

Adult-Use Cannabis Has First Hearings in Senate

[SF 73 – Port](#) received its first two hearings in the Senate this week. On Wednesday, the Senate Judiciary and Public Safety Committee heard from testifiers and staff provided a high-level overview of the bill. SF 73 is expected to go through 18 committees in the Senate. Like the House companion bill, SF 73 contains language preempting local governments from meaningfully regulating cannabis at the local level. Article 1, Section 13 strips the ability of cities to provide local oversight and regulation on the sale of cannabis. Metro Cities submitted written testimony outlining support for the authority of cities to issue local licenses for adult-use cannabis retailers and the ability for cities to opt out of authorizing the sale of products in their local jurisdiction.

The bill was heard on Thursday in the Senate Commerce Committee where testimony, amendments, and member discussion took several hours. The League of Minnesota Cities testified along with Lakeville City Administrator, Justin Miller. Senator Port has reiterated that this bill is a work in progress and told the Commerce committee that for the implementation of this law to be successful, buy-in from local units of government is needed. SF 73 was passed, as amended, and referred to the Committee on Jobs and Economic Development, where it is scheduled for a hearing on Monday, January 30. Click [HERE](#) for the most recent summary of SF 73.

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

Governor Releases Budget Recommendations

The Governor this week, as required by law, released budget recommendations to the Legislature. The proposed \$65.2 billion budget contains \$8 billion in tax cuts, rebate checks for individuals and families, over \$1 billion for housing and homelessness programs, \$722 million for matching federal transportation funds, an increase for Local Government Aid, and more.

The recommendations are based on the Budget and Economic Forecast from November 2022. A new forecast will be released in late February and may result in adjustments to the Governor's recommendations. There are several recommendations of interest to Metro Cities. See below for details and links to budget documents.

Click [HERE](#) to read more about the Governor's budget proposal.

Click [HERE](#) for a list of general fund change items.

Click [HERE](#) for a list of non-general fund change items.

Click [HERE](#) to see the Governor's Budget Recommendations by agency.

Housing

The recommendations for fiscal years 2024 and 2025 include over \$1.4 billion for housing. The recommendation calls for targeted investments as well as general funding for programs. [Here is a link](#) to a detailed overview of proposals. Some key items include:

- \$128 million increase in FY 24-25 for down payment assistance with \$4 million per year starting in FY 26 and FY 27.

- \$30 million for Local Government Aid, and formula changes.
- \$100 million increase in FY 24-25 for the Economic Development & Challenge Fund Grant Program for housing projects that support workforce and economic development.
- \$100 million increase in FY 24-25 for a Community Stabilization Program to help preserve Naturally Occurring Affordable Housing.
- \$35 million increase in FY 24-25 for the Workforce and Affordable Homeownership program.
- \$100 million in FY 24-25 for Housing Infrastructure Bonds.
- \$20 million in FY 24-25 for public housing rehabilitation.
- \$5 million increase in FY 24-25 to expand Homework Starts with Home program.
- \$56.5 million in FY 24-25 and \$91.6 million in FY 26-27 from the general fund to increase base funding for the Emergency Services Program (ESP), Transitional Housing Program (THP), Homeless Youth Act (HYA), and Safe Harbor (SH) program.

Aids and Taxes

The recommendations include a \$30 million increase for local government, and formula updates and changes recommended by city organizations that were developed in 2022. The recommendations also include a simplification of the construction sales tax exemption for local governments, on a temporary basis that is retroactive to 7-1-21 and effective through 12-31-24. The budget also recommends a reinstatement of the historic structure credit.

Economic Development

The recommendations for fiscal years 2024 and 2025 from the Governor's budget include almost \$1 billion in funding increases through direct general fund appropriations to economic development programs. [Here is a link](#) to a detailed overview of proposals. Some key items include \$10 million each year for the Angel Tax Credit program from 2024-2027, and an increase of \$42.295 million in FY 24 and \$42.295 million in FY 25 for the Main Street Economic Revitalization Program. There is no increase beyond base included for the Job Creation Fund. The budget includes policy language to allow for a transfer up to \$2 million annually to the Redevelopment Grant program. Metro Cities has consistently advocated for funding for the redevelopment program.

