



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 discuss 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. The slate of nominated officers and Board members was recently emailed to city officials. We hope you can attend!

Omnibus Bills Advancing as Legislative Recess Approaches

Today, Friday April 8th, marks the third committee deadline for the Legislature and applies to finance and appropriations bills. Several omnibus bills with appropriations were heard this week in the Senate Finance Committee and bills continued to advance in House finance divisions. The Senate on Thursday passed an omnibus tax bill, focused on tax relief and the House Taxes Committee passed its omnibus tax bill Thursday. Details on omnibus finance, policy and tax bills of significance and interest to Metro Cities are included in this newsletter. Overall, Senate and House bills contain significant differences that will require reconciliation by conference committees. Continued work on omnibus bills and appointment of conference committees will occur once the Legislature returns from its recess on April 19th.

Metro Cities is monitoring and responding to provisions of interest to metropolitan cities in bills, including taxes, transportation, housing, environment, and public safety bills.

Omnibus Tax Bills

On Thursday, the Senate passed an omnibus tax bill, SF 3692-Nelson. The bill includes federal conformity, an exclusion of social security income from state tax, and a reduction in the first-tier income tax from 5.5% to 2.8%. Click [HERE](#) for a summary of the bill. The expectation is that a second omnibus tax bill will be considered after the legislative recess.

On Thursday, the Senate Subcommittee on Property Taxes heard several bills including a supplemental local government aid bill, SF 3917-Rest. This bill is similar to legislation passed last year and would pay supplemental aid to cities for which their certified 2023 aid is less than the city's aid and supplemental aid paid in 2022. Approximately 150 cities would receive the aid. Click [HERE](#) for a spreadsheet prepared by the office of Senate Counsel, Research and Fiscal Analysis showing the distribution of aid.

Metro Cities testified in support of the bill and also signed a joint letter with other city organizations to the subcommittee to encourage its consideration of introduced legislation that would update LGA factors across the three tiers of the formula. Metro Cities' testimony and the joint letter focused on the fact that the need for supplemental aid legislation is an indication that existing factors are no longer the best statistical predictor of city needs. The LGA formula factors have

historically been updated every 10 years, and the 10-year mark since the last update is approaching.

House Omnibus Tax Bill

The House Taxes Committee heard and took testimony on its omnibus tax bill, HF 3669-Marquart, this week, and passed the bill out of the committee Thursday. The bill contains several items supported by Metro Cities, including updates to LGA factors and a \$34.2 million appropriation increase, a (temporary) streamlining of the construction materials sales tax exemption, expansion of direct property tax relief programs, a new local housing aid funded at \$8 million, clarifications to tax increment financing laws, and an extension of the sunset on the historical tax credit. Metro Cities testified in support of these provisions and encouraged the committee to make the construction sales tax exemption fix permanent. The bill also contains specific construction sales tax exemptions for Maple Grove, Wayzata, the Minneapolis-St Paul International Airport, Itasca County, and several schools and school districts.

The tax bill replaces the current statutory local performance measurement program with a new program in which participating cities and counties would annually evaluate performance measures and be required to hold public meetings to discuss selected measures. Participating jurisdictions would receive \$0.14 per capita, up to \$25,000.

The bill modifies laws related to local sales tax, by requiring a local resolution prior to modifying an existing local tax or prior to seeking legislative approval for a new tax. The resolution must describe the nexus between non-resident taxpayers and users of a local project funded by the tax. The bill also requires a referendum to be held on the first Tuesday after the first Monday in November within a two-year period of the legislative authorization for the tax.

The bill includes local sales tax authority provisions for the metropolitan cities of Golden Valley, Roseville, Bloomington, Brooklyn Center, Edina, and local lodging tax provisions for the cities of Woodbury and Plymouth.

Click [HERE](#) for a summary of the bill. Click [HERE](#) for a spreadsheet prepared by House Research showing the distribution of local government aid. Click [HERE](#) for the distribution of the local housing aid.

Contact Patricia Nauman at 651-215-4001 or patricia@metrocitiesmn.org with questions.

HOUSING

House Housing Omnibus Bill

HF 4376 – Hausman [as amended](#), is the housing omnibus supplemental budget and policy bill. It includes \$230 million in new general fund spending as well as \$400 million in housing infrastructure bonds.

