



Dayton Delivers Final State of the State, Releases Supplemental Budget

Governor Dayton gave his eighth and final State of the State speech on Wednesday night. In a shorter speech than last year, the Governor highlighted the importance of fiscal stability and maintaining Minnesota's economic vitality and high quality of life. Dayton addressed priorities for his last 10 months in office, including tax conformity, transportation funding and water infrastructure.

On the issue of tax conformity, Governor Dayton noted the complexity of the issue, and stated that if Minnesota conforms to the federal changes, some Minnesotans will owe more state taxes, while others will owe less and stated that his focus in addressing conformity will be fairness in any changes for taxpayers.

The Governor also discussed water infrastructure as a priority for which he has proposed funding through his capital appropriations proposal.

Governor Dayton today released his 2018 supplemental budget to the Legislature. Below are highlights of the budget of interest to Metro Cities. Metro Cities staff is continuing to review the documents and will provide further information next week.

Governor Dayton's budget proposes general fund budget changes totaling \$206 million. The February budget forecast, which will inform legislative fiscal actions this session, anticipates a \$329 million budget surplus. The Governor's budget includes \$20 million in tax reductions and credits, and proposes a \$227 million increase in general fund spending. The budget leaves a balance of \$123 million.

The Governor's budget funds education by \$78 million, opioid crisis prevention by \$13 million, \$27 million for pensions reform, \$13 million to address elder protection, and \$10 million for MNLARS.

DEED

Governor Dayton recommends \$30 million for the border to border broadband grant program and a \$2 million loan to a Duluth paper mill project through the existing Minnesota Investment Fund balance. Metro Cities does not support direct legislative appropriations for MIF and Job Creation Fund awards, but rather, supports the local government application and DEED review and award process.

The budget recommends one-time funding in FY 2019 for the Angel Tax Credit Program to fund calendar year 2018. Metro Cities supports this currently expired program that provides a 25 percent credit to investors or investment funds that put money into startup companies focused on high technology, new proprietary technology, or a new proprietary product, process, or service in specified fields.

Housing

Governor Dayton recommends increasing the maximum level of the Manufactured Home Relocation Trust Fund from \$1 million to \$3 million to ensure that resources are available to owners of manufactured homes with relocation expenses if the manufactured home park closes.

The Senate Housing policy committee debated a similar proposal this week – see article in this newsletter.

Water

Governor Dayton recommends \$10.5 million for drinking water protection activities including for contamination and emergency response needs. An annual fee of \$9.72 per household is recommended to offset the costs of these safe drinking water activities.

The Governor also recommends increasing Drinking Water Protection Grants to local governments by \$5 million to improve and protect drinking water sources. These funds will be used to safeguard areas where municipal water supplies recharge and prevent pollution from feedlots and subsurface sewer water.

Public Safety - Transportation

Governor Dayton recommends \$10 million in one-time funding to reimburse Deputy Registrars for actual additional costs incurred due to the implementation of the Minnesota License and Registration System (MNLARS).

The proposal includes \$10M from the special revenue fund to continue work on the MNLARS project roadmap. The proposal also includes a \$2 technology fee on transactions beginning in FY19 to support fixes of the MNLARS system and provide ongoing maintenance and the proposal also includes a one-time general fund appropriation of \$10.76 million in FY19.

Governor Dayton recommends \$17.8 million in funding to support the Driver and Vehicle Services Public Information Center (PIC).

Elections

Governor Dayton recommends a total of \$1.12 Million in funding for election cybersecurity upgrades and to modernize Minnesota's Statewide Voter Registration System (SVRS). This funding will allow the Secretary of State to implement recommendations from the U.S. Department of Homeland Security for modernizing election security ahead of the 2018 general election and overhaul the SVRS over the course of four years.

Uber/Lyft Bill Passes House Committee

A bill that would preempt local ordinances relating to transportation network companies (TNCs) such as Uber and Lyft passed the House Civil Law and Data Practices Committee. [HF 3032](#) - Layman, would create statewide regulations for TNCs. The bill would also preempt existing and future municipal ordinances.

