

## Bill to Modify Fiscal Disparities Program Heard in House

A bill, [HF 3776](#) – Loon, that proposes to modify the Fiscal Disparities program and capture part of the fiscal disparities pool for metro transportation needs, was heard in the House Transportation Committee on Wednesday. The bill passed the Committee and was re-referred to the House Taxes Committee. The bill does the following:

- Creates a new “congestion management” component within the state Corridors of Commerce Program. The bill would appropriate money from the fiscal disparities pool into MNDOT’s Corridors of Commerce (COC) Account and make the funds available for the metropolitan congestion management component of the COC Program. The bill creates a Local Advisory Committee composed of county, city and town representatives, with the Commissioner of MnDOT to establish an input process for the committee on the selection of projects. The bill would appropriate \$50 million annually from the pool for this purpose.
- Eliminates the 1971 base value subtraction used in the current formula, reduces the contribution percentage from 40% to 37%, and includes airport property that is currently excluded under law. The bill also adds residential market value per capita to the calculation and provides that municipalities where the per capita amount exceeds 100% of the average residential market value, the municipality may not receive a fiscal disparities distribution that exceeds their contribution to the pool.

Metro Cities’ policies oppose diverting funds from the Fiscal Disparities Program for specific programs or objectives, and stipulate that any modifications should be considered only within a framework of comprehensive property tax reform, and Metro Cities staff testified to this effect on Thursday. Staff testimony acknowledged strong support for transportation resources that use established sources traditionally funded by the state rather than local property tax dollars.

Stay tuned for further information. Questions? Please contact Patricia Nauman at 651-215-4002, or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org).

## House Transportation Policy Bill Contains Transit Provisions

The House omnibus transportation policy bill, in addition to language modifying the governance of the Metropolitan Council (see article below) requires the Metropolitan Council to separate its transit components from its other finances and to include three revenue scenarios in its Transportation Policy Plan (TPP). The bill also prohibits the co-location of light and freight rail, which would have the effect of eliminating the Southwest and Bottineau LRT lines. The bill also requires the Council to form a non-fixed guideway transit system development plan. The bill passed and was re-referred to the House Transportation Finance Committee.

## Metropolitan Council Governance Bills

Two contrasting metropolitan governance bills are moving through the House committee process.

[HF 3273](#) – Albright, requires the Metropolitan Council to be made up of local elected officials, expands the size of the Council from 17 to 29 members, and eliminates the Transportation Advisory Board (TAB). HF 3273 passed the House Transportation and Regional Governance Policy Committee and House Government Operations Committee, and is included in the House Omnibus Transportation policy bill that is on its way to the House Transportation Finance Committee. Metro Cities opposes this bill.

During testimony in the House Government Operations Committee, testimony by county representatives who support HF 3273 focused on the Metropolitan Planning Organization (MPO) functions of the Metropolitan Council and their belief that members are accountable only to the governor. Testimony by county representatives also confronted concerns voiced by metropolitan city officials about insufficient time to perform their elected role and that of a Metropolitan Council member by suggesting public officials should be able to serve the functions of city or county official as well as a regional role. Metro Cities has noted the high potential for conflicts of interest for local officials and inability for most city officials to serve both functions as many have employment outside their city role. These dual concerns with the HF 3273 governance structure were the focus of a Metro Cities' task force from which the organization's governance positions are derived. Metro Cities noted these points in testimony as well as the fact that the Metropolitan Council's functions include but are beyond its function as an MPO, and its nexus is primarily with city rather than county governments.

A bill supported by Metro Cities, [HF 3917](#) - R. Peterson, that would modify regional governance was also heard and passed two House Committees this week. HF 3917 staggers the terms of the Metropolitan Council, and modifies the statutory nominating committee that recommends members for appointment by adding a 21-day public comment period on nominees before they may be formally appointed, requires notice to local governments of Council vacancies, expands the nominating committee from seven to 13 members, requires the majority of the committee to be local officials appointed by local government organizations, and requires the governor to explain in writing if he or she does not accept the committee's finalists. HF 3917 also adds language addressing member qualifications with emphasis on the need to be collaborative with and responsive to the local district and its needs.

The bill is supported by Metro Cities, Citizens League, and North Metro Mayors Association. It passed the House Transportation and Regional Governance Policy and Government Operations Committees and was re-referred to the State Government Finance Committee.