Metro Cities provided testimony to support several items in the bill. These include a one-time \$20 million increase in FY23 to the Economic Development and Housing Challenge Program that is one of Minnesota Housing's most flexible programs, and a one-time \$7 million state match for local housing trust funds. Other items in the bill include \$100 million to preserve naturally occurring affordable housing (NOAH), \$10 million for rental assistance, \$10 million for assistance for highly mobile families, \$14 million for family homeless prevention and assistance, and \$5 million for supportive housing.

For local trust fund matching grants, up to 100 percent would be matched up to \$150,000 and an additional 50 percent would be matched for local funds raised between \$150,000 and \$300,000.

This mirrors the language of the \$1 million appropriation passed in 2021. Technical assistance grants up to \$5,000 would also be available. Grants would have to be used within eight years and benefit households with incomes at or below 115 percent of the state median income.

Funding to support homeownership includes \$50 million for first-generation homebuyer assistance, \$5 million for manufactured home lending grants, and \$1 million for homeownership education, counseling, and training.

The House bill does not include any of the local preemption provisions opposed by Metro Cities.

Senate Housing Omnibus Bill

Information on the Senate's housing omnibus supplemental budget and policy bill can be found in the [April 1 Metro Cities News](#).

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

Transportation

Senate Transportation Omnibus Bill

The Senate Transportation omnibus bill, [SF 1154 – Newman](#) was heard and passed by the Senate Finance committee Wednesday. The bill was ultimately [amended onto the Veterans Affairs and State Government omnibus bills](#) before being passed and sent to the Senate floor. The transportation bill contains several provisions of note for cities, including an allocation of \$11.1 million in 2022-23 and \$25.6 million in 2024-25 for the Municipal State Aid Street (MSAS) system to help provide local matches for federal dollars available via the Infrastructure Investment and Jobs Act (IIJA).

The bill dedicates 100 percent of the revenue from the tax on motor vehicle repair and replacement parts to transportation purposes and directs 86 percent of revenues into the Highway User Tax Distribution Fund (HUTDF), which will result in an additional \$11 million for the MSAS. The auto parts tax portion of the bill allocates 7 percent of revenues (\$22.4 million in 2023) to the Small Cities Assistance Account to provide transportation funding for cities under 5,000 in population. Metro Cities submitted testimony supporting this critical funding for cities.

The Corridors of Commerce program has received considerable legislative attention this year, and the bill makes several changes to the Corridors of Commerce program. The program's 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. The bill requires a list of all submitted projects be sent to the legislature and governor. Each member of the legislature can submit a letter of support for one project and one additional scoring point is earned for each letter a project receives. The bill stipulates that funding be split evenly between greater Minnesota and the metropolitan area and in the metropolitan area 55 percent of funding be spent on projects outside of Hennepin and Ramsey Counties.

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. It requires local hearings on guideway plans and approval or disapproval from local governments where the guideway is proposed to be located. It allows local governments to revoke their approval at any time before federal funding for the project is obtained by the Metropolitan Council. The bill 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.

The Senate Transportation bill authorizes deputy registrars acting as full-service providers to provide copies of driver and vehicle records. The provider collects a fee for these transactions and retains the majority of that fee. The bill also requires a portion of filing fees collected by DVS for mail or online vehicle transactions be deposited into a full-service provider account. The bill increases filing fees for new (\$24) and renewed (\$16.50) driver's license and ID card applications, which are retained by the agent processing the transaction. All revenue deposited into the full-service provider account established in the bill is distributed to full-service providers based on the number of transactions each office completes.

Click [HERE](#) to view the budget spreadsheet for the Transportation bill.

House Transportation Omnibus Bill

The House Transportation omnibus bill, [HF 1683](#), as amended, was passed out of committee and referred to Ways and Means Thursday. The bill includes \$9.7 million in one-time funding for the Municipal State Aid Street system. This funding is intended to help cities meet federal match requirements as a part of the IJA. The bill also establishes an annual \$10 million appropriation for the Small Cities Assistance Account.

The bill includes language that establishes a Federal Funds Local Assistance Program with a \$36.8 million appropriation. This funding and the Federal Grants Technical Assistance provision included in the bill will give local governments additional resources and technical support as they apply for federal discretionary grant programs authorized by the IJA.

There is more than \$31 million included in the bill for metropolitan area transit service, including \$1.3 million for replacement service providers to expand and improve microtransit services.

