



## **RSVP for Metro Cities Annual Meeting!**

Please plan to attend Metro Cities Annual Meeting on Thursday, April 21st at 4:00 pm! The meeting will begin with guest speaker, Distinguished Professor David Schultz, who will present on political trends and the upcoming elections. The agenda will include elections of members and officers to the Metro Cities Board of Directors and remarks by Metro Cities President Matt Stemwedel. The meeting will be held virtually.

A quorum of members is required. Please RSVP to Metro Cities' Office Manager Jennifer Dorn at [jennifer@metrocitiesmn.org](mailto:jennifer@metrocitiesmn.org). The slate of nominated officers and Board members was recently emailed to city officials. We hope you can attend!

## **Second Committee Deadline**

Friday, April 1<sup>st</sup>, marks the second policy committee deadline for the Legislature. Under this deadline, policy bills must be acted upon favorably that met the first deadline in the other body. Omnibus bills are in process of being released and considered or scheduled for hearing, including omnibus tax, transportation, housing, and public safety bills. Stay tuned for additional updates as bills are processed by committees. The third deadline is next Friday, April 8<sup>th</sup>. The third deadline applies to appropriations bills and does not apply to tax or capital investment bills.

## **House Property Tax Division Report**

The House Property Tax Division debated and heard testimony on a property tax division report this week and passed the report to the Taxes Committee. The report includes items of interest to Metro Cities.

The bill includes local government aid (LGA) formula updates to each of the formula's three tiers, the result of months of analysis and coordination among Metro Cities, the League of MN Cities, Association of Small Cities and Coalition of Greater MN Cities. The bill includes a \$34.2 million increase for LGA. Metro Cities provided testimony in support of the updates and funding, and continues to support increasing aid by \$90 million, which was proposed and supported by city organizations alongside the updates to the formula.

The property tax division report converts the current renters' credit to a refundable income tax credit effective for 2022 refunds. The credit would be calculated in the same manner that the current credit is calculated but simplifies the measure of income to determine the credit. Renters would claim the credit as part of their income tax return. The bill also includes an increase in the homestead credit state refund, at \$200 for all income ranges and reduces threshold percentages. The bill also increases the targeted property tax refund program from \$1000 to \$2000 and reduces the 12% qualifying threshold to 10%. Metro Cities supports increases to direct property tax relief programs and provided supportive testimony.

The bill replaces what the current statutory local performance measurement program with a new community aid program for cities and counties, on an elective basis. The new program contains more expansive requirements that require participating entities to hold public meetings at which performance measures are discussed. Entities would receive \$0.14 per capita, up to \$25,000.

The bill also contains changes to tax increment financing laws, to clarify rules and requirements on the use of administrative expenses, five-year rule, pooling, and treatment of violations of requirements. The bill also provides special TIF authority to the cities of Fridley, Hopkins, Plymouth, Savage, and Woodbury.

The report contains provisions intended to clarify laws governing local sales taxes and requires local resolutions that describe the nexus between nonresident taxpayers and users of proposed projects that are funded with local sales taxes. The report authorizes local sales and use taxes for the metropolitan cities of Bloomington, Brooklyn Center, Edina, Golden Valley, and Roseville and amends local lodging tax provisions for the cities of Plymouth and Woodbury.

A summary of the division report can be found [HERE](#)

The House and Senate both plan to release omnibus tax bills early next week. Please contact Patricia Nauman at [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org) with any questions.

### **Motor Parts Tax Dedication Bill Passes House Committee**

The House Transportation Committee heard [HF 3931 – Huot](#) on Thursday. The bill would dedicate 100 percent of revenue from the tax on motor vehicle repair and replacement parts to transportation purposes. Under current law, nine percent (9%) of the Highway User Tax Distribution Fund (HUTDF) is directed to the Municipal State Aid Street (MSAS) system. If all these revenues were deposited into the HUTDF the MSAS system would see an increase in funding.