In the Senate, a companion bill to HF 3273, [SF 2809-Pratt](#), has been heard and passed the Senate Local Government and Transportation Committees and is on its second reading on the floor.

As second and third deadlines approach, the governance issue will receive additional debate and discussion over the next few weeks. Stay tuned for further updates and information.

### **Lyft/Uber Local Preemption Bill Passes House Committees**

Legislation that would preempt local ordinances for transportation network companies (TNC) such as Lyft and Uber had three hearings this week. The bills, [HF 3032](#) – Layman and [SF 2704](#) – Jasinski, would require MnDOT to license and manage TNCs via statewide regulation. The bill would preempt existing and future local ordinances for TNC drivers, vehicles and companies. At least six cities currently have local ordinances for such companies.

Lyft is the only company at the Capitol testifying in support of the bill. Companies like Uber would be impacted but have not testified, and taxi companies have testified in opposition to the legislation explaining the bill would create an advantage for TNCs.

Metro Cities' policies oppose this bill on the basis that it preempts local ordinances, and staff provided testimony at the hearings this week. City officials from Minneapolis, St. Paul and Rochester also testified to their local licensing and inspection requirements, as well as how they address on-demand transportation services for people with disabilities. SF 2704 is awaiting a hearing in the Senate Judiciary Committee.

Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **Organized Waste Hauling Passes House Committee**

[HF 3095](#) – Smith, that would modify organized solid waste collection laws, passed the House Civil Law committee this week. The bill stipulates that when a local government convenes a committee to examine solid waste collection options, the committee must include 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 on the ability of residents to choose the level of service and costs. It 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 House bill and its Senate companion now await action on the House and Senate floors.

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### **Corridors of Commerce Bills Limit Metro Project Funding**

A bill to statutorily designate the geographic split of Corridors of Commerce funding was heard by the House Transportation Finance committee this week. [HF 3485](#) – Lucero would direct MnDOT to award 49 percent of Corridors of Commerce funds to the metro and 49 percent to greater Minnesota, while leaving two percent of funds geographically unrestricted. MnDOT has traditionally awarded funds on a 50-50 split. The Senate companion, [SF 2547](#) – Kiffmeyer, caps the metro region at 50 percent of awarded funds, meaning greater Minnesota funds are not capped. Metro Cities is concerned with these provisions and has advocated for greater flexibility in MnDOT awards. The bill was held over for possible inclusion in the House Transportation Finance bill.

### **Salt Applicator Liability Bill Debated**

A bill that would limit liability for commercial winter de-icing applicators was debated and passed by the House Civil Law committee this week. [HF 3577](#) – Anselmo would require the Pollution Control Agency to support a training program for salt applicators that promotes best management practices for applying deicers. MPCA would be required to provide certification training statewide and online and to post the best management practices on the agency's website. The bill provides liability protection for a salt applicator, or the owner/lessee of land maintained by a salt applicator that has been certified under the program. Requires applicators, owners, and lessees or their employees to have current certification, pass an exam, complete winter maintenance assessment tool requirements and keep written records for at least two years to receive the liability protection. Stay tuned for further information.

### **MNLARS Emergency Funding Compromise**

The House and Senate passed [SF 3133](#) this week to provide emergency funding for the MNLARS system. The bodies passed separate versions of the bill and met in a conference committee on Thursday to reconcile the differences. The conference committee produced a bill that provides for \$9.65 million from the special revenue fund to the Department of Public Safety for fiscal year 2018, with progress reporting and oversight mechanisms. An additional \$350,000 will go to the Office of the Legislative Auditor (OLA) to monitor and report on the implementation of MNLARS.

To prepare for future funding, SF 3133 also establishes a legislative oversight steering committee of 6 legislators that will distribute additional funds as the MNLARS system reaches certain progress reporting and benchmarks. The Governor signed the bill into law late Thursday night.

### **Residential PACE Loans Bill in Committees This Week**

Bills to modify the residential property assessed clean energy (PACE) programs, [SF 3245](#) – Pratt and [HF 3688](#) – O'Driscoll, had hearings in committees this week. In the Senate, the bill was heard in three committees: Energy and Utilities Finance and Policy, Commerce and Consumer Protection Finance and Policy, and Judiciary and Public Safety Finance and Policy. In the House, the bill has been heard in the Commerce and Regulatory Reform committee.