Transportation

The budget recommendation includes \$722 million from the general fund for a multimodal transportation package. Of this total, \$358 million is allocated to the trunk highway fund for MnDOT to provide the required state match for funds flowing to Minnesota as part of the Infrastructure Investment and Jobs Act (IIJA). \$364 million is for non-trunk highway purposes including funding for small cities. The budget recommendation also includes \$50 million in trunk highway bonds for the state to have additional matching funds for federal grants. Finally, there is a proposal for a \$100 million local match fund for local governments applying for discretionary grants.

The recommendation includes a proposed change to the depreciation schedule for tab fees which is expected to generate \$175 million per year for the Highway User Tax Distribution (HUTD) Fund.

Other transportation-related recommendations include:

- \$1.2 million in GO bonds for the Innovative Business Development Public Infrastructure (IBDPI) program.
- \$4.8 million in GO bonds for the Transportation Economic Development Infrastructure (TEDI) program.
- \$144 million for the Local Bridge Replacement Program.
- \$108 million for the Local Road Improvement Program.

- \$6 million for active transportation infrastructure projects that improve safety and encourage walking and biking.
- \$24 million in GO bonds for the Local Government Roads Wetland Replacement Program.

The Governor is recommending a 1/8 cent sales tax in the seven-county metropolitan area for the regional transit system which is expected to raise close to \$350 million from 2024 to 2027. Other transit investments include \$29.2 million for the Metropolitan Council to purchase electric buses and charging infrastructure. \$5.2 million is for local match requirements for low or no emission bus grants that Metropolitan Transportation Services and/or suburban transit operators apply for.

The budget recommends increasing the Metropolitan Council's bonding authority to \$53 million in FY 2025 for the agency's transit capital improvement program. The governor's recommended capital budget includes \$72 million in GO bonds for bus rapid transit (BRT).

Public Safety

The Governor's budget recommendation includes \$300 million in public safety aid for local governments in FY 2024. Cities with law enforcement agencies are eligible for this aid, which will be distributed based on population. 70% of the \$300 million is allocated to cities, the remaining 30% will go to counties and tribal nations.

Other public safety recommendations include:

- \$6 million for grants to local law enforcement agencies to purchase body worn cameras.
- \$1.1 million to the Department of Public Safety to establish a first responder wellness office to provide statewide leadership and resources for the unique wellness concerns of law enforcement officers, firefighters, paramedics, dispatchers, and others who routinely respond to traumatic incidents.
- \$5 million annually for the Office of Justice Programs Youth Services Office which includes the expansion of youth-serving grant programs.
- \$14.5 million from the general fund to modernize and increase the capability of the State Patrol by purchasing a new helicopter. \$1.7 million annually to add four additional pilots.

Elections

The Governor has included \$230,000 so the state can provide its required match for Help America Vote Act (HAVA) elections security funding from the federal government.

Inflow-Infiltration / Environment

The governor's capital budget recommendation includes \$6 million in GO bonds for inflow and infiltration (I/I) grants to metropolitan municipalities. Metro Cities has secured appropriations in previous capital investment bills for this purpose and supports additional funding for I/I mitigation assistance. Metro Cities has initiated legislation to support a \$10 million capital investment for metropolitan inflow-infiltration assistance.

The budget proposal includes \$173 million to expand a Minnesota Pollution Control Agency (MPCA) grant and technical assistance program that helps communities adapt to climate change. There is also \$25 million for the MPCA's Remediation Division to establish a funding mechanism to support efforts to respond to PFAS impacts in drinking water and at contaminated sites.

The budget recommendation includes approximately \$25 million from the Parks and Trails Legacy Fund and a one-time general fund appropriation of \$12 million for the metropolitan regional parks and trails system. The Governor is recommending an increase of \$2.5 million per year for the parks system's operation and maintenance funding. The governor's capital budget recommends \$3 million in GO bonds to improve and expand the parks and trails in the metropolitan regional system.

The proposal also includes a 22.4% increase in Clean Water Legacy funding for the Metropolitan Council's Water Supply Sustainability Program and a 20% funding increase for the Council's Water Efficiency Support Program. The budget recommendation appropriates \$5 million from the general fund to the Metropolitan Council for their Mapping Infrastructure Climate Risk & Resiliency Opportunities project.

