



REMINDER! Annual Meeting is Next Thursday, April 15th

Metro Cities Annual Meeting is next Thursday, April 15th at 4:00 pm. Please plan to attend! RSVP information is below. The meeting will begin with guest speaker Rick King, Chair of the Metropolitan Airports Commission (MAC), followed by elections of Metro Cities Board officers and members and remarks by President Myron Bailey and Vice President Melanie Mesko Lee. The slate of recommended Board officers and members was emailed. Call-in instructions will be provided in advance of the meeting. Please RSVP to Jennifer Dorn at jennifer@metrocitiesmn.org. We hope you can attend!

Legislature Returns from Easter and Passover Recess

The Legislature resumed work this last Tuesday following a 10-day recess. The third committee deadline is today, April 9th. The legislative calendar this week has been full, with hearings of omnibus bills, testimony and the amending or “mark-up” of bills. The third deadline applies to appropriations and finance related bills and does not apply to Capital Investment, Taxes or Rules Committee bills. See below for updates on bills and provisions of interest to metropolitan cities.

House Omnibus Tax Bill

The House omnibus tax bill was heard and passed by the Taxes Committee this week, following public testimony and the committee’s ‘markup’, or amending, of the bill. The bill is now on its way to the Ways and Means Committee. The [Tax bill](#) would create a fifth-tier income tax rate of 11.15% on income above \$500,000 or \$1 million for couples filing together.

The bill includes several provisions of interest to Metro Cities and the association provided [written testimony](#) on the bill.

Metro Cities advocated for language included in the bill that provides flexibility in tax increment financing laws (TIF), including allowing a temporary transfer of increment to a city’s general fund, expanding pooling to allow use of increment on housing, allowing cities to transfer increment to a housing trust fund, increasing the percentage a district may use for housing, and extending the five-year rule to 10 years for redevelopment districts certified after December 31, 2017. Metro Cities supports the inclusion in the bill of expansions to direct property tax relief programs and a requirement to study the 4d tax classification prior to any expansion. The bill also authorizes several metropolitan cities to impose local option sales taxes or lodging taxes and includes several TIF law exceptions for specific cities.

The bill modifies annual local tax notification requirements for local governments. Metro Cities has expressed support for current truth in taxation processes and expressed concern that the new requirements could significantly increase local administrative burdens. Click here for a summary of the bill [HF0991 HRD summary.pdf](#)

Senate Property Tax Division Hears “Hold Harmless” Local Government Aid Bill

[S.F. 0888](#)-Nelson, that modifies minimum Local Government Aid (LGA) payments for 2022 as a ‘hold harmless’ measure for cities losing aid was heard by the Senate Property Tax Division Wednesday. There are 96 cities that are projected to see decreases, including 25 cities in the metropolitan area. In her remarks, Senate Tax Chair Nelson mentioned the need to study the

LGA formula. Testimony on the bill was provided by Anne Norris, City Manager for the City of Crystal, and Kim Norton, Mayor for the City of Rochester. Metro Cities provided a letter of support for the bill. It was laid over for possible inclusion in a property tax division bill. The Senate has not yet released an omnibus tax bill.

Omnibus Budget Bills

Senate Housing Bill – Budget and Pre-Emption

The Senate's housing omnibus bill includes the budget for Minnesota Housing and also includes several policy proposals opposed by Metro Cities. [SF 969, as amended](#), includes no new funding for state housing programs. [The spreadsheet can be found here](#). The Challenge Program, a state program that provides flexible funding for cities, was cut by \$2 million. A new initiative that would have provided a state match for local housing trust funds was not included.

Policy provisions in the bill come from proposals heard this session. This includes preemption of city zoning and land use authority that would limit planned unit development agreements from including any provisions that exceed State Building Code requirements and would prohibit cities from conditioning approval of a building permit, subdivision development, or PUD on any aesthetic considerations including materials, design and amenities that are not required by the State Building Code. A city-developed residential project would be exempt from the aesthetic preemption.