The bill modifies the energy improvements program by defining terms and adding consumer protections for residential property assessed clean energy (PACE) loans. The League of Minnesota Cities is part of a broader coalition of clean energy companies and local governments that oppose the bill. The coalition has concerns the bill is overly restrictive on residential PACE programs. The bill was re-referred to the Senate Tax committee. The house bill will move to the Government Operations and Elections Policy committee.

### **Proposed Limit for Excise Taxes on Food Containers**

A bill to preempt local taxes on food containers was heard in the House Property Tax and Local Government Finance Committee. [HF 3814](#) – Nash and [SF 3253](#) – Mathews, would prohibit cities from raising or enacting new excise taxes or fees on the distribution, manufacturing, wholesale or retail sale of food, based on volume of product sold, the product sales value, or the type of product manufactured, distributed, or sold. The bill explicitly mentions a prohibition on taxes or fees for containers (bottles, cups, cans, bags, etc.) of food.

The League of Minnesota Cities worked with Rep. Nash to introduce an amendment, which was adopted, to limit the scope of the prohibition fees in statute. In the House hearing, HF 3814 was laid over for possible inclusion in the tax bill. The bill has not been heard in the Senate.

### **Workforce & Home Ownership Bill Debated**

The House Taxes committee heard legislation about a state program that directs state resources to support single family and multifamily homeownership. The Workforce Home Ownership Program, established a couple of years ago, was modified to 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 in manufactured home parks and related community facilities.

The program would be funded through the state general fund, with the appropriation calculated each year through the increase in the mortgage and deed tax. Metro Cities supports the program which provides new revenue for home ownership opportunities.

Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **New State Tax Credit Would Fund Affordable Housing Units**

A new funding source for affordable housing was considered by the Senate Housing policy committee this week. [SF 3301](#) – Nelson, would provide an incentive for private investment through a 1:1 tax credit. Advocates for the bill tout the tax credit proposal as a way for the private sector to support local workforce housing development.

A taxpayer who has state income or corporate or insurance premium tax liabilities would receive a tax credit against their tax liability equal to their contribution. Contributions could be made to a specific housing development or a general loan pool. The loan pool would be administered by Minnesota Housing and award funds between the metro and greater Minnesota.

A taxpayer is allowed a credit for contributions no less than \$100 and no more than \$5 million. The aggregate amount of tax credits allowed to all eligible contributors is limited to \$25 million annually. The tax credit is modeled on a North Dakota initiative. The income limits are modeled on Minnesota Housing's existing Challenge Program which is 80 percent of the greater of state or area median income (AMI).

The companion bill, [HF 4072](#) – Anderson, S. has not had a hearing in the House.

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### **Fireworks Bill Ignites Safety Debate**

A bill proposing to expand legal fireworks for Minnesota had hearings this week. [HF 329](#) – Rarick and [SF235](#) - Westrom authorize the sale of aerial and audible devices like bottle rockets, roman candles and firecrackers. The Governor vetoed the fireworks bill last year. The bill was heard in the House Public Safety and Security Policy and Finance Committee on Tuesday and Senate Judiciary and Public Safety Committees on Thursday. Fire chiefs and the State Fire Marshal testified in opposition to the bill due to public safety concerns. The bills are headed to the floor in both bodies.

### **First of Three Deadlines This Week**

Each year, the legislature sets three deadlines by which bills must be acted upon and the first deadline was yesterday. Bills in their house of origin needed to have a committee hearing and be acted upon favorably. The second deadline is next Thursday, March 29<sup>th</sup> when committees must act favorably on bills that met the first deadline in the other house. The last deadline will be on April 20<sup>th</sup>, when committees must act favorably on finance bills. Legislators will have an Easter/Passover holiday break from March 30<sup>th</sup> to April 8<sup>th</sup>. During this break, many legislators hold constituent meetings in their districts, and this can be a good opportunity to connect with your senators and representatives.

