

## **Governor Walz Calls State of Emergency on COVID-19 Virus**

At a press conference today, Governor Walz declared a state of 'peacetime' emergency for Minnesota in response to the COVID-19 virus. The Governor's declaration is effective immediately and provides for the direction of statewide efforts to respond to the virus, including the MN National Guard, if necessary. At the press conference, the Governor and MN's Commission of Public Health Jan Malcolm outlined guidance regarding hygiene, social distancing and healthcare use. These materials include the Governor's [Executive Order](#) that declares a state of 'peacetime' emergency, related [legislative proposals](#), and a MN Department of Health (MDH) [fact sheet](#) on recommended community mitigation strategies. Further can be found at <https://www.health.state.mn.us/diseases/coronavirus/index.html>. The MN Department of Health has also established a COVID-19 Hotline that will run from 7:00 am to 7:00 pm: 651-201-3920.

To listen to the Governor's press conference, click [here](#).

Metro Cities is monitoring this issue and will provide further updates regarding legislative activity and process, and other information as it is available. Please feel free to contact Patricia Nauman at 651-215-4002 or email [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org) with any questions.

## **Governor's Supplemental Budget Released**

Governor Walz released his supplemental budget and held a press conference with Lt. Governor Flanagan and MN Management and Budget Commissioner Myron Frans. The budget itself fits on a single page, and the priority recommendation is the maintenance of the state's budget reserve. The budget recommends paying back the \$491.4 million that was transferred from the reserve to the general fund in 2019.

Other priorities include responding to COVID-19, preparing for spring flooding, transit security, student well-being, and childcare affordability. The budget leaves \$1.2 billion on the bottom line. The Governor repeated calls for caution and responsible budgeting throughout the press conference.

The state's February Revenue Review was also released this week and shows net general fund revenues at \$41 million, or 3.9%, below forecast.

## **Local Option Sales Tax Bills Update**

Eleven local option sales tax proposals were heard in the House Property and Local Tax Division this week. Mayors, councilors, administrators, and other city staff testified on local bills and outlined projects a local tax would fund, should the legislature provide authorization and the local referenda pass. Project types included road improvements, parks and trails, and the renovation or construction of ice arenas and other recreational facilities. The costs for projects ranged from \$1.6 million to \$146 million. Member questions and discussion centered on the following themes:

*Regional Significance* - Each proposal provided information on the regional significance of the projects. Members appreciated proposals that included detailed statistics on the movement of

people and business in and out of the city limits and the need and expected benefits of projects. Cities were also asked to report what percentage of their sales tax would be paid by individuals from outside of the city.

*Explicit Description of Projects* - New statutory requirements for local sales tax authorization proposals require cities to list up to five projects the tax would be used for. The most effective proposals make it clear which projects would be funded with local sales tax revenue and how much each individual project costs. These distinctions are important given new requirements that each project be listed as a separate ballot question for residents to vote on.

*Other Revenue Sources* - Cities were asked to answer questions about their revenue raising capacity. In addition to questions about the adequacy of the proposed tax cities were asked:

- How much does your city receive in Local Government Aid, if any?
- Have you had a local sales tax before?
- When does your current sales tax expire?
- Are you seeking bonding in addition to a local sales tax?

For certain projects involving the renovation or construction of facilities cities were asked whether they would be able to pay for the ongoing maintenance and repairs after the initial project was complete.

All bills heard this week have been laid over for possible inclusion in the Property and Local Tax Division report.

## **Housing / Building Bills**

Several bills relating to local authority in development were heard and debated in House and Senate committees this week. Please see below for updates on specific bills:

### ***Infrastructure Accountability & Street Impact Fees: [HF 2296](#) – Tabke***

Legislation to provide statutory clarity for infrastructure needed as a result of new residential development received its second House hearing this week. The House Government Operations committee heard HF 2296, a city-supported initiative to respond to recent Minnesota court decisions finding cities lacked the explicit authority to charge what are sometimes referred to as street impact fees.

Similar to last week's Local Government subcommittee, discussion focused on who should pay for growth and development in a community. Metro Cities' policies recognize that cities should make those decisions, and many cities have policies in place to support growth paying for itself. Rep. Brad Tabke's bill, as well as the companion bill introduced by Senator Eric Pratt, would statutorily clarify that authority. Mayor McNeil from Dayton and Rochester's lobbyist testified in support of the bill. The bill passed the subcommittee and was referred to the House Government Operations committee. A Senate hearing has not been scheduled.

### ***Municipal Construction and Development Fee Revenue and Expenses Annual Report Modification: [SF 3795](#) – Draheim***

This bill had its second Senate hearing this week in the Senate Local Government committee. See the [March 6](#) Metro Cities News for more detailed bill information. The bill was passed and sent to the State Government committee.