The bill also encourages cities to include density provisions in city comprehensive plans under M.S. 462. This includes smaller lot sizes for single-family homes, allowing duplexes through fourplexes in areas otherwise zoned for single-family homes, and allow for mixed-use development. Other language directs Minnesota Housing to provide a preference for housing projects with a lower cost-per-unit and to award points on how quickly housing can be constructed. Cities would also be prohibited from enacting a rent control ordinance, a multi-step process currently provided for in statute.

The Senate continues to evaluate proposals for ending the eviction moratorium. The language in the bill was explained to be a placeholder as negotiations continue among committee members.

Metro Cities provided testimony on the bill and joined the League of Minnesota Cities and several other city organizations in [submitting a letter](#) outlining specific concerns with the bill. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

House Housing Bill

The House omnibus housing bill includes a \$30 million increase to the housing budget. The spreadsheet can be [found here](#). The bill, [HF 1077 as amended](#), would increase funding to the Challenge Program by \$6 million in the next budget and spend \$3 million to support local housing trust funds via a state match. The bill also targets preserving naturally-occurring housing with a \$6.5 million appropriation. The bill also targets funds to help reduce homeownership disparities between whites and people of color.

The House bill also includes a number of policy provisions related to landlord-tenant law and how the state will handle the end of the eviction moratorium.

Metro Cities provided testimony on the bill, emphasizing the state-local partnership that is critical to helping cities address local housing needs. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

Senate Jobs Bill

The Senate omnibus jobs bill, [SF 1098 as amended](#), includes a \$2.2 million cut to the Minnesota Investment Fund and no cut to the Job Creation Fund. A proposal supported by Metro Cities that would provide an appropriation for the Redevelopment Grant and Demolition Loan Program, was not included. Redevelopment has been funded via internal DEED transfers from other fund balances, which the Senate bill would continue to allow. The spreadsheet can be [found here](#). A business recipient of a MIF grant, who is unable to meet the job creation goals of the grant agreement during a peacetime emergency related to the COVID-19 pandemic to be granted an extension until December 31, 2022. Cities would also have a one-time exception to use MIF revolving loan funds for any lawful expenditure. Similar exceptions were granted in 2017 and 2019.

The bill includes a small business loan guarantee program, funded at \$100 million. It creates a statewide program to provide state guarantees of loans to small businesses. Loan guarantees of 80 percent of a loan provided by a lender for up to seven years from the date of origination would be permitted, up to a limit of \$200,000.

The bill also includes language from SF 1 that would require any executive order relating to a public health emergency for an infectious disease that closes or partially closes a business to ingress, egress, use, and occupancy by members of the public to be approved by the legislature and provide businesses subject to the executive order with 14 calendar days advanced notice of the closure. A business that faces reduced occupancy restrictions due to COVID-19 would be allowed to operate fully if the business develops a COVID-19 safety plan and makes a good faith effort to maintain a safe and healthful workplace and business operation. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

House Jobs Bill

The House omnibus jobs bill, [HF 1342 as amended](#), mirrors recommendations on key economic development programs made in the Governor's budget recommendation. The spreadsheet can be [found here](#). MIF and JCF would collectively be reduced by more than \$10 million, with JCF receiving \$7.5 million and MIF \$7.75 million per year. The redevelopment grant program was also not funded in this bill. While transfer authority would continue to be permitted, Metro Cities is concerned the funding levels would not provide a balance for DEED to transfer funds to the redevelopment program, and testified in support of a direct appropriation. MIF and JCF recipients impacted by COVID-19 would have additional time to meet hiring and capital investment commitments - an additional 12 months for JCF and an additional two years for MIF.

The House bill includes Paid Family and Medical Leave policies and funding, as well \$50 million for a small business COVID-19 grant program. Half the funds would be committed to the seven-county metropolitan region and half to greater Minnesota. Grant funds must be used for working capital to support payroll expenses, rent or mortgage payments, utility bills, and other similar expenses that occur or have occurred since November 1, 2020, in the regular course of business, but not to refinance debt that existed at the time of the governor's COVID-19 peacetime emergency declaration. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

House Transportation Bill

[HF 1684](#), the omnibus transportation bill, passed the House Transportation Committee Thursday and is being considered by the Tax Committee Friday. Chair Hornstein told the committee the bill was crafted using the lenses of safety, transportation as economic development, equity, and climate resiliency. The bill appropriates \$6.25 billion to the Department of Transportation and \$491.39 million to the Department of Public Safety. There is \$400 million in Trunk Highway Bonds, including \$175 million for the Corridors of Commerce program. There is \$444 million in the bill for Municipal State Aid Streets (MSAS). The budget spreadsheet can be found [HERE](#).