### **Metropolitan Council Approves SAC Task Force Recommendations**

The Metropolitan Council approved the 2016-2017 SAC Task Force's Recommendations at their Council meeting this week. The recommendations, developed over a period of months with the task force, which included Metro Cities and city officials, aims to simplify the SAC determinations process. The task force recommendations do not alter the SAC rate. The process of calculating SAC will transition to using gross square feet instead of usage or category square feet and the proof of property use date will be updated to Jan 2009, instead of 1973. Metro Cities policies support a SAC program that is simple and easy to administer. Metropolitan Council Environment Services (MCES) staff held public meetings following the task force to hear additional input, and received positive feedback on the new changes.

For more information on the SAC Task Force Recommendations, [click here](#).

Contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org) for further information.

### **Comprehensive Plan Amendments Deadline**

A timing challenge for communities planning for upcoming amendments to local comprehensive plans is a deadline on amendments that would amend 2030 plans of June 30, 2018. 2040 plans are due on December 31, 2018. The deadline, set as part of the regional development framework, *Thrive MSP 2040*, is proving challenging for several cities facing logistical and development challenges due to the Council's policy, which in effect, disallows comp plan changes for six or more months, depending on when a city submits its 2040 plan, as the Council will allow for administrative extensions.

Metro Cities has heard from several communities with concerns, and is advocating for a resolution to this problem. Stay tuned for further information.

If you have concerns, or need more information, please contact Patricia Nauman at 651-215-4002

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## **Met Council Discusses Regional Growth Patterns**

The metro region's development patterns are based on changing demographics, market demands and changing land use patterns, according to a [recent analysis by the Metropolitan Council](#). The findings come from the Metropolitan Council Regional Growth Strategy Work Group created in 2017 to serve as a forum for the Council to consider long term regional trends and impacts on regional systems from a cross-divisional perspective, and to provide feedback on what information might be useful to the Council and its standing committees in developing regional growth strategies.

As Metro Cities has reported, changes to land use can be tracked through comprehensive plan amendments and building permits. Future trends predict more growth in older, developed suburbs, a need for smaller housing units for an older population, the need for more multifamily housing units and locations with amenities (transit, retail, lakes and rivers, and accessibility). Council staff highlighted several key takeaways to Councilmembers, including the need for more multifamily residential buildings (based on demographics and development economics), the overall rate of land consumption has declined, and local land use and development policies are supporting these trends.

The Council can track land use changes through comprehensive plan amendments. Recent amendments show more residential density in urban and suburban communities. Current Council policy is an average of 3 units per acre and communities will have to plan for higher average densities in their 2040 comp plan update.

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## **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](mailto:kimberly@metrocitiesmn.org).

## **Bills of Note**

[SF 3518](#), Koran: taxation; 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.  
[SF 3526](#), Osmeck: public safety; requiring law enforcement agencies to comply with federal immigration detainers.

[SF 3527-30](#), Anderson B: transportation; providing for railroad oil and hazardous materials emergency preparedness.

[SF 3542](#), Little: transit; requiring equivalent Metro Mobility service throughout the transit taxing district; appropriating money.

[SF 3549](#), Dziedzic: economic development; extending the angel investment credit; making technical and conforming changes.

[SF 3559](#), Johnson: Local government aid; modifying provisions on aid for certain transportation wetlands.

[SF 3562](#), Hall: transportation; authorizing data sharing between the Department of Human Services and the Metropolitan Council for special transportation purposes; extending the Metro Mobility service area.

[SF 3567](#), Anderson P: transportation; 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.

[SF 3571](#), Chamberlain: mass transit; requiring a transit system development implementation plan.

[SF 3577](#), Senjem: energy; establishing an emerald ash borer removal grant program; appropriating money.

[SF 3579](#), Miller: economic development; appropriating money for the redevelopment grant and demolition loan programs.

[SF 3581](#), Westrom: transportation; establishing a deputy registrar and driver's license agent reimbursement program; amending allocation of certain motor vehicle fees; making technical and clarifying changes; appropriating money.

[SF 3590](#), Johnson: economic development; modifying restrictions on local government loan repayment funds.

[SF 3602](#), Koran: infrastructure development; authorizing public-private partnerships for certain infrastructure projects.

[SF 3627](#), Dibble: public safety; requiring an assessment of the Minnesota Licensing and Registration System; establishing a steering committee; appropriating money.

[SF 3632](#), Dibble: motor vehicles; regulating autonomous vehicles.

