



## ***Legislative Updates***

Today concludes the second week of the special session called by Governor Walz on Monday, June 14. To date, several budget bills have passed the House and Senate and been sent to the Governor for signature: Transportation, Commerce/Energy, Higher Ed, Legacy, and Agriculture. Other bills that have been agreed to and continuing to advance are Taxes, State Government, Jobs, Environment, and Housing. Legislative agreement has yet to be reached on Judiciary/Public Safety and a bonding bill.

The Legislature must adopt a state budget by June 30<sup>th</sup> to avert a state government shutdown. Legislative leaders and the Governor have indicated this week they are optimistic on meeting this deadline. Legislators are expected to be working this weekend as this deadline approaches.

Below are updates on bills, with specific items highlighted that are of interest to Metro Cities. See the June 18<sup>th</sup> newsletter for details on the tax bill. Follow Metro Cities on Twitter, @MetroCitiesMN for any weekend updates.

### ***Jobs Bill***

The Jobs omnibus bill, [SF9](#), passed the Senate this week, 45-21 and is scheduled to be debated by the House Saturday. The [bill funds](#) several economic development, redevelopment, and workforce programs supported by Metro Cities. Provisions of interest to Metro Cities are outlined below.

Key state economic development programs, the Minnesota Investment Fund (MIF) and Job Creation Fund (JCF) are funded. JCF funding will remain flat at \$8 million per year. MIF was cut by \$4.7 million, less than initially proposed in the House bill and will receive \$10 million per year. Businesses under contract for MIF and JCF awards by March 15, 2020 will have additional time to meet hiring, wage, and capital investment obligations through December 31, 2021. The one-time exception to MIF revolving loan fund uses was renewed, allowing cities broader uses of local MIF dollars, with a 20 percent fee paid to the state for this flexibility.

The redevelopment grant and demolition loan program can continue to be funded via internal DEED transfers in FY2022-23 and is included in the FY2024-25 base budget at \$2.246 million per year. Base funding for this program was a Metro Cities priority this session.

State assistance for businesses affected by COVID and civil unrest was funded in two programs with \$150 million. \$70 million is for the Main Street COVID-19 Relief Grant Program, with funds split evenly between the metro area and greater Minnesota. \$80 million is for the Main Street Economic Revitalization Loan Program. The combination of loans and grants will be administered through DEED.

The Main Street COVID-19 Relief Grant Program is targeted to for-profit businesses and nonprofit organizations and are affected by executive orders related to the pandemic. Funds must be used for working capital to support payroll expenses, rent or mortgage payments, utility bills, and other expenses that occur or have occurred since March 13, 2020, in the regular course of business, but not to refinance debt that existed at the time of the Governor's COVID-19 emergency declaration.

Eligible recipients of the Main Street Economic Revitalization Loan Program include businesses, a nonprofit organization, or a developer. Awards will be made in up to three rounds, with the first applications due before September 1, 2021. Eligible projects must be designed to address the greatest economic development and redevelopment needs that have arisen since March 15, 2020. Eligible projects include but are not limited to the construction of buildings, infrastructure, and related site amenities, landscaping, or street-scaping. Eligible projects do not include the purchase of real estate or business operations or business operating expenses, such as inventory, wages, or working capital.

Several workforce training programs are funded. The Job Skills Partnership, a Metro Cities-supported program, will receive \$4.2 million each year. \$70 million for broadband is included in the bill. The money will be requested by DEED from the US Treasury Department for an award via the American Rescue Plan Act. 50 percent of the funds are for FY22 and 50 percent for FY23.

Automatic sprinklers will now be required for public housing buildings. An automatic sprinkler system must be installed in those portions of an entire existing building in which an automatic sprinkler system would be required if the building were constructed on the effective date of the bill. The automatic sprinkler system must comply with standards in the State Fire Code and State Building Code and must be fully operational by August 1, 2033. The mandate does not come with any direct funding.

Following the fire sprinkler debate this year on wedding barns and other event venues, the bill includes a fire sprinkler requirement in a place of public accommodation. Sprinklers will be required if, on or after August 1, 2008 the facility was constructed, added to, or altered; and the facility has an occupant load of 300 or more.

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

### *Housing*

The Housing budget bill, [HF4](#), passed the House on Thursday 72-57. It awaits a final vote by the Senate. The bill includes several funding items supported by Metro Cities. It also notably does not include any of the harmful local preemption language Metro Cities opposes and that many city officials directly opposed through contact with their local legislators.

[The budget](#) includes a \$10 million increase in general fund appropriations and \$100 million in housing infrastructure bonds for construction and preservation. The general fund appropriation increase includes a \$2.8 million increase for the Challenge Program, \$1 million for a new state match for local housing trust funds, \$1 million for the homeownership assistance fund to address homeownership disparities, \$1.75 million for manufactured home park infrastructure grants, \$3.25 million for the Workforce Homeownership Program, and \$200,000 for a shelter provider task force.

The bill increases the maximum rehabilitation loan amount for existing owner-occupied housing to \$37,500 (up from \$27,000). Replacing manufactured homes is a newly eligible use of rehab loans under this bill.

The \$100 million in housing infrastructure bonds come with several targeted goals for 1/3 of the funding. \$18.33 million must be applied to fund various costs related to single-family housing (acquisition, rehabilitation, adaptive reuse, or new construction) and \$15 million must be applied for acquisition of manufactured home parks and for manufactured home park improvements and infrastructure.

