability to use franchise fees.

### **Bill Repealing Special Service District Authority To Be Heard Monday**

A proposal to repeal the authority of special service districts will be heard in the House Property Tax Division on Monday, March 20. The bill, [HF 2412](#) (Drazkowski) was introduced this week. Metro Cities is working with the League of Minnesota Cities to respond to the bill. A Metro Cities and LMC-initiated extension for special service district authority through 2028 was secured in 2013. A Senate companion bill has not been introduced. Metro Cities is interested in hearing how your business community and property owners work with the city in implementing a SSD and the regular review process that occurs through the duration of a district. Please contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with your city's experience. Metro Cities also sent a separate legislative action alert on this issue earlier today.

### **Condo & Townhome Housing Choice Bill Passes Senate Committee**

A bill that aims to increase the production of condominiums, townhomes and co-ops was approved by the Senate Judiciary committee this afternoon.

Mayor Gene Winstead from Bloomington and Mayor Denny Laufenberger from Chanhassen testified in support of the bill, describing the lack of multifamily owner-occupied units, and how this limits housing 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.

The Senate bill now awaits action on the Senate floor. The House committee approved the companion bill, HF 1538, and sent it to the House floor earlier this month. Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **Metropolitan Council Governance Bill Heard in Senate**

[SF 1490](#) (Osmeck) would make up the Metropolitan Council of county and city officials, and eliminate the Transportation Advisory Board (TAB). This bill was heard in the Senate Transportation Finance committee on Thursday. Metro Cities provided testimony in opposition to the bill. The organization's opposition includes the proposed governance changes, and elimination

of the TAB. The Citizens League also testified in opposition. The bill was passed to the Senate Floor. Similar bills are advancing in the House, authored by Rep. Tony Albright, the details of which have been included in previous newsletters. Stay tuned for additional information. Questions? Contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org)

## **MN Investment Fund/Job Creation Fund Bills Heard**

A Metro Cities supported bill to restore funding to the Minnesota Investment Fund (MIF) and Job Creation Fund (JCF) was heard in the House Jobs committee Tuesday evening. MIF would be funded at \$15 million per year and JCF at \$12.5 million per year over the FY 18-19 biennium under the proposal. Duane Northagen from the Wright County Economic Development Partnership testified how businesses use the financing to make decisions on whether to expand and where to grow based on the availability of these funds. Metro Cities encourages city officials to support these funds with their local legislators (information below).

Martha Faust with Minnesota Brownfields testified to the metro and statewide need for funds in the Redevelopment Grant Program, which is included in the bill for \$10 million over the biennium. After the February 2017 program distribution, the fund will have a zero balance. The bill was held over by the committee for consideration in an omnibus jobs finance bill.

A press conference touting the three programs was held Wednesday in the Capitol. Bill authors Sen. Paul Anderson and Rep. Jeff Howe explained how the programs have leveraged hundreds of millions of dollars in private investment and supported thousands of new jobs in the metro and statewide. Two businesses that have received state financing spoke. Jo Reinhardt, CEO/President at Industrial Louvers, Inc. and Clinton Schneider, General Manager at LISI Medical Remmele explained how they worked with their local communities to access the funds which made their projects possible.

Metro Cities will continue to advocate for these funds and encourages city officials to contact their legislators to indicate support for funding for these programs. The bills are [HF 1916 \(Howe\)](#) and [SF 1522 \(Anderson, P\)](#). Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

## **Bill Requires Legislative Approval of Local Housing Goals**

A bill introduced by Rep. Vogel, [HF 1037](#) was heard in the House Government Operations committee this week. The bill would require legislative approval of local housing goals that are currently negotiated between metro city officials and the Metropolitan Council as part of determining Livable Communities Program grant funding. Metro Cities testified in opposition to these provisions in the bill on the premise that the bill adds a layer of legislative and state oversight on goals that are currently and more appropriately established at the local level, and in conjunction with grant program criteria that is set at the regional level with input by local units of government. The bill was passed and re-referred to the House Job Growth and Energy Affordability committee. There is no Senate companion. Please contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org) for additional information.