HF 1683 includes several changes to the Corridors of Commerce program. The bill adjusts how the program distributes funding to ensure regional balance. Specifically, it calls for 30 to 35 percent of funding to be spent on projects within, on, or directly adjacent to Interstate Highways 494 and 694 (Metro Projects), 30 to 35 percent to be spent on projects that don't qualify as "Metro Projects" but are located within the MnDOT metropolitan district or within 40 miles of Interstate Highways 494 and 694 (Metro Connector Projects), and at least 30 percent to be spent on projects in greater Minnesota (Regional Center Projects). The bill changes the project screening and selection process by making greater Minnesota area transportation partnerships (ATP) responsible for screening submitted projects before scoring by MnDOT. Each ATP may recommend up to three projects for scoring. In the metro, the Metropolitan Council may recommend up to four projects and each of the counties in MnDOT's metropolitan district may recommend up to two projects. The legislation also requires screening entities to solicit input from members of the legislature. Legislator feedback is required to be submitted to MnDOT along with the recommended projects.

The House Transportation bill authorizes deputy registrars acting as full-service providers to provide copies of driver and vehicle records. The provider collects a fee for these transactions and retains the majority of that fee. The bill also requires a portion of filing fees collected by DVS for mail or online vehicle transactions be deposited into a full-service provider account. The bill increases filing fees for new (\$16) and renewed (\$11) driver's license and ID card (\$11) applications, which are retained by the agent processing the transaction. All revenue deposited into the full-service provider account established in the bill is distributed to full-service providers based on the number of transactions each office completes.

Finally, the bill directs the state to convene a task force to study the potential feasibility and implementation of a road usage task force. This provision is coming out of increased adoption of electric vehicles and the impacts on gas tax revenue and transportation funding more broadly.

Metro Cities submitted testimony in support of the bill's funding for MSAS cities, small cities, and transit. Click [HERE](#) to view a summary of the bill and [HERE](#) to view the budget spreadsheet.

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

Public Safety

Senate Judiciary Omnibus Bill

The Senate Judiciary omnibus bill, [SF 2673 – Limmer](#) was passed by the Finance committee Tuesday. 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. The bill now waits for a hearing on the Senate floor.

House Public Safety Omnibus Bill

The House Public Safety omnibus bill, [HF 4608 – Mariani](#), as amended, was passed out of committee and referred to Ways and Means on Thursday. The bill includes \$9 million for grants to local law enforcement agencies to pay for portable recording systems and costs associated with the maintenance of the cameras and the data they produce.

There are several provisions included in the bill that address retention and recruitment challenges faced by police departments across the state. These include \$15 million for Emergency Community Safety grants, \$15 million for Local Community Policing grants, and \$15 million for Local Investigation grants. Metro Cities submitted testimony in support of these initiatives and the funding for body cameras. Metro Cities also encouraged members to consider statutory arbitration reforms to allow for the discipline, including removal, of law enforcement officers who have been found to have violated local law enforcement agency policies.

Click [HERE](#) to view a summary of the bill and [HERE](#) to view the budget spreadsheet.

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

State Government and Elections

Senate State Government and Elections Omnibus Bill

The Senate State Government and Elections omnibus bill, [SF 3975 – Kiffmeyer](#) was passed by the Finance committee Wednesday. The bill adjusts the budgets for the Secretary of State, Minnesota IT Services, and includes several provisions relating to elections administration.

The bill requires that in-person absentee voting locations be open for the entire absentee voting period and for the same days and hours as the county auditor. This provision limits a city's ability to adjust early voting locations and hours based on increased demand in a particular part of the city or at the end of the early voting period. The bill also requires absentee drop boxes to be continually livestreamed and available for use during the entire absentee voting period. County auditors or municipal clerks are required to maintain logs for each drop box. Click [HERE](#) to view the budget spreadsheet and [HERE](#) for the summary for the State Government bill.

House State Government and Elections Omnibus Bill

The House State Government omnibus bill, [HF 4293 – Nelson](#), as amended, was passed out of committee and referred to Ways and Means on Thursday. The bill contains several provisions of note, most of which relate to election administration. The bill extends the time for opening and processing absentee ballots from 7 to 14 days. The bill also makes it a misdemeanor to intimidate or interfere with election officials.

The bill includes language that requires cities to allow property owners to install and maintain managed natural landscape on that property. Metro Cities has offered testimony opposing this provision throughout the legislative session. Many metropolitan area cities have changed their local ordinances to facilitate the installation of natural landscapes on private property and the proposed legislation eliminates the ability of cities to make that choice for their own community.