Other environment-related recommendations include:

- \$2.68 million in 2024 and 2025 for grants to complete inventories of lead service lines in community water systems.
- \$9 million in the FY2024-2025 biennium and \$1 million ongoing to the Board of Water and Soil Resource's Habitat Enhancement Landscape Program, which oversees the Lawns to Legumes program, and others dealing with native plants and pollinators.
- \$6.6 million in general fund dollars and \$6 million in GO bonds for the Department of Natural Resources to make grants to local governments to help address urban and community reforestation needs through the ReLeaf Program.

Cannabis Legalization

The proposed budget establishes a Cannabis Management Office and appropriates approximately \$25 million for its operations. The budget includes appropriations to several other state agencies that would be impacted by adult-use cannabis becoming legal in Minnesota.

Press Conference on PFAS Legislation

DFL members from the House and Senate held a press conference on Tuesday to discuss perfluoroalkyl and polyfluoroalkyl substances (PFAS). Lawmakers announced a suite of bills dealing with these "forever chemicals" including one proposal that would ban all non-essential uses of PFAS. [SF 834 – Morrison](#), prohibits the use of PFAS in carpets, cleaning products, cookware, cosmetics, juvenile products, textiles, and more. The bill authorizes the MN Pollution Control Agency Commissioner to identify other products that may not be sold if they contain intentionally added PFAS. The Commissioner can exempt products from these prohibitions if the use of PFAS is currently unavoidable. Click [HERE](#) to view a recording of the press conference.

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

Catalytic Converter Bill Passes Committee

[HF 30 – Richardson](#), which includes requirements and penalties related to the possession and sale of catalytic converters was passed by the House Commerce Committee. Click [HERE](#) for a summary of the bill. The bill makes it illegal to possess or purchase catalytic converters without proper documentation showing that the catalytic converters were properly obtained. The bill goes on to require scrap metal dealers to mark catalytic converters with identifying numbers that connect the converter to the vehicle it came from. There are also provisions included that prohibit cash payments, require a five-day delay for payments, and require converters to be held on the dealer's premises for seven days after they are acquired. Metro Cities submitted a letter of support for this legislation. After passing, HF 30 was re-referred to the House Public Safety Committee. The Senate companion, [SF 5 – Marty](#), has not yet received a hearing.

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

Housing Proposals Receive Hearings

This week, Metro Cities [submitted a letter](#) in support of [HF 302](#) (Howard) which would authorize \$750 million in housing infrastructure bonds, and \$250 million in general obligation bonds. This bill was heard in a joint House Capital Investment and House Housing Finance and Policy Committee since it will touch both committees this session. Housing Infrastructure Bonds are used for developing and preserving permanent supportive housing, preserving federally assisted rental housing, creating affordable senior housing (age 55+), and manufactured home community acquisition and infrastructure. The general obligation bonds support public housing services. The bill was amended to delete the general obligation portion of the bill, to allow for the housing infrastructure bonds to move forward outside of a bonding bill, leaving the general obligation bonds for a potential bonding bill.

Metro Cities also [submitted a letter](#) in support of [SF 22](#) (Oumou Verbeten), a bill to create a first generation homebuyers downpayment assistance pilot program. This program is a three-year pilot program provided for individuals who have never owned a home and their parents have never owned a home. It allows for a forgivable loan for up to 10% of the purchase price, up to \$32,000. This bill is mirrored after a downpayment assistance pilot program in the city of Woodbury that has seen success. This bill is a strong step in supporting communities in creating more first-time homebuyers, particularly for communities of color. The bill was laid over in the Senate Housing and Homelessness committee.

Finally, the House Housing Finance and Policy Committee heard a number of tenant protections bills in committee this week, aimed at amending laws to protect a tenant's rights. Many bills were either laid over or sent to the Judiciary Finance and Civil Law committee.

Contact Ania McDonnell at ania@metrocitiesmn.org if you have any questions.

Safe Transportation for Every Pedestrian (STEP)

The University of Minnesota's Local Technical Assistance Program (LTAP) is offering a free online course for local transportation safety specialists, planners, designers, engineers, supervisors, and project managers to promote and increase pedestrian safety. The [Safe Transportation for Every Pedestrian \(STEP\)](#) training will cover the following topics:

- Benefits of STEP
- Selecting appropriate countermeasures
- Types of pedestrian safety countermeasures
- Implementing pedestrian safety
- Opportunities for funding
- Communicating with the public
- Monitoring results of implementation

Click [HERE](#) for more information on the course and [HERE](#) for FHWA-developed information on STEP. Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Bills of Note

[HF 638](#), Freiberg: Bill appropriates \$5 million to the Metropolitan Council for grants to cities to address inflow and infiltration.