## **Two Housing Challenge Program Bills Debated**

Two bills that would affect Minnesota Housing's Challenge Program were heard by the House Jobs committee this week. [HF 1470](#) (Baker) would increase funding for the Challenge Program by \$6 million over the biennium, to almost \$16 million per year. [HF 1162](#) (Garofalo) would redirect

\$6.6 million per year from the program to a new market rate workforce housing program for communities in greater Minnesota. Metro Cities supports increased funding for the Challenge program that is flexible and serves a variety of needs across the state, including both single family and multifamily housing, and opposes redirecting the funds. The bills were held for possible inclusion in a future omnibus finance bill. The Senate companions were previously heard in the Senate and laid over. Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **Housing Trust Fund Bill Heard**

House and Senate committees have debated a bill that provides a process for establishing a local or regional housing trust fund. While cities are currently allowed to create a local housing trust (three cities currently do: Minneapolis, Red Wing, Rochester), [HF 1607](#) (Haley) and [SF 1389](#) (Weber) permits a local government to establish a local housing trust fund by ordinance or participate in a joint powers agreement to establish a regional housing trust fund. The legislation also permits a regional housing trust fund to be administered through a nonprofit organization that must encourage private donations.

In both House and Senate committees, language was added that clarified an existing local or regional housing trust fund is not required to alter the existing terms of its governing documents.

The bill also has an appropriation to Minnesota Housing for matching funds for housing projects funded by the trust fund. Both bills were held over by the committee for possible inclusion in a later finance bill. Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **Urban Ag Bill Heard**

A bill that would fund grants for urban agriculture in cities was heard and laid over by the House Agriculture Finance committee. The bill, [HF 1461](#) (Clark) would have the Commissioner of Agriculture establish and administer an urban agriculture development pilot program to provide competitive grants to eligible cities; Native American tribal communities; and individuals, nonprofit organizations, and cooperatives located in eligible cities. An eligible city is defined as a city over 10,000 residents or a city where at least ten percent of the population is comprised of communities of color or Native American tribal communities living at or below 200 percent of the poverty level.

The bill is permissive and incorporates changes suggested to the author last year that minimize potential financial penalties for cities. A financial repayment would only have to be made by a city if it received a grant from this program and the land use is changed to prevent farming on the parcel tied to the grant. The bill has a \$20 million appropriation for the biennium. It was held over for possible inclusion in the agriculture finance bill. Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **Business Ordinance Notification Bill Update**

SF 1224 that requires municipalities to notify all businesses that could be affected by a proposed ordinance was heard in the Senate Local Government committee. An amendment was added that allows local businesses to opt onto an email list where notices can be sent to interested parties. The amendment addresses many concerns raised by cities including the inability for cities to know which businesses may be affected by a proposed ordinance and the feasibility of notifying those

businesses. The bill was passed to the Senate floor. Questions? Please contact Steve Huser at [steven@metrocitiesmn.org](mailto:steven@metrocitiesmn.org) or 651-215-4003.

## **City Street Funding Bills Heard**

Four bills that would fund local transportation needs were heard in committee this week. HF 934, SF 1358, and HF 1879 propose to fund the small cities account created in the 2015 session, at varying levels. HF 2191 would aid cities with local cost share funds.

In addition to appropriating the Small Cities Account, HF 934 would create a Large Cities Account for cities over 5,000 in population. The accounts would be funded by a \$10 surcharge on license tab fees and vehicle title transfer fees and is projected to generate \$57 million annually, with an even split between the accounts. The funds would be formula-based and could be used for non-Municipal State Aid (MSA) city street maintenance, construction, and reconstruction. Metro Cities, along with the League of MN Cities, the Coalition of Greater MN Cities, the MN Small Cities Association and cities of St. Paul and Minneapolis have worked together to support and advance this legislation. This bill was laid over by the House Transportation Finance committee for possible inclusion in an omnibus bill.

[SF 1358](#) funds the Small Cities Account and creates a Large Cities Accounts and funds them through annual interest earnings collected from surpluses in the general fund, reallocating funds from a portion of the sales tax on motor vehicle leases and from a rental tax on short-term vehicle rentals and leases. Both accounts would be funded up to \$25 million per year. Any additional revenue collected above a \$50 million total for both accounts would be deposited into the small city account. This bill was heard by the Senate Transportation committee and laid over for possible inclusion in an omnibus bill.

[HF 1879](#) funds the Small Cities Account with a one-time appropriation of \$25 million from the motor vehicle lease and rental tax. This bill was passed by the House Transportation Finance committee and re-referred to the House Tax committee.