\$178 million is appropriated to the Metropolitan Council, of which \$65 million is for transit system operations and \$111 million for metro mobility. Some funding is also provided to the Council for the development of a zero-emission transit vehicle plan. The Metropolitan Council is directed to impose a 0.5 cent transit sales tax and use the revenue to help fund transit operations and future projects. The bill also includes language authorizing the Metropolitan Council to issue administrative citations for nonpayment of transit fare. Finally, the Council is directed to use air quality data to inform its decisions on bus deployment with the purpose of deploying the lowest emission vehicles to the areas of the region with the poorest air quality.

On the revenue side, the gas tax was not increased, but was indexed to the construction cost inflation rate, which will help it at least keep up in the years ahead. The bill increases the motor vehicle sales tax rate. The bill makes changes to how revenue from taxes on motor vehicle repair and replacement parts is allocated. Specifically, it maintains the monthly deposit amount of just over \$12 million but splits it so that only 74% of that amount goes into the Highway User Tax Distribution (HUTD) Fund, with 13.5% being deposited into the small cities assistance account, 7.5% to town roads, and 5% to Greater Minnesota Transit. According to the [House Research Department](#), this decrease in the HUTD is more than offset by revenue increases in the other areas mentioned here. Metro Cities supports funding for small cities, and appreciates the new revenue in this bill, but a more comprehensive overhaul of transportation finance is likely needed to address the systems long-term needs.

There are policy provisions of note, many of which can be found in Article 6 of the bill. These include:

- The regulation of electric-assisted bikes and the establishment of an Active Transportation Advisory Committee.
- A goal to reduce vehicle miles traveled (VMT) by 20% by 2050.
- An electric vehicle infrastructure program.
- A provision requiring cities to allow MnDOT to review proposed ordinances relating to unmanned aircrafts (drones).

The bill does not include a provision included in the Governor's recommendations that would have held counties financially responsible for the construction, operation, and capital maintenance of transit guideways. Click [HERE](#) for the text of House omnibus bill, and [HERE](#) for a summary. Both documents are current as of Thursday, April 8, and may not reflect any changes made during markup of the bill.

Senate Transportation Bill

The Senate bill ([SF 1159 – Newman, as amended](#)) passed the Senate Transportation Committee on Thursday. In his introductory remarks, Chair Newman spoke about the importance of transparency and the need to use highway funds for highway purposes. The bill appropriates \$6.5 billion to the Department of Transportation and \$486.3 million to the Department of Public Safety. There is \$334 million for the Corridors of Commerce program and funding for a number of individual projects, most of which were heard as standalone bills earlier in the legislative session. There is \$445.5 million in the bill for Municipal State Aid Streets (MSAS). The budget spreadsheet can be found [HERE](#).

The Metropolitan Council received an appropriation reduction of \$112.3 million for the biennium. An amendment adopted in committee requires the Metropolitan Council to spend funds received through federal COVID-19 legislation in a specific priority order. Under this provision, the council must fully fund Metro Mobility before spending federal dollars on transportation planning, then regular bus operating costs, and finally operating costs for all other transit services. The council is required to distribute federal COVID-19 funds to replacement service providers using the federal

urbanized area formula. The bill also terminates the NorthStar commuter rail service that runs between Minneapolis and Big Lake.

The bill raises revenue in a few ways and includes changes in funding for small cities. The registration tax surcharge on all-electric vehicles is increased to \$229 and similar surcharges are established for all-electric motorcycles as well as plug-in hybrid vehicles. Under previous law, a flat amount was deposited into the HUTD from vehicle repair and replacement parts tax revenue. This bill moves the deposit to a percentage with 54% being deposited into the HUTD, 3% to the small cities assistance account, 3% to the township road account, and 40% to the general fund. This move to fund small cities is further bolstered with transfers from the general fund.