Metro Cities is soliciting city feedback on both the front of the form (which cost and expense boxes should be included) as well as how Labor & Industry should improve instructions on the back of the form. Metro Cities testified that it is working with members to find revisions that work for cities.

### ***Municipal Housing Agencies Grant Applicants Modification: [SF 3789](#) – Koran***

This bill also had its second Senate hearing this week in the Senate Local Government committee. See the [March 6](#) Metro Cities News for more detailed bill information. Metro Cities testified with concerns on the bill as it reduces local control and complicates city reviews of local housing fund applications. The bill was passed and sent to the floor for full Senate consideration.

### ***Square Footage Building Permit and Inspection Fees: [SF 3816](#) – Koran***

The Senate is now considering a second, yet identical bill (SF 3816 was amended to include the language from SF 3793) that would change how cities determine building permit and inspection fees. Rather than using valuation (building materials and labor), this language would require a city to set building permit fees for single-family or multifamily residential structures with four dwelling units or fewer, including any inspection fees, to be based on a cost per square foot.

Metro Cities is soliciting feedback on how the change from valuation to square footage would work for cities.

### **High-Rise Fire Sprinkler Bill**

Older high-rise buildings would have twelve years to add automatic fire sprinklers under a bill heard by the House Housing committee on March 11. [HF 3003](#) – Noor (Minneapolis) would require existing buildings, in which at least one story used for human occupancy is 75 feet or more above the lowest level of fire department vehicle access, to have an automatic sprinkler system. Advocates for the bill testified this legislation would retrofit older buildings to newer safety standards. Newly constructed buildings are built with this requirement due to the building code adding sprinkler requirements in the 1970s. Owners of public buildings (HRAs, public housing agencies) are concerned about the unfunded mandate and support funding to accompany any policy change. A Senate companion bill, [SF 3524](#) has not received a hearing.

### **Transit Ambassador Bills**

The House Public Safety Committee heard and laid over [HF 3085](#) - Tabke. The bill would establish a transit ambassador program, authorize administrative citations for failure to pay fares, and reduce the judicial penalty for non-fare payment from \$175 to between \$35-\$10. The bill also reduces the charge from a misdemeanor to a petty misdemeanor. The bill limits the program to LRT lines which reduces the cost of the legislation from an estimated \$6.3 million over the next biennium to \$1 million. The legislation calls for the program to operate for six months and requires the Metropolitan Council to provide a report to the Legislature on the performance of the program. The bill is scheduled for a hearing next Tuesday.

The Senate Transportation Committee heard a different transit safety bill this week. [SF 3912](#) – Hall was amended and would mandate cameras on LRT vehicles, directs the Metropolitan Council not to reduce the number of transit police officers below the average staffing levels for the three most recent years, calls for the creation of paid fare zones at LRT stops, and directs the Metropolitan Council to spend \$6.2 million in the next biennium to increase the number of Metro Transit police officers. An amendment offered by Senator Scott Dibble was adopted to the bill to allocate the necessary funding for the additional officers.

Metropolitan Council Chair Zelle testified that the Council supports a transit ambassador approach that had been amended out of the original bill and that many of the actions called for in the bill are currently being done. He also reminded the committee that there is a nearly \$60 million structural deficit at Metro Transit in the next biennium and the staffing levels called for in the bill will have an

impact on operations without additional funding to the transit system. The bill was passed on a 13-2 vote to the Judiciary Committee.

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

### **Vehicle Registration Modification Bill Passes House Tax Committee**

The House Taxes Committee passed to [HF 3547](#) – Tabke, a bill that makes changes to vehicle registration fee calculations. This bill is the companion to [SF 3497](#) - Kiffmeyer. The changes in the bill are based on recommendations by a Vehicle Registration Task Force.

The legislation proposes to change the base amount calculation used to determine registration fee amounts so as not to include a vehicle destination charge, and to base the registration amount to the vehicle's Manufacturers Suggested Retail Price (MSRP) value. The bill also calls for removing statutory language that does not allow the state to correct an erroneous tab fee amount if it will raise the amount a vehicle owner paid the previous year.

The bill was amended to change the current vehicle value registration calculation from .125% of a vehicle value to .128%. This change was made to mitigate identified losses to the Highway User Tax Distribution Fund (HUTDF) and Municipal State Aid (MSA). Without this change, MSA would see a decrease of \$1.9 million in FY 2022-23. The amendment would lower the MSA decrease to \$39,000 in FY 21 and \$95,000 in FY 2022-23. The bill was passed to the Ways and Means Committee.