Metro Cities' policies oppose this bill on the basis that it preempts local ordinances, and staff provided testimony to this effect this week. Proponents have agreed to work with stakeholders, including Metro Cities, to concerns. The bill was passed and re-referred to the Government Operations Committee and is scheduled to be heard on Tuesday.

Metro Cities is working to identify city officials who are willing to help us respond to this legislation. If you are interested, please contact Steven Huser at [651-215-4003](tel:651-215-4003) or steven@metrocitysmn.org.

Organized Collection Bill Passes Senate Committees

[SF 2697](#)- Hall a bill that would modify organized solid waste collection statutes, passed several Senate committees this week. The bill stipulates that when a local government convenes a committee to examine solid waste collection options, the committee must include in its analysis an examination of the existing system of collection. The bill also allows the evaluation to include an examination of the potential impacts of collection methods have on the ability of residents to choose on desired level of service and costs. [SF 2697](#) – Hall, also proposes to change the length of the initial collection agreement from three to seven years. This legislation would not apply to collection agreements that are in process of being developed or are completed.

The bill passed the Environment and Natural Resources, Local Government and Judiciary and Public Safety Committees and was sent to the Senate floor. The House companion, [HF 3095](#)-Smith, was heard in the House Environment Committee and was passed to the Civil Law and Data Practices Committee.

Workforce and Affordable Homeownership Development Program Passes House Committee

A state program that directs state resources to support single family and multifamily homeownership was amended and passed by the House Jobs committee this week. The Workforce Home Ownership Program was modified to explicitly include cities as eligible recipients of these funds. Previously, cities could access the funds only through its HRA. The funds can be used for community land trusts, development costs, rehabilitation, land development, and residential housing, including storm shelters and related community facilities. The bill was referred to the House Taxes committee.

Contact Charlie Vander Aarde at 651-366-7564 or charlie@metrocitiesmn.org with any questions.

Bill Related to the 3M Lawsuit Passes Senate Committee

[SF 3202](#)- Housley, a bill related to the 3M settlement, was passed by the Senate Environment and Natural Resources Finance Committee. The bill creates a fund for the settlement funds to be deposited to, mandates creation of a stakeholder group, and provides for a biannual report to be submitted by the MN Pollution Control Agency to the Legislature.

This lawsuit was initiated by the Minnesota Attorney General in 2010 in response to the determination that perflourinated compounds, or PFC's, were detected in drinking water wells in the east metro. The bill was passed to the Senate State Government Committee.

Local Cost Share and Local Road and Bridge Improvement Bills Pass House Transportation Committee

Two bills that would fund the Local Road and Bridge Improvement Programs passed the House Transportation Finance Committee. [HF 3156](#) - Lueck, would allocate a total of \$50 million, or \$25 million each, to the Local Road and Local Bridge Programs. [HF 3219](#) – Howe, would allocate a total of \$200 million, or \$100 million each, to the Local Road and Local Bridge Programs. This bill would also create a Local Cost-Share Assistance Account within the Local Road Improvement Program. Funds from this account could be used by local governments, including cities, as a local cost share when partnering with other government entities on road projects. Metro Cities is in support of this legislation. Both Bills were passed and referred to the House Capital Investment Committee.

Bill Related to Commercial Salt Applicators Passes House Committee

[HF 3577](#) - Anselmo, a bill that would limit the liability for commercial salt applicators, passed the House Environment Policy and Finance Committee. The bill directs the MN Pollution Control Agency (MPCA) to create a best practices program for commercial salt applicators. Businesses that are certified in the use of these best practices would be granted liability protection for the salt applicator, or the owner/lessee of property maintained by the salt applicator. This bill was referred to the House Civil Law and Data Practices Committee.