[HF 647](#), Hassan: Bill expands eligibility for discretionary and mandatory expungement for eviction case court files, and limits access to pending eviction case court actions.

[HF 669](#), Lee/[SF 676](#), Pappas: Bill appropriates \$10 million in bond proceeds for the safe routes to school program.

[HF 677](#), Elkins: Bill contains a number of active transportation related provisions including \$20 million for safe routes to school and \$50 million for active transportation.

[HF 679](#), West/[SF 730](#), Coleman: Bill requires the Metropolitan Council to publish monthly ridership and quarterly crime statistics.

[HF 685](#), Agbaje/[SF 365](#), Boldon: Bill prohibits corporate entities, developers, and contractors from converting single-family homes into a rental property unit.

[HF 686](#), Moller: Bill authorizes the expanded use of tracking devices during stolen vehicle investigations.

[HF 689](#), Bill classifies election judge party affiliation as public data.

[HF 718](#), Koznick: Bill establishes performance requirements and conditional termination of the Northstar Commuter Rail line.

[HF 727](#), Hansen: Bill appropriates \$10 million for the local road wetland replacement program.

[HF 734](#), Hansen: Bill requires cities to allow native landscapes on private land.

[HF 742](#), Norris/[SF 746](#), Seeberger: Bill prohibits the use of certain firefighting foam that contains PFAS.

[HF 743](#), Norris: Bill creates a variety of grant programs for municipal housing projects and initiatives, creates an excise tax on the sale of a residential property to a corporate entity, increases the maximum HRA levy, authorizes housing infrastructure bonds, among other housing policy changes and funding appropriated.

[HF 747](#), Reyer: Bill establishes a program to award grants for the installation of solar energy systems on public buildings.

[HF 772](#), Kraft: Bill modifies how the energy code for new commercial buildings is adopted.

[HF 773](#), Edelson/[SF 781](#), Klein: Bill expands and clarifies regulation of cannabis-infused edibles and beverages. Bill includes local licensing authority.

[HF 814](#), Norris/[SF 817](#), Kunesh: Bill creates and funds a manufactured home park lending grants redevelopment program, provides for lending and the purchase of manufactured home parks by cooperatives.

[HF 817](#), Feist: Bill modifies the definition of a representative acting on behalf of residents and provides residents the opportunity to purchase a manufactured home park.

[HF 822](#), Curran/[SF 427](#), Oumou Verbeten: Bill authorizes local authorities to share data with POST Board when the board has ordered an investigation into peace officer misconduct.

[HF 823](#), Curran/[SF 426](#), Oumou Verbeten: Bill authorizes law enforcement agencies to share criminal history background check data with the POST Board.

[HF 830](#), Olson, B: Bill creates a tax-stress cities demolition grant program which provides funding to cities with a net tax capacity tax rate greater than or equal to 125 percent for taxes payable in the previous calendar year to provide for assistance with demolition costs.

[HF 831](#), Reyer/[SF 371](#), Pha: Bill requires the Minnesota Housing Finance Agency to require reasonable pet policies in buildings financed by the agency.

[HF 848](#), Hollins/[SF 671](#), Dibble: Bill creates the disadvantaged communities carsharing grant account and allocates revenue from the rental motor vehicle tax to it.

[HF 855](#), Frazier/[SF 839](#), Oumou Verbeten: Bill establishes the public safety innovation board, appropriates \$55 million in local community innovation grants, \$15 million in emergency community safety grants, \$10 million in local co-responder grants, establishes a task force on alternative courses to peace officer licensure, funds a body camera grant program (with specific policy requirements attached to the funds), appropriates \$15 million in local community policing grants, and more.

[HF 917](#), Agbaje: Bill amends residential housing eviction provisions.

[HF 918](#), Agbaje/[SF 805](#), Champion: Bill appropriates funding for a grant program to the Build Wealth MN to increase homeownership opportunities in underserved communities of color.

[HF 929](#), Johnson: Bill appropriates \$1 million to the pathway to policing program.

[HF 954](#), Altendorf: Bill prohibits local units of government from offering vaccine incentives.

[HF 965](#), Altendorf/[SF 545](#), Drazkowski: Bill requires voters to have a photo ID, establishes a provisional ballot system, and contains other elections provisions.