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

### **House Environment Budget Hears Climate Grants Bill**

The House Environment Budget Committee passed [HF 3982](#) – Vang. The bill is part of a larger package of bills aimed at curbing climate change. The legislation calls for \$5 million to the MPCA for grants to local governments, including cities, to address climate change by developing and implementing plans of action or creating new organizations that seek to mitigate the impacts of climate change on the local government or would reduce the governments contribution to climate change. The City of St. Louis Park testified in support of this legislation. It is the authors intention to amend this bill to add both counties and townships as well as tribal governments. Passed on a 9-6 vote to Ways and Means.

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

### **Metro Cities' Annual Meeting**

RSVP today for the Metro Cities Annual Meeting on **Thursday, April 16** at the Como Park Zoo and Conservatory, Bullard Rainforest Auditorium. The evening will start with a social hour, followed by guest speaker Rick King, Chair of the Metropolitan Airports Commission. Mr. King has served on the Metropolitan Airports Commission (MAC) since 2011 and was appointed by Governor Walz in 2019 to serve as its Chair. He is also a past chair of the MAC's Management and Operations, and Planning, Development and Environment Committees. Mr. King serves as Thomson Reuters' Managing Director and began his career as a teacher and coach. He serves on the board of directors of TCF Financial, the boards of trustees for Greater MSP, MPR, and the Minneapolis Institute of Arts, as a member of the MN Business Partnership, and has received

many honors from the business community for his work. The evening will wrap up with a brief business meeting to elect members and officers to the Board of Directors.

All member city elected officials and staff are welcome! Questions or wish to RSVP? Call 651-215-4000 or email [MetroCities@MetroCitiesMN.org](mailto:MetroCities@MetroCitiesMN.org).

## **Metropolitan Council Equity Advisory Committee Sets 2020 Agenda**

The Metropolitan Council reviewed its Equity Advisory Committee's 2020 work plan on March 11. The EAC listed affordable housing, public transportation, accessibility and Council operations (workforce and procurement) as its 2020 priority areas. The Council also [filled two EAC openings](#) at the March 11 meeting. More information on the EAC and its work can be found [here](#) and [here](#).

## **Metropolitan Council Revising Housing Performance Score Form, Scoring Criteria**

The Metropolitan Council is engaging city officials as it completes its biennial review of the Housing Performance Score form and scoring criteria. Metro Cities staff as well as city and county officials from across the metropolitan region convened for the first, of at least two, meetings this week.

Council staff announced the HPS form will now be hosted online. The Council will continue to prepopulate data as it has in previous years. The preliminary scoring groups listed for workgroup discussion include: new construction, rehab or preservation, programs and policies, ALHOA, existing housing stock, narrative and the scoring table. The workgroup will review the scoring groups as well as scoring weight for each group. If your city has suggestions and feedback on the HPS form or process, please contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org).

## **Bills of Note**

[HF 4227](#), Gruenhagen/[SF 4115](#), Newman: Bill establishes criteria for determining a compelling reason to waive or modify the nonstate match requirement for bonding projects.

[HF 4274](#), Brand/[SF 4092](#), Weber: Bill changes Local Government Aid so that for aids payable in 2022 and after, the total aid amount is adjusted for inflation.

[HF 4276](#), Gomez: Bill changes term lengths for city council to be either two or four years. The bill also modifies when municipal elections may be held and how election districts may be redistricted.

[HF 4321](#), Runbeck: Bill requires cities to purchase insurance for property damage claims for damage caused by the failure of a city-owned water, storm, or sanitary sewer line.

[HF 4327](#), Liebling: Bill defines a public health emergency and adds it to the list of reasons for which the governor can declare a peacetime emergency. The bill also establishes a health care response revolving account and loan program.

[HF 4343](#), Lislegard/[SF 4268](#), Tamassoni: Bill limits the increase in property value for homesteads of persons age 65 or older.

[HF 4419](#), Hertaus/[SF 4303](#), Osmeck: Bill authorizes the city of Maple Plain to establish a tax increment financing district.

[HF 4423](#), Carlson: Bill creates the property definition of "highest and best use" and provides clarification around value assessment for class 3a property.

[HF 4434](#), Tabke: Bill appropriates money from the general fund to the Metropolitan Council for a grant to the Suburban Transit Association.

[SF 4176](#), Limmer: Bill establishes a residential rental housing market value exclusion of up to 50 percent for the purpose of determining a property tax levy.

[SF 4219](#), Housley: Building codes adoption without prior legislative approval prohibition; moratorium on adoption of new or amended building codes authorization; energy code changes to be offset by savings; building code inspection requirements clarification.

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