Metropolitan Council Governance and Transportation Bills Heard in House and Senate

The House Transportation and Regional Governance Policy Committee heard bills related to the governance of the Metropolitan Council as well as bills affecting the transportation and transit functions of the Metropolitan Council. [HF 3273](#) -Albright, which would modify the governance of the Council to make up the Council of local elected officials was heard and passed the committee. The companion bill, [SF 2809](#) - Pratt, also was heard and passed the Senate Transportation Committee this week on a 7-6 vote. Metro Cities' President Gary Hansen provided testimony in opposition to the bill this week. In addition, [HF 7](#)- Nash, which provides for staggered terms, was also heard and passed. Metro Cities testified in support of this bill. Proposed legislation, [HF 3917](#) - Peterson, which provides for staggered terms for Metropolitan Council members and structural changes to the nominating process to strengthen local input and transparency, as well as qualifications for appointment, will be heard in the House Transportation and Regional Governance Policy Committee next Monday.

[HF 3514](#) - Barr, would prohibit the Metropolitan Council from labeling a service as a "service of the Council". The bill would also prohibit the Council from using public funds to advocate to the public for more spending by, greater authority for, or larger appropriations to the Council, or asserting to the public that there will be a reduction in service resulting from proposed legislative action, with the purpose of asking member of the public to oppose those actions. The Council is opposed to this legislation. The bill was laid over for possible inclusion in an omnibus bill.

The committee also heard [HF 3369](#) - Runbeck, a bill that would make changes to Metropolitan Council transportation finance reporting. Two provisions in this bill would eliminate the use of state transit funding for capital costs for projects such as bus shelters and park and rides. The bill would also eliminate the use of state funding for capital costs related to light rail transit. Metro Cities opposed these provisions as they contradict Metro Cities' support for state funding for regional systems. This bill was laid over for possible inclusion in an omnibus bill.

The Senate Transportation Committee passed [SF 2998](#) - Newman, a bill to clean up language in statute related to the now dissolved Counties Transit Improvement Board (CTIB). This bill was passed to the Senate Tax Committee.

MNLARS Funding

Many bills relating to MNLARS (MN Licenses and Registration System) have been proposed, with various solutions to address the challenged roll out of the new system last year. The Department of Public Safety (DPS) and Minnesota IT Services (MNIT) have requested an additional \$43 million in funding to continue addressing problems with the roll out.

Proposals on how to move forward with the MNLARS system will likely be acted upon next week. Most of the proposals provide some level of funding for MNLARS, some with provisions for increased legislative oversight or required progress reports by the Department of Vehicles Services. There is potential that [SF 3133](#) - Newman, could get a vote on the Senate floor as soon as Tuesday. Senator Newman's bill appropriates \$7.3 million for FY 2018 and establishes a legislative advisory committee to oversee the rest of the funding for MNLARS. Metro Cities will continue to monitor the MNLARS funding proposals.

Governor's Task Force on Housing Announces Metro Regional Housing Forums

Two metro regional housing forums will be hosted in the Twin Cities metro area; the first on April 26 and the second on May 10, both in the evening. The two metro meetings are part of the Governor's Task Force on Housing, which is hosting regional forums across the state for task force members and the public to participate in discussions about regional housing needs. Metro Cities will post more information about the event location and agenda as soon as the information becomes available.

Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Housing Performance Score Methodology Reviewed

The Metropolitan Council has convened a group of city and county officials to review the methodology that determines a city's housing performance score. The scores are used when evaluating grants for the Livable Communities program and in the Regional Solicitation for federal transportation funding. Metro Cities is participating on the work group and responding to the discussion in a manner consistent with its policies, and will provide further updates on this work in a future newsletter.

Election Omnibus Bill Passes House Committee

An omnibus elections bill, authored by House Government Operations and Elections Committee Chair O'Driscoll, passed the House Government Operations and Elections Committee and is on the way to the House floor. [HF 3221](#) includes a series changes to streamline and update the elections process. Most changes are technical and brought by the Secretary of State's office. One of the noteworthy changes is to require write-in candidates to file for a request to count write-in votes individually at least seven days before the election. This provision also allows cities the option to not individually record write-in votes if the total write-ins is equal or greater than the fewest number of non-write-in votes for a ballot candidate. The provisions are intended to alleviate the need to count frivolous write-in candidates (such as Donald Duck or Superman.)