Click [HERE](#) to view a summary of the bill and [HERE](#) to view the budget spreadsheet.

Environment

Senate Environment Omnibus Bill

The Senate Environment omnibus bill, [SF 4062 – Ingebrigtsen](#) was passed by the Finance Committee and was sent to the Senate floor. The bill includes language related to the White Bear Lake court case by amending statutes to make clear 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 brought to the legislature by October 2023.

Click [HERE](#) to view a summary of the bill and click [HERE](#) to view the budget spreadsheet (as passed by the Environment committee) for the bill.

House Environment Omnibus Bill

The House Environment omnibus bill, [HF 4492 – Hansen](#), as amended, passed out of committee and was referred to Ways and Means Thursday. The bill contains several provisions of note. \$10 million is included for grants to local governments to replace trees that are removed because of emerald ash borer (EAB), \$5 million is included for the Lawns to Legumes program, and \$10 million for grants to local governments to upgrade local infrastructure, critical facilities and other assets to protect against extreme weather events. The bill appropriates \$2 million for grants

funding projects that prevent PFAS releases into the environment, identify sources of PFAS, and implement reduction strategies.

The bill includes funding for metropolitan cities to assist with improvements to municipal wastewater systems to reduce the amount of inflow and infiltration to the regional sanitary sewer system and funding to assist property owners in mitigating private property inflow-infiltration. It also includes funding for the Metropolitan Council to assist local partners in mitigating risks associated with climate change and replacing residential lead service lines. There is additional funding for metropolitan parks and trails.

HF 4492 contains language that expands the Department of Natural Resources' enforcement authority over water appropriations, which could result in overly punitive penalties on municipal water suppliers. These provisions could result in mandated infrastructure improvements and dramatic impacts on local budgets. Metro Cities offered testimony raising concerns over this language in addition to support for the investments listed above.

Click [HERE](#) to view a summary of the bill and [HERE](#) to view the budget spreadsheet.

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

Jobs

House Omnibus Jobs Bill

The House Jobs omnibus supplemental finance and policy bill, [HF 4355 – Noor as amended](#), includes several items supported by Metro Cities, as shared in this [written testimony](#). The bill includes \$5 million FY23 for the Redevelopment Grant and Demolition Loan Program, a long-standing priority for cities. It also has \$4 million for childcare grants, which will help metro families access affordable childcare. This bill's investments in small businesses, emerging developers, and people of color are made through several appropriations, including \$45 million for small business loans, \$25 million for community capital project grants, \$20 million for emerging developers, and \$5 million for targeted equity organization investments.

\$35 million for additional pandemic relief grants to businesses is also in the bill and will be distributed statewide. Eligible industries include those serving food and beverages, providing personal services, indoor entertainment, indoor fitness and recreational sports centers, and wellness and recreation. Total general fund spending for FY23 is \$175 million and \$20.5 million in FY24-25.

Senate Jobs Omnibus Bill

The Senate Jobs omnibus supplemental finance and policy bill carries a smaller general fund appropriation than the House version. [SF 4091](#) – Pratt, proposes \$225,000 in new spending for FY23. \$175,000 would be to study the adequacy of current benefits available to disabled or injured police officers, firefighters, and state troopers. \$50,000 would provide equine experiential mental health therapy to first responders suffering from job-related trauma and post-traumatic stress disorder.

Minnesota Investment Fund and Job Creation Fund recipients, who are unable to meet the minimum capital investment requirements, wage, or minimum job creation goals or requirements provided in a business subsidy agreement during or within the 12-month period following a peacetime emergency related to the COVID-19 pandemic would be granted an extension until December 31, 2023, to meet those capital investment, wage, or job creation goals or requirements before the grant must be repaid.

The bill also directs the DEED commissioner, when awarding competitive grants to organizations for the purpose of providing job training, give priority to programs or organizations that focus job training in high-wage, high-demand careers.

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

Lead Service Line Replacement Bills

Two bills related to lead service line replacement were heard on an informational basis in the House Capital Investment committee Thursday morning.