The bill was amended to dedicate four percent (4%) of revenues to the Small Cities Assistance Account. The amendment also dedicates 36 percent of revenues to the metropolitan area transit account. Other provisions direct revenues to township roads and greater Minnesota transit. Click [HERE](#) for estimated revenue amounts for the HUTDF, the small cities assistance account, and metropolitan area transit account.

Metro Cities provided written testimony in support of the local funds to the Transportation Committee. HF 3931 passed the Committee and was re-referred to the Tax Committee. The Senate has a similar bill, [SF 3086 – Howe](#), awaiting action on the Senate floor. Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003 with any questions.

### **Open Meeting Law Bill Advances**

This week, legislation modifying the open meeting law was heard in the House State Government Committee. [HF 4441 – Masin](#) allows local officials to be able to participate in official meetings remotely if there are family and/or medical conditions that make in-person attendance unadvised. The open meeting law currently limits in-person exceptions for attendance due to medical reasons only when there is an active state of emergency. Testimony in support of the bill was provided by

a Dakota County Commissioner, and written testimony was submitted via a joint letter from the League of MN Cities, Association of Townships, MN School Boards Association, MN Association of Counties and MN Inter-County Association.

The bill does not change the current limit for non-public location participation of three meetings per year. HF 4441 passed the committee on a vote of 8-4 and referred to the general register. A Senate companion, SF 4212-Jasinski, awaits action on the Senate floor. Please contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) with any questions.

## **Bill Provides Local Match Funds for Federal Grant Programs**

[HF 4700 – Koegel](#) was heard by the House Transportation Committee on Tuesday on an informational basis. The bill establishes a MnDOT-administered grant program to provide local and Tribal governments funding to meet match requirements for federal funds made available through discretionary grant programs.

The bill appropriates \$38 million for the grant program. At least 15 percent must be allocated for local road and bridge projects, 10 percent for greater Minnesota transit, five percent for active transportation projects, and three percent for electric vehicle infrastructure projects. The remaining 67 percent of funds are for flexible uses. In evaluating grant applications, MnDOT is required to prioritize projects based on their ability to improve traffic safety, improve bike/pedestrian safety, reduce vehicle miles traveled (VMT), increase the use of low or no-emission vehicles, reduce greenhouse gas emissions, and increase equity in transportation.

The bill also directs MnDOT to provide technical assistance to local governments as they develop applications for federal transportation grants. Rep. Koegel told the committee this proposal was a work in progress. The Transportation Chair indicated this bill will likely be included in the Transportation Omnibus bill and amendments could be considered when that larger proposal is before the committee. Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003 with any questions.

## **Senate Omnibus Bills for Judiciary, Transportation, and Environment**

### *Judiciary*

The Senate Judiciary Committee discussed [SF 2673 – Limmer](#) on Wednesday and considered amendments Friday morning. (The bill is still in committee at the time this newsletter was sent for distribution). The bill includes over \$100 million for the Department of Public Safety (DPS) and of that amount there are several provisions for local law enforcement agencies, specifically for police officer recruitment and retention.

These include:

- Police Recruitment Advertising Campaign (\$1 million)
- Pathways to Policing (\$1 million)
- Mental Health Treatment for Law Enforcement/First Responders (\$1 million)
- Body Cameras for Local Law Enforcement (\$5 million)
- Use of Force Training Reimbursement (\$2.6 million)
- Police Education Expenses Reimbursement (\$2.5 million)
- Police Recruitment Bonuses (\$20 million)
- Police Bonuses for Exemplary Service (\$2.5 million)

- Police Retention Bonus Program (\$47 million)

The bill also includes several provisions related to mandatory minimum sentences and increased penalties for certain crimes. Click [HERE](#) for a summary of the bill. Click [HERE](#) to view the budget spreadsheet for this proposal.

### *Transportation*

The language for the Senate Transportation Committee's omnibus bill was released on Thursday and is scheduled for its first hearing on Monday morning. The [delete everything amendment](#) for SF 1154 – Newman contains several provisions of note for cities. The bill allocates an additional \$6.54 million in 2022 and \$11.14 million in 2023 for the Municipal State Aid Street (MSAS) system to help provide local matches for federal dollars made available via the Infrastructure Investment and Jobs Act (IIJA).

