



Governor's Supplemental Budget Recommendations

This week, in advance of the legislative session that begins on Monday, Governor Walz released his supplemental budget recommendations. Below are highlights of the recommendations of interest to Metro Cities. The [list by priority area can be found here](#) and more [detailed budget recommendations by agency here](#). The recommendations include proposed spending for the current FY 22-23 biennium, as well as the FY 24-25 biennium.

Housing

The recommendations include over \$400 million for housing, split between Minnesota Housing and Human Services. The recommendation calls for targeted investments as well as general funding for constructing new homes and preserving existing homes.

Specifically, the recommendations include:

- \$100 million and \$0 for preserving naturally occurring affordable housing (NOAH)
- \$12 million and \$24 million for workforce and affordable homeownership
- \$10 million and \$25 for rental assistance
- \$25 million and \$30 for the Challenge program
- \$19.5 million and \$19 million for the Family Homelessness Prevention and Assistance Program
- \$12 million and \$30 million for supportive housing
- \$10 million and \$20 million for Homework Starts with Home
- \$12 million and \$20 million for down payment assistance
- \$5 million and \$0 for the landlord risk mitigation fund
- \$10 million and \$0 for gap financing for housing development
- \$34.5 million and \$24 million for weatherization assistance
- \$3 million and \$6 million for Housing Support for Adults with Serious Mental Illness (HSASMI) program

Jobs & Economic Development

- \$7 million and \$10 million for the Angel Investor Tax Credit
- \$170 million and \$0 for broadband development
- \$2.73 billion and \$0 to replenish the Unemployment Insurance Trust Fund
- \$5 million and \$0 for Launch Minnesota
- \$31.7 million and \$71.4 million for child-care capacity and stabilization
- \$1 million and \$0 for Creating a community-based Brownfield Grant Program

Transportation

The recommendation includes \$280 million in FY 2022-23 and \$373.3 million in FY 2024-25 to be used as the non-federal match for funds received by the state as a part of the federal Infrastructure Investment and Jobs Act (IIJA). Funding would be used to provide the match for state and local road programs as well as other modes included in the IIJA such as transit, aeronautics, pedestrian and bicycling, and electric vehicle infrastructure. There is \$2 million in FY 2022-23 and \$4 million in FY 2024-25 for matching funds to unlock transportation related climate dollars authorized as a part of the IIJA.

The recommendation includes a policy change to the Corridors of Commerce statute that mirrors what was presented to the Transportation Advisory Board's Technical Advisory Committee (TAC) [earlier this month](#). This change amends the project submission and scoring process to reduce the

number of projects ultimately advanced to MnDOT. It also clarifies “regional balance” and creates a small programs category for projects under \$10 million.

The Governor included a proposal to collect race and ethnicity data on driver’s license, permit, and identification card applications to allow the Department of Public Safety to analyze patterns in traffic stops and driving citations to identify and reduce disparities.

The Metropolitan Council is allocated \$200 million for the Blue Line Light Rail Extension from Minneapolis to the northwest suburbs. A preferred route is expected to be announced in Summer 2022 and the project is anticipated to be completed in 2028. There is also \$3.2 million for the Metropolitan Council to purchase electric busses and charging infrastructure.

Public Safety

The Governor recommends establishing an ongoing aid to local governments for public safety expenses, with aid amounts based on population. The recommendation is \$100 million in FY 2022-23 and \$194.7 million in FY 2024-25. The recommendation includes \$6 million in FY 2022-23 and \$3 million in FY 2024-25 to provide local law enforcement agencies body-worn cameras. This funding is also intended to be used for the ongoing operations/data storage costs associated with body cameras.

The Department of Public Safety is recommended to receive \$3 million in FY 2022-23 and \$6 million in FY 2024-25 for youth development grants, and an additional \$9.7 million in FY 2022-23 and \$18.2 million in FY 2024-25 for a violent crime reduction initiative. \$10 million in FY 2022-23 and \$20 million in FY 2024-24 is recommended for community policing grants to facilitate multiagency and multisector collaboration to address violent and drug-related crimes. A first responder wellness office is established to provide mental health resources to first responders, fund peer-to-peer counseling, critical incident stress management initiatives, and co-responder programs. \$2 million is recommended for this office in FY 2022-23 and another \$2 million in FY 2024-25.

There is \$1.975 million in FY 2022-23 and \$3.95 million in FY 2024-25 to improve recruitment efforts for law enforcement. Funding would employ recruiters, cover some student loan payments for new officers, develop a career website, and create a recruitment advertising campaign. The proposal includes the establishment of a public-facing database maintained by the Peace Officer Standards and Training Board that would allow any member of the public to find public information on all licensed peace officers in the state including any final discipline taken against an officer.

Taxes

The recommendation provides a sales tax exemption for building, construction, reconstruction materials, supplies and equipment for buildings and facilities used principally by local governments and nonprofits. Contractors, subcontractors, and builders would pay the tax at the time materials are purchased, and the local governments and nonprofits would submit a tax refund claim to the Department of Revenue.