A running theme throughout the policy portions of the bill concern the use of highway dollars for highway purposes and the bill includes several provisions restricting the uses of money from the Trunk Highway Fund and the HUTDF. The bill explicitly lists a number of programmatic and administrative activities MnDOT can no longer use these funds for. Click [HERE](#) for the text of the Senate omnibus bill, and [HERE](#) for a summary. Both documents are current as of Thursday, April 8, and may not reflect any changes made during markup. Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

House State Government and Elections Bill

[HF 1952 – Nelson, as amended](#) passed the House State Government Committee and was re-referred to Ways and Means on Wednesday. The bill does not include street impact fee or street improvement district authority for cities; both proposals are supported by Metro Cities.

The bill grants cities the authority to issue local hotel licenses. Also included is authorization for any political subdivision with statutory sewer ownership or operational responsibilities to establish inflow and infiltration prevention programs. This extends the authority to the Metropolitan Council and allows them to establish a grant or loan program for private property owners throughout the system. Metro Cities' policy on this authority is that any program established by the Council must include input from local officials and the association provided testimony to this effect as the bill was considered earlier in the session. Finally, there are some funds made available for sensory accessibility grants.

In the area of elections, cities would have to notify residents of a special election seven days earlier than is required under current law. An included provision would have voting instructions printed in languages other than English (Spanish, Hmong, and Somali). The Secretary of State did not think this would be a burden on their office. There are no ranked-choice provisions in this bill. Click [HERE](#) for a summary of the bill, as amended.

Senate State Government and Elections Bill

[SF 1831 – Kiffmeyer, as amended](#) passed the State Government Finance Committee and was re-referred to the Finance Committee on Wednesday. Two provisions in the bill relate to the current emergency and the balance of power between the Governor and the Legislature. The first requires legislative approval to extend a peacetime emergency and the second requires COVID-19 federal funds be spent only through a direct appropriation in law. The bill also prohibits officials from spending public dollars to promote or defeat a ballot question.

In elections, there are new rules on the locations and hours of early in-person voting sites. Municipal clerks would be responsible for compiling a list of election judges and submitting that list to the Minnesota Secretary of State's Office. This list must include the election judge's personal information and party affiliation. Finally, this bill prohibits ranked-choice voting for local offices and voids any existing provision or ordinance establishing ranked-choice voting. Metro Cities testified in opposition to this provision and will track it closely as the two State Government and Election

bills move toward a conference committee. Click [HERE](#) for a summary of the Senate bill, as amended.

House Environment Bill

[HF 1076 – Hansen](#) passed and was referred to Ways and Means on Thursday. It includes funding for the Metropolitan Council for the operation and maintenance of the regional parks. It also includes an annual transfer of \$1.125 million from the general fund to the Metropolitan Landfill Contingency Action Trust account beginning in 2024. Two PFAS bills authored by Rep. Wazlawik are included as well as a bill authored by Rep. Vang authorizing cities to prohibit the use of certain pesticides. Both the House and Senate bills include last year and this year's LCCMR bills. Click [HERE](#) for a summary of the House bill, as amended. The budget spreadsheet can be found [HERE](#).

Senate Environment Bill

[SF 959 – Ingebrigtsen](#) passed the Environment Committee and was re-referred to the Finance Committee on Wednesday night. The bill includes several provisions of note for cities related to parks, landfills, and PFAS. First, the bill replaces the Metropolitan Council's general fund appropriation for regional parks with a lottery-in-lieu appropriation. The bill creates a closed landfill emergency account in the remediation fund to address emergencies at closed landfills. Finally, the omnibus bill includes Sen. Weber's PFAS source evaluation proposal. The proposal creates an advisory group to study PFAS and develop best practices for reducing the amount of PFAS entering the environment. Click [HERE](#) for a summary of the Senate bill, as amended. The budget spreadsheet can be found [HERE](#).