The bill also includes a plan for the state to end the eviction moratorium issued by the Governor in March 2020 and the bill voids executive orders (20-14, 20-73, and 20-79). The phaseout includes

several steps tied to the state's emergency rental assistance program funded by the federal government. 15 days after the governor signs the bill into law, evictions can proceed for "material breach of lease" cases. 45 days after enactment, leases may be non-renewed for tenants who do not qualify for rental assistance. 75 days after enactment, evictions may proceed for tenants who do not qualify for rental assistance. And 105 days after enactment, evictions and lease non-renewals return to pre-COVID law. Additionally, the bill would prohibit an eviction for nonpayment of rent until June 1, 2022 if the tenant has a pending application for rental assistance. One permanent policy change is a required 15-day notice period to tenants before an eviction can be filed for non-payment of rent.

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### *Transportation Bill*

[HF 10 – Hornstein](#) passed the House and Senate this week. Municipal Street Aid funding (MSA) received a slight increase (\$430M total). The House omnibus bill included several revenue raisers including the indexing of the fuel tax, with none of this funding included in the final bill. There is one-time funding for cities, including \$5 million for the Active Transportation program, \$10 million for a second daily Amtrak train between St. Paul and Chicago, \$14 million for the Local Bridge Program, \$5.5 million for the Local Road Improvement program; and \$18 million for the Small Cities Assistance program. The Corridors of Commerce program is appropriated \$200 million from trunk highway bond proceeds.

The Metropolitan Council is funded at base levels plus \$57.5 million for arterial bus rapid transit projects, \$250 thousand for a zero-emission transit vehicle transition plan, and \$250 thousand for an analysis of transit service in a Trunk Highway 55 corridor. The bill also makes Metro Mobility a forecasted line item for future state budgets.

The agreement establishes several task forces charged with studying transportation issues and reporting back to the legislature. One focuses on project selection, transparency, and legislative input. Another will attempt to analyze the impacts of the COVID-19 pandemic on public transportation. Finally, a legislative task force is established to examine the issue of Trunk Highway Fund and HUTD Fund expenditures on non-highway purposes. This is a major priority for the Senate Chair. The Senate Omnibus [bill] from the regular session includes several general fund replacements for MnDOT spending out of these funds. That replacement is still present in the bill but to a far lesser extent.

The bill passed the House with a vote of 112-21 and the Senate 67-0. Click [HERE](#) for a summary of the bill, and [HERE](#) for the budget spreadsheet.

Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003 with any questions.

### *Environment Bill*

[SF 20 – Ingebrigtsen](#) passed the Senate with a vote of 49-16 and the House with a vote of 99-34. The focus of agreement between the House and Senate is on funding for existing programs, with some attention also on emerging issues such as aquatic invasive species and chronic wasting disease. The bill includes \$1.2 million per year for local governments to address Emerald Ash Borer and \$3.5 million in one-time grants. There is also a program that provides grants to local governments to evaluate the climate resilience of their infrastructure. This agreement includes both the 2021 and 2022 LCCMR bills.

Language that banned the use of PFAS in food packaging was subsequently amended to only apply to "intentionally added" PFAS. The bill also includes previously adopted language appropriating money for an advisory group tasked with developing and implementing strategies to

reduce sources of PFAS in the environment that are conveyed to municipal wastewater treatment facilities. Click [HERE](#) for a summary of the bill, and [HERE](#) for the budget spreadsheet.

Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) with any questions.

#### *State Government*

[SF 2 - Kiffmeyer](#), as amended, passed the Senate Finance Committee Thursday, and moved to general orders. The summary of the House companion bill, HF12 – Nelson, can be found [here](#). The [A21 Amendment](#) includes annual grants for cities including \$750,000 for election equipment as well as \$1,000,000 for ballot drop boxes. A one-time appropriation of \$3,000,000 is set aside for local government election grants from the existing Help America Vote Act. The availability of Help American Vote Act funds is extended until December 21, 2028. These appropriations can be found in the updated [spreadsheet](#). Many contentious elections policy provisions included in the House and Senate bills were not included in the final bill. The bill does include new rules for determining polling place locations and new standards for the use of ballot drop boxes.

The [A3 Amendment](#) includes further information regarding federal COVID-19 funds. The funding is split into three sections: Revenue replacement, the Flexible Response Account, and Statutory Appropriation. The amendment provides further instruction and appropriation for each section. Click [HERE](#) a spreadsheet outlining the funds included in the A3 Amendment.

Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) with any questions.

#### *Legacy*

[HF 13 – Lillie](#) became one of the first omnibus bills sent to the Governor when it was passed by both the House and Senate early this week. The bill includes an appropriation of more than \$3 million to the Metropolitan Council for projects that address threats to the drinking water supply and over \$43 million for the regional parks and trails. Click [HERE](#) for a summary of the Legacy bill and [HERE](#) for the budget spreadsheet.

#### **SWLRT Project Update**

The Metropolitan Council was given their quarterly update on the Southwest LRT project this week. Project Director Jim Alexander walked members through a list of recent construction challenges and provided the group with photos from several of the work sites. Jon Tao from the Council's Office of Equal Opportunity provided an update on the project's DBE and workforce data. Click [HERE](#) to see disaggregated disadvantaged business enterprises and workforce data. Finally, Sam O'Connell gave members more information on ongoing communications and outreach efforts. Currently, the public can keep up to date on the project's status via weekly updates, twitter posts, construction information workgroups, and corridor tours. Click [HERE](#) to view the presentation slides and [HERE](#) for the project website.

#### **2021 Metro Cities Policy Committees—Sign Up!**

Metro Cities is preparing for 2021 policy committees and your participation is encouraged! Meetings will be conducted remotely and will be held in July, August, and September. Committees will recommend legislative policies for 2022 and are open for participation by member city elected officials and staff. Committees and dates are on our [website](#). Additional information, including remote meeting access, will be posted as it becomes available. Please be sure to sign up for the committee(s) you wish to attend. This will help us keep our rosters current and accurate. We look forward to seeing you this summer!

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