The bill also includes provisions to allow polling places that use e-poll books to accept electronic signatures as verification for checking in to vote. This eliminates the need to print out a label or paper slip for the voters to physically sign. The bill also includes expanding the types of electronic voting systems acceptable for polling places to purchase, such as those that are ADA accessible.

The elections omnibus bill includes a provision to require primary elections and special elections to be held on Tuesdays only to provide consistency to voters on what day to expect an election. Metro Cities does not have a position on this provision.

Legislature Narrows Possible Auditor Review Topics for 2019

The Legislative Audit Commission narrowed possible topics for future review by the Office of the Legislative Auditor (OLA). The commission culled a longer list to possible topics that will be further narrowed by a survey of legislators. The survey list that will go to legislators includes: Metropolitan Council budgeting, charter school funding, cybersecurity, Medical Assistance dental and mental health payment rates, Minnesota Housing Finance Agency, Minnesota Information Technology Services, Minnesota State Arts Board, MnDOT Financial Effectiveness, nursing homes, personal care attendant compensation, pesticide regulation, Public Facilities Authority: water treatment infrastructure, public schools funding and state employee contracts.

The OLA currently performs quarterly reviews of Metro Transit. If the OLA performs a financial audit, it would expand the review scope to other areas, including administration and personnel costs.

Opportunity Zones Deadline Extension

The federal government has issued an extension to the state of Minnesota to submit its Opportunity Zones list. Local decision-maker organizations (cities of the first class, counties and tribal governments) must now submit census tract rankings to DEED by close of business on Thursday, March 29, 2018, using the process outlined on the [Opportunity Zones website](#). Local decision-maker organizations that have already submitted recommendations to DEED can submit modified recommendations as long as they are received before this new deadline.

In Minnesota, Governor Dayton can designate 128 census tracts as Opportunity Zones out of an eligible 509 low-income census tracts. The state's recommendations are due to the Treasury Department by April 20, 2018.

Manufactured Homes Update

The Minnesota Senate Housing Policy Committee considered three bills related to manufactured and modular homes this week. [SF 2908](#) – Eichorn, would allow a modular home to be placed in a manufactured home park if the park owner approves. Modular homes are defined as buildings or structural units that have been substantially manufactured or constructed at an off-site location, with the final assembly occurring on site alone or with other units and attached to a permanent foundation site and occupied as a single-family dwelling.

[SF 2909](#) – Eichorn, relates to manufactured home park closings and would require a city to hold a public hearing within 60 days after receiving notice of a closure statement, to review the closure statement and any impacts the park closing may have on displaced residents and the park owner. The city would also need to appoint a qualified neutral third party to serve as an arbitrator. The bill also requires manufactured homeowners who are making an offer to meet the cash price for the manufactured home park to covenant and warrant that the land will be continued as a manufactured home park for at least six years after sale. The bill calls for increasing the minimum balance amount in the manufactured home relocation trust fund to trigger an assessment on manufactured homes to \$3 million from \$1 million. It maintains the maximum relocation payment for relocation of a single manufactured home section within a 50-mile radius (up from 25 miles) at \$7,000.

[SF 2830](#)-Koran, would appropriate \$2 million for manufactured home park infrastructure grants that can be used for improvements in manufactured home parks and infrastructure, including storm shelters and community facilities.

Contact Charlie Vander Aarde at 651-366-7564 or charlie@metrocitiesmn.org with any questions.

RSVP Today for the Metro Cities Annual Meeting

RSVP today for the Metro Cities Annual Meeting! This year's event will be held on Thursday, April 19th at the Como Park Zoo and Conservatory in the Bullard Rainforest Auditorium. We're pleased to announce that this year's guest speakers are B Kyle, President and CEO of the St. Paul Area Chamber of Commerce and Jonathan Weinhagen, President and CEO of the Minneapolis Regional Chamber. The evening will start off with a social hour at 5:30pm, followed by the guest speakers at 6:30pm, and will wrap up with a brief (but important!) business meeting at 7:00pm to elect members and officers to the Board of Directors. All member city staff and elected officials are welcome and encouraged to attend!