House Public Safety Bill

On Thursday, April 8, the House Public Safety Committee heard and passed [HF1078](#), as amended. The spreadsheet can be found [HERE](#). The bill includes grant and funding programs for local police departments, such as funding for body cameras and funding for racial equity training. Over \$2 million would be directed to reimburse local governments for peace officer training and over \$1 million in grant opportunities to reimburse local law enforcement agencies for hiring approved public safety policy and training consultant. The bill would shift compliance review responsibilities from local law enforcement to the Board of Peace Officer Standards and Training (POST). These reviews would be annual and include all local and state law enforcement agencies. Including HF 640 (Gomez), local units of government would be able to establish civilian oversight councils and would allow a council to impose discipline on officers. HF 640, as introduced, required these oversight councils and Metro Cities supports the permissive language included in the omnibus bill.

The bill establishes and appropriates funds for the Minnesota Heals Program. \$1.5 million would be appropriated each year for the program to provide stress management services for first responders and establishing and maintaining a community healing network. Funding also provides reimbursement for burial costs and mental health services for families following an officer-involved death.

An amendment to the bill upgrades the emergency telecommunications service fee from analog to digital. Updating would offset costs to local governments for ongoing increases in expenditures related to the updating and maintenance of systems. A 911 telecommunicator working group would also be established.

Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Broadband Funding

The Senate budgets \$40 million for broadband infrastructure in its agriculture and rural development omnibus bill, [HF 958 as amended](#). Metro Cities provided a letter in support of the

funding, which would help areas of the metro that do not meet state broadband goals, with state matching funds. The House will consider broadband funding next week.

American Jobs Plan

Last week the Biden administration unveiled an American Jobs Plan. The proposal invests around \$2.3 trillion over the next 8 years and includes funding for a variety of purposes. Click [HERE](#) for the American Jobs Plan Fact Sheet and see below for highlights from the plan.

The first broad category of provisions in the plan relates to transportation infrastructure, including roads and bridges, passenger and freight rail, electric vehicles, ports, waterways, and airports.

This includes:

- \$115 billion toward bridges, highways, roads, and main streets in need of repair.
- \$20 billion to improve road safety.
- \$85 billion to modernize and expand existing transit.
- Grant and incentive programs for state and local governments to build a national network of 500,000 EV chargers by 2030.
- \$25 billion for airports
- \$17 billion for inland waterways, coastal ports, land ports of entry, and ferries.

The plan emphasizes acknowledging and addressing the needs of historically wronged communities and includes \$20 billion for a new program that will reconnect neighborhoods cut off by infrastructure investments in the past.

The language provided by the administration commits to working with state and local partners to offer training and technical assistance. Working with local governments is something Transportation Secretary Buttigieg emphasized when speaking with the [National Association of Counties](#) last month.

Other provisions related to physical infrastructure investments include:

- Safeguarding of critical infrastructure through existing programs through FEMA and HUD, as well as new initiatives through the Department of Transportation.
- Replacement of lead pipes and service lines.
- Monitoring and remediation efforts related to PFAS in drinking water.
- \$100 billion investment to bring high-speed broadband to Americans.
- Investments in clean electricity, including block grants to local governments.
- \$5 billion for remediation and redevelopment of Brownfield and Superfund sites.
- Read the [Fact Sheet](#) for the full list of proposed investments.

It remains to be seen whether or not the plan will garner bipartisan support. Members of both parties in D.C. seem to agree that the need for infrastructure investments is one of great importance, but they disagree on the size of the package and also on how to pay for it. These sentiments were echoed by Minnesota's congressional delegation during a virtual forum hosted by the Transportation Alliance last week. Metro Cities will continue to monitor this federal action and will provide more information as it becomes available.

Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Emergency Rental Assistance – Residents Should Gather Documents

Eligible Minnesota renters can receive help with rent and utility bills dated on or after March 13, 2020. Qualified renters could receive up to 15 months total assistance. The state's new website renthelpmn.org is a resource for renters and landlords. In preparation for the program opening, the website includes a document for renters to determine eligibility and what documents will be needed to apply. Landlords can access details about alerting tenants to the funds and how to prepare their own documents.