[HF 3949](#), Runbeck: taxes; local sales and use; requiring counties to seek voter approval for new or increased transportation sales and use taxes.

[HF 3957](#), Fabian: economic development; modifying restrictions on local government loan repayment funds.

[HF 3967](#), Hamilton: economic development; appropriating money for the workforce housing program.

[HF 3968](#), Mahoney: economic development; appropriating money for the redevelopment grant and demolition loan programs.

[HF 4004](#), Runbeck: transportation; defining operating costs for purposes of the state share of light rail operating costs.

[HF 4029](#), Fabian: local government aid; modifying provisions on aid for certain transportation wetlands.

[HF 4041](#), Mahoney: motor vehicles; regulating autonomous vehicles.

[HF 4042](#), Nelson: A bill for an act proposing an amendment to the Minnesota Constitution, article VII, section 1; changing the state and local election voting age from 18 to 16.

[HF 4043](#), Ecklund: economic development; extending funds available for a workforce development training program.

[SF 3647](#), Johnson: natural resources; modifying Clean Water Legacy Act; providing for coordinated watershed management.

[SF 3658](#), Kiffmeyer: state government; modifying the effective date of certain provisions governing the preparation of fiscal notes; modifying provisions governing the Legislative Budget Office.

[SF 3659](#), Jasinski: transportation; appropriating money for certain reimbursements to deputy registrars.

[SF 3660](#), Jasinski: motor vehicles; governing motor vehicle services; broadening certain powers of deputy registrars related to handling transactions.

[SF 3682](#), Osmeck: A bill for an act proposing an amendment to the Minnesota Constitution, article XIV, section 13; modifying allocation of certain motor vehicle sales tax revenue; amending Minnesota Statutes 2016, section 297B.09, subdivision 1.

[SF 3683](#), Osmek: transportation; establishing a construction prohibition related to colocation of light rail transit and freight rail.

[SF 3710](#), Weber: housing; appropriating money for grants to local housing trust funds.

[HF 4069](#), Newberger: elections; requiring election returns to be transported by a peace officer.

[HF 4072](#), Anderson S: taxation; income; insurance; establishing a Minnesota housing tax credit contribution fund; providing a tax credit for certain contributions; appropriating money.

[HF 4079](#), Hertaus: transportation; establishing a construction prohibition related to colocation of light rail transit and freight rail.

[HF 4082](#), Grossell: public safety; prohibiting local units of government from disarming peace officers who are in good standing.

[HF 4091](#), Zerwas: public safety; requiring the Police Officer Standards and Training Board to develop a domestic violence policy for state and local law enforcement agencies.

[HF 4104](#), Garofalo: elections; authorizing mail balloting in any town or any city with fewer than 400 registered voters.

[HF 4130](#), Haley: housing; appropriating money for grants to local housing trust funds.

[HF 4131](#), Murphy M: taxation; local government aid; providing additional aid adjustments.

[HF 4137](#), Nash: state government; abolishing the Office of MN.IT Services; establishing a division of information technology within the Department of Administration; requiring agencies to obtain competitive bids for information technology projects.

[HF 4145](#), Hansen: economic development; appropriating money for a grant to an economically depressed city.

[HF 4154](#), O'Driscoll: elections; appropriating money for modernizing, securing, and updating the statewide voter registration system.

[HF 4155](#), Maye Quade: transit; requiring equivalent Metro Mobility service throughout the transit taxing district; appropriating money.

[HF 4166](#), Howe: data practices; classifying certain inactive criminal investigative data as private data.

[HF 4187](#), Barr R: transportation; authorizing deputy registrars to edit certain records in the Minnesota Licensing and Registration System.

[HF 4196](#), Lee: public safety; requiring law enforcement to notify public when predatory offender is no longer found in area.

[SF 3737](#), Champion: public safety; requiring law enforcement to notify public when predatory offender is no longer found in area.

[SF 3758](#), Bakk: taxation; local government aid; providing additional aid adjustments.

[SF 3766](#), Hall: economic development; appropriating money for mixed-use, multifamily housing.

[SF 3769](#), Bakk: economic development; extending funds available for a workforce development training program.

[SF 3788](#), Klein: economic development; appropriating money for a grant to an economically depressed city.

[SF 3794](#), Ingebrigtsen: public safety; requiring law enforcement agencies to issue firearms to peace officers.

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