The bill also dedicates 100 percent of the revenue from the tax on motor vehicle repair and replacement parts to transportation purposes. The bill directs 86 percent of revenues into the HUTDF. With this dedication the MSAS system will see an important increase in funding that will help eligible cities as they address local transportation needs. The auto parts tax portion of the bill also allocates 7 percent of revenues to the Small Cities Assistance Account to provide transportation funding for cities under 5,000 in population.

The bill makes several changes to the Corridors of Commerce program. Most notably, the initial project vetting and selection process is changed so that in greater Minnesota each district's area transportation partnership (ATP) would recommend up to three large projects and three small projects for scoring by MnDOT. In the metropolitan region, that responsibility would fall on county boards. In the bill, each county in the metro area is directed to select up to two projects for scoring by MnDOT. Previous versions of this legislation required the Metropolitan Council to vet and select projects for the region.

Finally, the bill includes several provisions related to transit guideway planning and financing. Article 8 Section 6 establishes a process for municipal consent for proposed transit guideways like what is currently done with light rail transit projects. This section requires local hearings on guideway plans and approval or disapproval from local governments where the guideway is proposed to be located. It would allow local governments to revoke their approval at any time before federal funding for the project is obtained by the Metropolitan Council. Finally, this language prohibits the Metropolitan Council from applying for federal funding before obtaining the necessary consent from the impacted local governments. Also included in the omnibus bill is language that suspends the Metropolitan Council's ability to study, plan, engineer, design, or construct any proposed guideway until the SWLRT line begins operations.

Click [HERE](#) to view the budget spreadsheet for the Transportation bill. Please contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) with any questions.

### *Environment*

The Senate Environment omnibus bill, [SF 4062 – Ingebrigtsen](#), as amended was passed by the Environment Committee and is scheduled for a hearing in the Senate Finance Committee on Monday morning. Click [HERE](#) to view a summary of the bill, as amended.

The bill includes language related to the White Bear Lake court case. It amends state statute to clarify that the DNR is not prohibited from issuing new water appropriations or amendments to existing permits to a city whose water supply plan was approved by the DNR prior to 2021. It also amends the Minnesota Environmental Rights Act (MERA) to prohibit suits related to White Bear Lake until 2041. Finally, a report on White Bear Lake water supply options is included and required to be submitted to the legislature by October 2023.

Click [HERE](#) to view the budget spreadsheet for the Environment bill. Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003 with any questions.

## **Omnibus Housing Bills Released**

Two housing omnibus bills were released this week. The Senate as well as the House Homelessness Division released policy and supplemental budget recommendations, while the House will release its omnibus housing bill early next week.

### *Senate*

The Senate bill, [SF 3994](#) – Draheim, includes several budget and policy preemption items of concern to Metro Cities. On the policy side, the bill includes a restriction on PUDs that would prohibit a city from requiring a PUD in lieu of a proposed residential development if the proposed residential development complies with the existing city zoning ordinances, subdivision regulation, or qualifies as a conditional use. It also limits aesthetic mandates by prohibiting a city from conditioning approval of a building permit, subdivision development, or planned unit development on the use of specific materials, design, or other aesthetic conditions that are not required by the State Building Code. The restriction does not apply within a historic district that was in existence as of January 1, 2022.

A repeal of existing rent control authorities is also included in the bill. The language preempts prospective rent control ordinances, as well as invalidates two recent local rent control elections held in November 2021. Minnesota Housing is directed to complete a report regarding the impact of rent control on housing markets. The report is due by August 1, 2023. Until that report is delivered, the agency would be prohibited from issuing financial awards to cities with a rent control ordinance.

The bill also includes scoring preferences for state funds for projects with a lower cost per square foot and projects that can be completed more quickly than competing applications.

Metro Cities has testified in hearings in opposition to preemption and scoring provisions that create a one-size fits all approach to local housing needs and expressed support for adequate state funding to help address current and future housing needs.