There is no registration cost, but please RSVP by April 6th if you plan to attend. To RSVP, or if you have any questions, please contact Kimberly at 651-215-4000 or kimberly@metrocitiesmn.org.

Bills of Note

[SF 3150](#), Bigham: appropriating money for local government roads wetland replacement program.

[SF 3158](#), Bigham: modifying Sunday off-sale hours from 11am-6pm to 10am-5pm.

[SF 3159](#), Anderson P: providing for a grant from the Minnesota Investment Fund.

[SF 3161](#), Anderson P: modifying duties of the Office of MN.IT Services; requiring legislation to recodify Minnesota Statutes, chapter 16E.

[SF 3163](#), Bigham: providing for testing private wells in the east metropolitan area for contamination from PFCs.

[SF 3187](#), Jasinski: establishing a local cost-share assistance account; appropriating money for local roads and bridges; authorizing sale and issuance of general obligation bonds;

[SF 3190](#), Hall: providing for alternative Web site publication; providing for Web publication of sample ballots for the state primary and general elections.

[SF 3199](#), Ruud: establishing certified salt applicator program; limiting liability.

[SF 3202](#), Housley: implementing terms of recent settlement between state and 3M Company; appropriating money.

[SF 3208](#), Jasinski: establishing certain selection process requirements in providing state financial assistance for public transit.

[SF 3232](#), Osmeck : modifying the financial assistance amount provided to replacement transit service providers.

[SF 3238](#), Dziedzic: appropriating money for various Minnesota Housing Finance Agency programs.

[SF 3240](#), Klein: appropriating money for metropolitan cities inflow and infiltration grants; authorizing the sale and issuance of state bonds.

[SF 3249](#), Bigham: implementing terms of recent settlement between state and 3M Company; appropriating money.

[HF 3606](#), Christensen: prohibiting counties, cities, and towns from regulating auxiliary containers; proposing coding for new law in Minnesota Statutes, chapter 471.

[HF 3609](#), Nash: providing for alternative Web site publication; providing for Web publication of sample ballots for the state primary and general elections.

[HF 3611](#), Grossell: requiring law enforcement agencies to issue firearms to peace officers.

[HF 3616](#), Albright: appropriating money for the suburb-to-suburb transit project.

[HF 3635](#), Lesch: criminalizing the dissemination of personal information about law enforcement officials in certain circumstances.

[HF 3659](#), Franke: implementing terms of recent settlement between state and 3M Company; appropriating money.

[HF 3660](#), Fenton: implementing terms of recent settlement between state and 3M Company; appropriating money.

[HF 3673](#), Daniels: establishing certain selection process requirements in providing state financial assistance for public transit.

[HF 3681](#), Runbeck: modifying frequency of the transit financial activity review of Metropolitan Council transportation division by the legislative auditor.

[HF 3682](#), Runbeck: eliminating the Counties Transit Improvement Board; making technical and conforming changes.

[HF 3690](#), Pugh: prohibiting political subdivisions from establishing or enforcing ranked-choice voting.

[HF 3698](#), Smith: authorizing public-private partnerships for certain infrastructure projects.

[HF 3702](#), Franson: allowing counties to increase speed limits on county roads from 55 miles per hour to 60 miles per hour.

[HF 3703](#), Barr R: directing revision of the statewide highway investment plan to prioritize certain mobility investments.

[HF 3709](#), Jurgens: providing for testing private wells in the east metropolitan area for contamination from PFCs.

[HF 3713](#), Anderson S: providing for a grant from the Minnesota Investment Fund.

[HF 3724](#), Torkelson: requiring the Legislative Advisory Committee to review MNLARS appropriation; appropriating money.

[HF 3730](#), Freiberg: appropriating money for local inflow and infiltration reduction programs.

[HF 3747](#), Baker: appropriating money for certain reimbursements to deputy registrars.

[HF 3749](#), Mahoney: A bill establishing an emerald ash borer removal grant program and appropriates \$6 million.

[HF 3767](#), Poppe: Appropriating money for deputy registrar reimbursement grants.