Environment

The Governor has included \$18.9 million to the Minnesota Pollution Control Agency (MPCA) for waste prevention recycling grants and loans. There is \$2 million for PFAS community grants. A \$500,000 PFAS study is included to fund the sampling of water and soil to establish a baseline pollutant load and inform future guidelines. The Governor is recommending the grant limit for the Capital Assistance Program be increased to \$5 million per project with an expanded eligibility to include projects that reduce food waste or manage construction waste. There is also language that recommends the development of resources to assist local governments with estimating greenhouse gas emissions for projects that require environmental review.

\$54 million in FY 2022-23 and \$666 thousand in FY 2024-25 is recommended to provide adaptation action and water storage grants to local governments. These grants are meant to help local governments upgrade infrastructure to reduce the impacts of flooding or extreme heat events. This program would be administered by the MPCA. A similar program is allocated \$15 million under the Board of Water and Soil Resources (BWSR) to assist local governments in mitigating increased stormwater flows from heavy rainfalls.

As a part of the Minnesota DNR Drought Response, the recommendation includes \$3 million in FY 2022-23 for water efficiency grants to local governments that operate water supplies and \$4.5 million will be made available to remove and plant shade trees impacted by drought.

The Metropolitan Council is recommended to receive \$5 million in FY 2022-23 for a project that would develop resources to identify climate change related infrastructure risks in the region.

Cannabis Legalization

The Governor's recommendation includes the creation of a Cannabis Management Office following the legalization of adult-use cannabis. Throughout the budget proposal there are expenditures related to the legalization of cannabis and revenues resulting from a 10% gross receipt tax and state sales tax. This recommendation includes funding for grants to assist individuals entering the legal cannabis market. It also expunges non-violent offenses involving cannabis.

Public Safety Proposals This Session

The issue of public safety is expected to be a priority for legislators in both parties this session and a variety of proposals have surfaced in advance of the session.

In a press conference, Senate Judiciary Chair Limmer said his caucus will work to establish a new crime for vehicle theft where the offender uses force or intimidation. A related proposal would increase penalties for someone who uses a stolen vehicle when committing another crime. Senator Gazelka held a separate press conference to preview legislation he plans to introduce including tougher minimum sentences for carjacking and crimes committed using a firearm. He also proposed funding bonuses for newly hired police officers. Proposals are expected at some point after the 2022 session begins on January 31.

On Monday, the House majority unveiled a [public safety plan](#) which was later introduced as [HF 2724 – Frazier](#). The bill includes \$100 million in public safety resources. Specifically, it calls for \$40 million in community safety grants, \$22 million for local community policing grants, \$22 million in crime investigation grants, \$10 million for opiate epidemic response grants, and \$2.5 million for body cameras. There is permissive civilian oversight council language in the bill.

The Governor's supplemental recommendation also contains funding to support state and local public safety efforts including establishing an ongoing aid to local governments for public safety spending. Aid amounts would be based on population. The recommendation for local government public safety aid is \$100 million in FY 2022-23 and \$194.7 million in FY 2024-25. In a press conference this week the Governor said it will be up to local governments how they spend the aid. Also included is money for body-worn cameras, recruitment, and retention resources, and other grant opportunities like those in the House proposal. Click [HERE](#) to read the Governor's proposal with budget items sorted by agency and budget item.

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

Update on Southwest Light Rail Transit (SWLRT)

At the most recent meeting of the Metropolitan Council, it was announced that the Metro Green Line Extension project's opening date has been pushed back to 2027 and the total project cost has increased to \$2.75 billion. Once in operation, the extended line will run through the cities of Minneapolis, St. Louis Park, Hopkins, Edina, Minnetonka, and Eden Prairie. Construction on this line began in 2018.

SWLRT was the topic of conversation at a Wednesday meeting of the Legislative Commission on Metropolitan Governance. Members heard testimony from the Metropolitan Council and received a summary from the Office of the Legislative Auditor on a memo their office completed after a request for a special review was submitted in July 2021. The [OLA memo](#) explains that due to limited resources their office is not able to conduct a full special review on the topic at this time. It summarizes the dispute between the Metropolitan Council and AECOM Technical Services (ATS), one of the contractors working on the project. A settlement on the dispute was formally approved during Wednesday's Metropolitan Council meeting. That settlement establishes a new civil construction schedule and payment schedule, resulting in the updated price tag and timeline for the line extension's opening.

Some legislators have expressed frustration with the project's management, with some suggesting that work be halted, and the project be abandoned.

Click [HERE](#) for a recording of Wednesday's Metropolitan Council meeting where the settlement with ATS is discussed and approved. Click [HERE](#) for the slides used during that presentation. Click [HERE](#) to view the Legislative Commission on Metropolitan Governance hearing. Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Metropolitan Council Approves LCDA & LCDA-TOD Awards to Eight Cities

The Metropolitan Council this week approved \$13.7 million in Livable Communities awards to cities across the region. The award announcements were the first since the significant overhaul of LCA criteria in 2021. Some Council members questioned the impact of the newly prioritized equity criteria scoring on applications. Staff said more information will be forthcoming as the Council reviews the impact of the scoring criteria changes.