On the funding side, the bill has a \$50 million general fund increase over the state's housing budget passed in 2021. It includes \$35 million for homeownership grants (affordable homeownership and affordable home preservation), \$10 million for the workforce homeownership program, and \$5 million for targeted mortgage and financing funds. The bill also directs Minnesota Housing to make funds available from its Pool 3 resources - \$10 million for a manufactured home parks revolving loan fund for residents to purchase their park and convert it to a co-op, and \$5 million for high-rise building sprinkler grants.

### *Homelessness Division*

The homelessness division report, [HF 4225](#) – Gomez, passed the committee Wednesday. It includes a \$75 million appropriation for shelter capital. Cities, counties, nonprofits, Tribal governments, and housing and redevelopment authorities would be able to fund improvement and expansion of shelter facilities. The bill does not include a proposal recently heard in the Division that would require all cities to enact a local housing encampment policy.

## **Bill Gives Metropolitan Council \$40 Million to Address Racial Homeownership Disparities**

[HF 4317](#) – Thompson was heard in the House Local Government Division. The bill would fund a new account in the Metropolitan Council’s Livable Communities program, with \$40 million, to create an affordable homeownership incentive program. The new account would allow a city to elect to participate to access funds. The goal of the program is to address disparities in homeownership rates between whites and African Americans and African Immigrants and other protected groups.

The Metropolitan Council testified that it does not currently have the programming and infrastructure for the program’s directives and suggested the appropriation could instead be made to Minnesota Housing and/or nonprofits engaged in homeownership counseling, education, and training. The bill passed the division. There is no Senate companion.

## **Bill Would Restrict Corporate Owned Housing**

A proposal to restrict corporate buying of single-family homes was heard in the House Housing committee this week. [HF 4508](#) – Howard would restrict a corporate entity, real estate developer, or residential building contractor from directly or indirectly purchasing, owning, building, acquiring, or otherwise obtaining any interest in property classified as class 1a under section 273.13, subdivision 22; and subsequently convert the property into non-homestead residential real estate containing one rental unit.

The bill author explained the language was modeled after the Family Farm Act from the 1970s which sought to maintain locally owned farms. The Senate companion has not been heard. The bill was laid over in the House housing committee.

## **Bills of Note**

[HF 4627](#), Hansen/[SF 4340](#), Bigham: Bill expands eligibility for public safety officer survivor benefits to situations where the officer dies by suicide following a PTSD diagnosis.

[HF 4631](#), Lee/[SF 4378](#), Johnson Stewart: Bill appropriates money to study how projections of future weather conditions can be integrated into the design and evaluation of buildings constructed by the state and local units of government.

[HF 4649](#), Hollins/[SF 4131](#), Ruud: Bill provides for the renewal of the environmental and natural trust fund constitutional amendment.

[HF 4654](#), Long/[SF 4392](#), Senjem: Bill establishes a supplemental budget for energy and climate change needs.

[HF 4656](#), Igo/[SF 4408](#), Eichorn: Bill increases the amount of money cities can spend on a Memorial Day observance.

[HF 4659](#), Long/[SF 4243](#), Senjem: Bill establishes a working group on ending land disposal of mixed municipal solid waste in Minnesota.

[HF 4661](#), Lislegard: Bill increases the amount of money cities can spend on a Memorial Day observance.

[HF 4664](#), Greenman: Bill modifies requirements for absentee ballot drop boxes.



[HF 4666](#), Lee/[SF 4413](#), Bakk: Bill establishes a bonding bill for public projects.

[HF 4674](#), Lee: Bill requires 5 percent of certain federal funds to be used for lead service line replacement activities.

[HF 4691](#), Moller/[SF 4018](#), Duckworth: Bill expands eligibility for public safety officer survivor benefits to situations where the officer dies by suicide following a PTSD diagnosis.

[HF 4700](#), Koegel: Bill establishes the federal funds local assistance program which offers grants to local governments for required local matches.

[HF 4708](#), Jordan: Bill appropriates money for transit service improvements, a temporary fare reduction, and the establishment of a working group on transit signal priority system planning.

[SF 4331](#), Eaton/[HF 4204](#), Sandell: Bill establishes the Office of Water Policy.

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**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.

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