[HF 2191](#) would create a local cost-share assistance account within the Local Road Improvement fund. This proposal would also fund the Local Bridge Improvement fund with state bonding money. Amounts for these funds have not been specified in the legislation. This bill was passed by the House Transportation Finance committee and re-referred to the House Capital Investment committee.

Questions? Please contact Steve Huser at [steven@metrocitiesmn.org](mailto:steven@metrocitiesmn.org) or 651-215-4003.

## **Small Cell Wireless Bill Laid Over in Committee**

H.F. 739 (Hoppe), that would severely limit the ability of cities to regulate public rights of way, was laid over by the House Job Growth and Energy Affordability committee.

Metro Cities, with the LMC and other stakeholders, continue to have significant concerns with the bill and the permission it grants to 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.

Negotiations to address concerns in the bill have stalled, and the wireless industry as well as city and utility representatives told the committee during the hearing on the bill this week that it did not appear an agreement was close at hand. The chair of the Jobs committee, Rep. Garofalo, asked

all parties to continue to work on an agreement. Metro Cities will continue to work with the authors and stakeholders.

Questions? Please contact Steve Huser at [steven@metrocitiesmn.org](mailto:steven@metrocitiesmn.org) or 651-215-4003.

### **Transit Fare Increase Discussed by Met Council Transportation Committee**

The Metropolitan Council Transportation committee held its first public discussion on a possible transit fare increase this week. The Council is considering a fare increase as part of addressing a \$74 million transportation budget deficit for FY 2018-19. No action was taken at the meeting, but members were presented with three possible fare change scenarios each of which included funding and ridership impacts as a result of each change. None of the proposals would generate the amount of funding needed to address the current deficit. Increased revenue estimates from fare increases ranged from \$6.2 million to \$7.1 million per year. Increases to Metro Mobility fares were also presented. These changes could generate both savings and revenue and add between \$11.6 and \$12.8 million to the transportation budget. For more information on potential fare change scenarios, [click here](#).

The Transportation Committee is scheduled to approve a fare increase plan at its March 27th meeting. This plan will include meeting and hearing dates as well as proposed fare change scenarios. Under this timeline, any plan would be approved by the full Council at the April 12 meeting. For more information on this timeline, [click here](#).

Questions? Please contact Steve Huser at [steven@metrocitiesmn.org](mailto:steven@metrocitiesmn.org) or 651-215-4003.

### **Bills of Note**

[S.F. 2018](#), Authorizes the Metropolitan Council and Counties to contract for use of railroad or mass transit right-of-way, regulates civil liability.

[S.F. 2019](#), Authorizes the Metropolitan Council and counties to contract for use of railroad or mass transit right of way. Regulates civil liability.

[S.F. 2026](#), Modifies the definition of electronic access data to exclude government employees.

[S.F. 2058](#), Modifies compliance with elevator codes for fourth-class cities.

[S.F. 2068](#), Provides a deadline for entering certain voter registration application data into the statewide voter registration system.

[S.F. 2071](#), Authorizes jurisdictions to adopt ranked-choice voting, establishes procedures for adoption, implementation, and use of ranked-choice voting, authorizes rulemaking.

[S.F. 2092](#), (Draheim) Provides for biennial notice and referendum on whether a municipality may use public utility license, permit, rights or franchise fees to raise revenue.

[H.F. 2344](#), Provides an annual appropriation for the small cities assistance account.

[H.F. 2354](#), Provides a deadline for entering certain voter registration application data into the statewide voter registration system.

[H.F. 2355](#), Bill increases the maximum capacity of community solar gardens.

[H.F. 2376](#), Modifies an appropriation for state road construction.

[H.F. 2387](#), Specifies waste management methods for certain types of waste.

[H.F. 2390](#), Bill relates to statewide and major local public retirement plans, and modifies provisions for purchasing salary or service credit for periods during which the member receives workers' compensation.

[H.F. 2435](#), Bill prohibits discrimination against a public employee for reporting certain information or refusing to perform certain actions, bill imposes civil penalties.

[S.F. 2157](#), Establishes aid reductions for cities imposing labor regulations.

[S.F. 2158](#), Bill requires specific authority in law for the Metropolitan Council to issue certain types

of debt obligations, repeals state technology lease-purchase financing.

[S.F. 2159](#), Authorizes housing infrastructure bonds.

[S.F. 2171](#), Increases the number of voters an individual may assist in marking a ballot.

S.F. No. 2158: Bill prohibits the Met Council from issuing certificates of participation as a funding mechanism.

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