LCDA

[Eight awards](#) totaling \$9.3 million were approved for projects in Chaska, Columbia Heights, Edina, Minneapolis, Oakdale, and Richfield. Fifteen applications were submitted for this funding.

LCDA-TOD

[Four projects](#) in Brooklyn Park, Hopkins and Minneapolis were awarded \$4.4 million. Ten applications were submitted for this funding.

See the related article soliciting feedback on the 2022 Livable Communities funding plan in this newsletter.

RentHelpMN Closes Applications Today, January 28, at 9:00 pm

The state's RentHelpMN emergency rental assistance program has announced a 9:00 pm January 28 submission deadline for new applications and re-applications. The deadline will not impact existing submitted applications, which will continue to be processed, subject to funding availability.

Legislators responded to the minimal notice with concern for pending applications as well as calls for increased funding for rental and housing assistance during the 2022 legislative session.

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

Federal Reserve Releases Housing Affordability Dashboard

The Federal Reserve Bank of Minneapolis and the Itasca Project released a Housing Affordability Dashboard for the Minneapolis-St. Paul region. The dashboard follows recommendations from Governor Dayton's 2018 housing task force as well as the Itasca Project's housing affordability report.

The dashboard sets goals in three housing areas critical to maintaining affordability and the region's prosperity: overall housing production, new affordable units, and percentage of Black households that are homeowners.

The dashboard provides data broken out by race and income and displays metrics across both time and space. It is maintained by Minneapolis Fed data scientists and will be updated at least annually, with several metrics updated more frequently.

The dashboard can be found here: <https://minneapolisfed.shinyapps.io/Itasca-Housing-Dashboard/>

DEED Launches \$41 Million Second Round of Main Street Economic Revitalization Funding

This week DEED launched the second round of [Main Street Economic Revitalization Program](#) funding. It is the second part of an \$80 million statewide economic redevelopment program that will award grants to partner organizations to establish programs targeting specific main streets and commercial corridors in their regions that will, in turn, fund economic development and redevelopment projects. A total of \$41 million is available in this second round of funding for partner organizations.

Cities and their economic development agencies (ports, EDAs, CDAs) are not eligible applicants. Eligible entities include foundations working in economic development, Community Development Financial Institutions, and nonprofits engaged in housing and commercial development.

DEED is hosting a webinar to learn more about the program.

February 8

11:00 am

Web Conference Details: Follow the web link and use the call-in number to see and hear the webinar content. [Main Street Economic Revitalization Program Information Session](#)

Call in number: +1 651-395-7448, Access Code: 289 689 5#

Here is a [slideshow](#) from a previous training session.

Proposals will be accepted from eligible partner organizations, which include foundations engaged in economic development; community development financial institutions; and nonprofit organizations engaged in housing and commercial development. Request for proposals (RFPs) are open and proposals are due by 4 p.m. on February 28, 2022. Partner organizations selected for grants will then launch programs within their communities to provide grants and loans to businesses, nonprofit organizations and developers – funds which can be used for the demolition, repair, renovation and construction of eligible projects.

Bills of Note

During the legislative session, Metro Cities publishes 'bills of note' on introduced bills of interest to metropolitan cities that have not yet received legislative hearings. Below are bills that have been introduced in advance of the session that begins on Monday, January 31st.

[HF 2668](#), Morrison: Bill establishes a grant program to reimburse local law enforcement agencies for obtaining and replacing epinephrine auto-injectors.

[H. F. 2833](#), Freiberg: Bill appropriates money for inflow and infiltration programs; authorizing the sale and issuance of state bonds.

[HF 2716](#), Thompson: Bill requires peace officers convicted of a felony to forfeit their pension.

[HF 2724](#), Frazier: Bill spends \$100 million for public safety including \$40 million for Innovation in Community Safety grants and \$22 million for Local Community Policing Grants.

[HF 2732](#), Daudt: Bill establishes several voter ID measures for registration, absentee voting, and in-person voting. It also prohibits municipalities from accepting financial contributions for the purpose of paying expenses associated with conducting an election.

[HF 2737](#), Youakim: Bill appropriates \$500,000 to develop training focused on dementia and Alzheimer's disease for local law enforcement agencies.

[HF 2746](#), Youakim: Bill clarifies eligibility for participation in the Hometown Heroes Act.

[HF 2771](#), Becker-Finn: Bill authorizes counties to establish speed limits on certain county highways.

[HF 2785](#), Urdahl: Bill appropriates money for small city municipal improvement grants.

[HF 2830](#), Daudt: Bill prohibits changes to voter eligibility requirements by local ordinance unless expressly authorized by the Minnesota Constitution.

[HF 2846](#), Edelson: Bill establishes a motor vehicle theft intervention pilot program.

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