[SF 510](#), Koran: Bill prohibits political subdivisions from establishing or enforcing ranked-choice voting.

[SF 514](#), Coleman/[HF 478](#), Novotny: Bill establishes the crime of carjacking.

[SF 515](#), Koran: Bill requires voters to have a photo ID, establishes a provisional ballot system, and contains other elections provisions.

[SF 521](#), Gruenhagen: Bill requires voters to have a photo ID, establishes a provisional ballot system, and contains other elections provisions.

[SF 524](#), Latz/[HF 25](#), Frazier: Bill establishes a violent crime investigation team account, a program for crime and violence prevention grants, evidence processing technology grants, and crisis response teams grants. The bill also appropriates \$10 million to the BCA for their Independent Use of Force Investigations Unit.

[SF 543](#), Abeler: Bill creates and funds a pilot program for permanent supportive housing for people with disabilities and elderly individuals seeking to remain in their communities.

[SF 554](#), Mohamed/[HF 602](#), Perez-Vega: Bill prohibits eviction for the nonpayment of rent when an application for rental assistance for the tenant is pending.

[SF 557](#), Oumou Verbeten/[HF 576](#), Sencer-Mura: Bill funds and creates a New American workforce training program.

[SF 562](#), Draheim: Bill changes the structure of the workforce development fund to shift funding to performance grants.

[SF 569](#), Draheim: Bill directs the commissioner of DEED to prioritize competitive grants to organizations that focus on high-wage, high-demand careers.

[SF 583](#), Coleman: Bill modifies the crime of fleeing from a peace officer in a motor vehicle.

[SF 608](#), Boldon: Bill authorizes cities to adopt certain pesticide control ordinances.

[SF 609](#), Boldon/[HF 950](#), Brand: Bill provides appropriation to the Minnesota Housing Finance Agency for local housing trust fund grants in 2024.

[SF 621](#), Jasinski: Bill modifies the corridors of commerce program, notably giving county boards in the metropolitan area the responsibility to vet projects.

[SF 626](#), Jasinski: Bill appropriates \$27.7 million for state patrol to purchase two helicopters, and \$5.1 million to purchase two airplanes.

[SF 627](#), Jasinski: Bill appropriates \$200 million in bond proceeds for the Local Road Improvement Program and \$200 million bond proceeds for the Local Bridge Program.

[SF 630](#), Jasinski: Bill requires voters to have a photo ID, establishes a provisional ballot system, and contains other elections provisions.

[SF 645](#), Pratt: Bill makes counties responsible for transit guideway funding.

[SF 669](#), Morrison: Bill prohibits PFAS in ski wax.

[SF 670](#), Morrison: Bill allocates MVLST revenue to Hennepin and Ramsey counties.

[SF 696](#), Dibble /[HF 307](#), Richardson: Bill modifies the class rate for community land trust property to match the 4d property class rate.

[SF 766](#), McEwen/[HF 408](#), Newton: Bill appropriates \$99 million in bond proceeds to an intercity passenger rail between Minneapolis and Duluth.

[SF 795](#), Jasinski: Bill allocates 100% of the auto parts sales tax to transportation, 84% is transferred to the HUTDF and 8% is transferred into the small cities assistance account.

[SF 821](#), Pha/[HF 316](#), Her: Bill requires landlord to provided minimum of 68 degrees of heat, defines cases of emergency, and allows for tenant remedies against landlords for repairs.

[SF 825](#), Boldon: Bill legalizes adult-use cannabis.

[SF 829](#), Koran: Bill requires voters registering on election day to cast a provisional ballot.

[SF 833](#), Marty/[HF 626](#), Becker-Finn: Bill allows cities to require additional licensing for hotels.

[SF 834](#), Morrison: Bill prohibits PFAS in certain products.

[SF 840](#), Klein: Bill appropriates \$10 million in bond proceeds to the Metropolitan Council for grants to cities to address inflow and infiltration.

[SF 856](#), Lucero/[HF 522](#), Quam: Bill requires cities to have written procedures that are available to the public and provide notice of availability to the public.

[SF 863](#), Marty: Bill prohibits local units of government and law enforcement agencies from acquiring military grade weapons.

[SF 872](#), Dibble: Bill appropriates over \$20 million for youth intervention programs.

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