[HF 4115 – Jordan](#) establishes grant programs to inventory, remove, and replace lead drinking water service lines. It establishes a goal for the state of Minnesota to remove all lead service lines from public drinking water systems by 2032. The bill provides requirements for the distribution of lead service line grants made available by the Infrastructure Investment and Jobs Act (IIJA) and directs the Public Facilities Authority (PFA) to focus its efforts on the following activities: (1) planning and design for lead service line infrastructure projects, (2) developing or updating lead service line inventories, (3) providing technical assistance to small water systems undertaking lead service line inventories or construction projects, (4) nonroutine lead sampling, and (5) to fund staff at the state level and contractors for certain lead service line activities. HF 4115 includes a mix of general fund appropriations and bond amounts. Both of which are undefined in the [DE3 amendment](#) presented by Rep. Jordan.

[HF 4674 – Lee](#), establishes new criteria for the Public Facilities Authority and Department of Health to consider when developing the drinking water project priority list. The criteria, which is outlined in the [DE3 amendment](#), is meant to target resources to disadvantaged communities. The PFA testified in opposition to these changes.

The amendment defines these priority communities as a census tract that meets three of the following five criteria:

- 20 percent or more residents have income below the federal poverty thresholds.
- The tract has a CDC Social Vulnerability Index higher than 0.80.
- The upper limit of the lowest quintile of household income is less than the state upper limit of the lowest quintile.
- The housing vacancy rate is greater than the state average.
- The percent of population receiving SNAP benefits is greater than the state average.

HF 4674 includes the same requirements for the PFA as its work relates to funding made available via the IIJA. The bill also includes unspecified general fund appropriation and bond amounts.

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

Metropolitan Council Discusses Equity in 2050 Local Comp Plans

The Metropolitan Council, meeting as Committee of the Whole, convened this week to discuss the inclusion of equity language and policies in the most recent 2040 comprehensive plan updates and the upcoming 2050 update.

Council staff reviewed the 2040 comp plan updates for inclusion of equity themes and found that the 108 comp plans that included equity themes used it in areas for access, health, housing, transportation and parks. Several cities and one county [were highlighted](#) for their comp plans.

Next steps for the Council include reviewing the implementation of cities' equity initiatives as well as determining how the Met Council can support local equity efforts. Metro Cities will continue to monitor development of the Council's 2050 regional framework and track how future comp plan guidance and requirements correspond with statutory requirements.

How to Apply for Multimodal Project Discretionary Grant (MPDG) Awards

The Infrastructure Investment and Jobs Act (IIJA) established two new programs and reauthorized one preexisting program that the U.S. Department of Transportation (DOT) is combining into one solicitation to provide a more efficient application process.

The three programs included in this solicitation for FY 2022 include:

- Mega: \$1 billion for the National Infrastructure Project Assistance grants program.
- INFRA: \$1.55 billion for the Nationally Significant Multimodal Freight and Highways Projects grants program.
- Rural: \$300 million funding for the Rural Surface Transportation Grant program.

Cities are eligible to apply to any of these three programs. Final applications for Multimodal Project Discretionary Grants (MPDG) are due on May 23, 2022. If you are curious about applying for this or future solicitations click [HERE](#) to view DOT webinars and FAQs on the suite of MPDG opportunities.

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

Bills of Note

[HF 4738](#), Masin/[SF 4482](#), Senjem: Bill authorizes HIBs to be used for veterans housing.

[HF 4741](#), Masin/[SF 4483](#), Senjem: Bill expands the homeownership education, counseling, and training program to include specialized homeownership education for veterans.

[HF 4745](#), Hertaus/[SF 4428](#), Osmeck: Bill appropriates \$10 million for grants to fire departments for certain equipment purchases.

[HF 4762](#), Theis: Bill establishes an income tax holiday for police officers.

[HF 4768](#), Morrison/[SF 3340](#), Housley: Bill provides a distribution of the state general levy to "low-aid" municipalities.

[SF 4422](#), Dziedzic/[HF 4429](#), Jordan: Bill establishes plans to replace lead service lines by 2032.

[SF 4423](#), Dziedzic/[HF 4674](#), Lee: Bill requires 5 percent of certain federal funds to be used for lead service line replacement.

[SF 4443](#), Johnson Stewart/[HF 4708](#), Jordan: Bill appropriates money for transit service improvements, including transit fare reduction, transit shelters, zero-emission bus transition, arterial bus rapid transit planning, and transit signal priority system planning.

[SF 4457](#), Anderson/[HF 4713](#), Mekeland: Bill establishes a contested annexation account for reimbursement of township attorney fees.

[SF 4480](#), Dibble/[HF 4700](#), Koegel: Bill provides local matching funds and technical assistance for the discretionary grant programs authorized in the IIJA.

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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