Minnesota Housing produced a [webinar](#) that provides information on the program. Residents may also call 211 and receive answers on eligibility and bills and documents.

Metropolitan Council April PlanIt Updates

The Metropolitan Council's PlanIt program provides resources and educational opportunities for cities, including webinars, podcasts and workshops aimed at comprehensive planning, LCA program and other Council programs. Click [here](#), to sign up for email updates from the PlanIt program. See below for April PlanIt programs and updates:

- **PlanIt Podcast:** [Episode 34: Local Economic Solutions to a Global Pandemic](#). In this episode, hear from Todd Graham at the Metropolitan Council about the big picture economic impact of the pandemic, Meg Beekman from the City of Brooklyn Center and Anne Kane from the City of White Bear Lake about the measures they have implemented in their communities.
- **The Resilient Communities Project (RCP):** RCP, in partnership with the Metropolitan Council, is now accepting proposals from *townships, cities, and counties located in the seven-county Twin Cities metropolitan area* for partnerships during the University's 2021–2022 academic year (September 2021 to August 2022). **Deadline for Proposals: June 15, 2021.** More information can be found at <https://rcp.umn.edu/content/applying-comprehensive-plan-implementation-partnership>.
- **Equitable Development Government Group:** [The Alliance](#) and the Metropolitan Council are partnering to support regional jurisdictions in better understanding principles of equitable development and how to integrate those principles into local government processes. Staff will introduce the group at the next Equitable Development Principles and Scorecard Enthusiasts meeting on **April 15 at 10:00 am**. Email Hannah Gary (hannah.gary@metc.state.mn.us) if you are interested.
- **Spring 2021 LCDA and TOD Pre-Development Grant Applications:** The spring round of LCDA and TOD Pre-Development grant applications are now open, and the application deadline is **April 21, 2021**. Visit the [LCA website](#) for more information on the program and eligible costs. For additional data resources to help with your application please reach out to a program officer.
 - LCDA Program Officer: [Hannah Gary](#)
 - TOD Program Officer: [Stephen Klimek](#)
- **2021 LCDA and TOD Technical Assistance Webinars:** Prospective applicants are invited to attend [LCDA](#) and [TOD](#) technical assistance webinars in April and May. Four webinars will be hosted addressing topics in 2021 grant criteria to help applicant teams develop competitive projects. Learn more about the webinars and the 2021 grant programs on the newly redesigned [LCA website](#). For questions on the webinars or help registering please contact TOD Program Officer Stephen Klimek (stephen.klimek@metc.state.mn.us).
 - [Project Process](#) - Tuesday, **April 13**, 9:00-10:00 am

- [Equity](#) - Tuesday, **April 27**, 9:00-10:00 am
 - [Environment](#) - Tuesday, **May 11**, 9:00-10:00 am
 - [Design](#) - Tuesday, **May 25**, 9:00-10:00 am
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- **Metro CERTs:** Tools for cities, counties, utilities, property managers and landlords, and non-profit service organizations. Versions of the guide can be customized with a City logo and a Spanish version is offered. The Home Energy Guides can be found at <https://www.cleanenergyresourceteams.org/home-energy-guide-tips>.
 - **Energy Assistance Program:** The State of MN has created an Energy Assistance Program (EAP) to assist with energy costs. More information can be found at <https://www.cleanenergyresourceteams.org/energy-assistance-program-changes-made-help-during-covid-19>.

Bills of Note

[SF 2339](#), Pappas / [HF 2395](#), Lillie: Bill appropriates funds for metropolitan regional parks and trails.

[S.F. No. 2385](#), Kiffmeyer / [HF 2107](#), Nash: Bill requires that all gubernatorial appointees to the Metropolitan Council be approved by the legislature and local government represented.

Metro Cities News is emailed periodically to Metro Cities member mayors, councilmembers, city managers/administrators, and city staff to keep officials and staff abreast of important metro city issues.

If you'd like to sign up to receive Metro Cities News, please email newsletter@metrocitiesmn.org and provide the following: Name, Title, Employer and Email address. Thank you!

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