[HF 3770](#), Fabian: appropriating money for local government roads wetland replacement program; authorizing the sale and issuance of state bonds.

[HF 3776](#), Loon: creating a metropolitan congestion management component of the corridors of commerce program; reforming the metropolitan fiscal disparities program; providing for payments to the trunk highway fund.

[HF 3791](#), Halverson: permitting eligible individuals who are at least 17 years of age to preregister to vote; providing for automatic voter registration of applicants for a driver's license, instruction permit, or state identification card; requiring the secretary of state to provide election security training; appropriating money for the purposes of providing grants for the purchase or lease of electronic rosters; appropriating money for necessary upgrades to the statewide voter registration system.

[HF 3795](#), Koznick: authorizing data sharing between the Department of Human Services and the Metropolitan Council for special transportation purposes; extending the Metro Mobility service area.

[HF 3801](#), Sundin: authorizing municipalities to enter into a fire district.

[HF 3807](#), West: modifying fees for manufactured home installers.

[SF 3301](#), Nelson: establishing a Minnesota housing tax credit contribution fund; providing a tax credit for certain contributions; appropriating money.

[SF 3325](#), Koran: prohibiting political subdivisions from establishing or enforcing ranked-choice voting.

[SF 3346](#), Sparks: appropriating money for deputy registrar reimbursement grants.

[SF 3349](#), Osmeck: establishing certain project funding requirements for the regional solicitation process of the Metropolitan Council.

[SF 3350](#), Osmeck: Metropolitan Council; prohibiting certain promotional signs and activities.

[SF 3378](#), Draheim: modifying fees for manufactured home installers.

[SF 3399](#), Hall: increasing the contract ranges in the Uniform Municipal Contracting Law.

[SF 3401](#), Rest: appropriating money for local inflow and infiltration reduction programs.

[SF 3409](#), Senjem: modifying definition of the Bond Allocation Act of a public facilities project.

[SF 3418](#), Chamberlain: modifying and establishing various transportation finance, budgeting, appropriations, accounting, fiscal planning, and reporting provisions related to the Metropolitan Council.

[SF 3423](#), Pratt: appropriating money for the suburb-to-suburb transit project.

[SF 3427](#), Draheim: increasing fine for using a wireless communications device while driving.

[SF 3453](#), Pappas: A bill for an act proposing an amendment to the Minnesota Constitution, changing the state and local election voting age from 18 to 16.

[SF 3463](#), Utke: creating liability and vicarious liability for trespass to critical infrastructure; creating a crime for recruiting or educating individuals to trespass on or damage critical infrastructure.

[SF 3497](#), Wiger: Metropolitan Council; providing for staggered terms; expanding the membership of the nomination committee; requiring additional information to be made publicly available as part of the selection process; clarifying council member qualifications.

[HF 3713](#), Anderson: providing for a \$1 million appropriation from the MIF account for a Minnetonka organization that produces lactic acid/lactate.

[HF 3736](#), Hamilton: authorizes supplemental rental assistance for individuals experiencing long-term homelessness.

[HF 3829](#), Franke: providing for testing private wells in the east metropolitan area for contamination from PFCs.

[HF 3830](#), Bahr C: including local sales taxes in the calculation of city aid.

[HF 3841](#), Nash: increasing the contract ranges in the Uniform Municipal Contracting Law Government.

[HF 3892](#), Hertaus: dedicating a portion of sales and use tax to aid to cities and school districts; repealing the fiscal disparity program and existing city and town local government aid.

[HF 3908](#), Fischer: modifying Clean Water Legacy Act; providing for coordinated watershed management; Adding "or other local unit of government" language.

[HF 3917](#), Peterson: Metropolitan Council; providing for staggered terms; expanding the membership of the nomination committee; requiring additional information to be made publicly available as part of the selection process.

[HF 3919](#), Knoblach: expanding review by commissioner of management and budget of capital funding requests from political subdivisions.

[HF 3929](#), Gunther: appropriates money for various economic development programs, including \$150,000 for the metro region.

[HF 3941](#), Theis: requires homeowners who perform their own home improvement work to be responsible for homeownership warranty obligations.

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