



## **Metro Cities Annual Meeting - Mark Your Calendar!**

Metro Cities will hold its Annual Meeting on **Wednesday, April 19th at 5:00 pm**, at the Roseville Oval Skating Center in the Rose Room. The meeting will feature a social hour at 5:00 pm, followed by guest speaker *Dr. Susan Brower, State Demographer*, and the election of Board members and officers. We hope to see you! Please RSVP to Jennifer Dorn at [Jennifer@metrocitiesmn.org](mailto:Jennifer@metrocitiesmn.org)

## **Governor Signs Catalytic Converter Bill**

On Thursday, Governor Walz signed HF 30 (Rep. Richardson/Sen. Marty) into law. [Chapter 15](#) makes it illegal to possess or purchase catalytic converters without documentation showing that the catalytic converters were legally obtained. The law also prohibits cash payments for catalytic converters, requires a five-day delay for payments, and requires converters to be held on the dealer's premises for seven days after they are acquired. The law exempts scrap metal dealers from some Chapter 15 requirements for situations where scrap metal dealers are selling converters to other dealers. The waiting period for payment does not apply if the part is being purchased from a bona fide business. Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003 with any questions.

## **Adult-Use Cannabis Update**

Bills to legalize adult-use cannabis in Minnesota continue to move in the House and the Senate. [SF 73 \(Port\)](#) was heard in the Senate State and Local Government Committee this week where it was amended in several significant ways. The [A98 amendment](#) is a re-write of Article 1 of the bill and includes new definitions and licenses related to hemp and other sub-categories of cannabis businesses. The A98 amendment also includes language establishing a local registration process for cannabis retailers with an initial retail registration fee of up to half of the amount of the initial state-imposed license fee. This language closely mirrors the House companion, HF 100 (Stephenson) in that it requires cities to conduct compliance checks and allows them to revoke or suspend local registrations if the business is found to be out of compliance.

The [A103 amendment](#), offered by Senator Gustafson, was also adopted by the committee. The A103 amendment allows cities to limit the number of licensed cannabis retailers in their jurisdiction according to population-based thresholds. The A103 amendment also requires cannabis license applicants to receive a local land use certification that confirms the requested license is for a land use that is allowable within the given zoning designation. The bill still does not allow cities to completely prohibit cannabis retailers, nor does it contain any revenue sharing for local governments. An amendment allowing local governments to opt out of allowing cannabis retailers was considered, but not adopted.

Metro Cities submitted a [joint letter](#) to the committee along with the League of Minnesota Cities and the Municipal Legislative Commission highlighting the needs of local governments regarding retail licensing, zoning authority, and revenue sharing. SF 73 was passed, as amended, and rereferred to the Judiciary and Public Safety Committee, where it was heard Friday morning.

No significant local control amendments were considered or adopted in the Judiciary Committee. The Minnesota Chiefs of Police Association articulated three major concerns with the bill as currently drafted: traffic safety, curbing the illicit market, and local control. Director Potts told members the bill should contain more local control along with revenue sharing for local governments, who will be taking on the bulk of enforcement should this bill become law. SF 73 was passed, as amended, and referred to the Committee on Rules.

[HF 100 \(Stephenson\)](#) was heard in the House Transportation Committee where several amendments were considered, but none were adopted. Much of the discussion centered around impaired driving. HF 100 was passed and rereferred to the Commerce Committee, where the bill received its first hearing at the beginning of the legislative session.

**Feedback on the statute regarding local control and regulation, or questions, can be directed to Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003.**

### **Street Impact Fees Bill Heard in House Transportation Committee**

The House Transportation Committee heard [HF 1402](#)-Hanson on Thursday, a bill to clarify state law to authorize to charge developers a street impact fee to cover the infrastructure improvements that are needed due to a new residential development.

Thank you to metropolitan city officials who provided testimony in support of the bill including Jason Wedel, City Manager of Prior Lake, Jim Hovland, Mayor of Edina, and Brad Wiersum, Mayor of Minnetonka. Metro Cities [submitted a letter](#) in support of the bill. The bill was passed and referred to the State and Local Government Finance and Policy Committee. If you have any questions, please reach out to Ania McDonnell at [ania@metrocitiesmn.org](mailto:ania@metrocitiesmn.org).

### **Elected Metropolitan Council Bill Heard in House Transportation Committee**

Legislation that would elect Metropolitan Council members, [HF 2092](#)-Hornstein, was heard in the House Transportation Committee on Thursday. The author of the bill moved a delete-all amendment to the bill that creates a task force to study metropolitan governance. The task force would be comprised of the chairs and ranking minority members of the House and Senate State and Local Government and Transportation Committees, two municipal officials appointed by Metro Cities, two county officials appointed by the Association of MN Counties, and two citizens. A report of the task force's findings would be due to the Legislature in February 2024.

Metro Cities provided testimony on the bill and noted concerns that the makeup of the task force should adequately reflect the number of cities in the region and the nexus of city and regional roles and responsibilities. Metro Cities also encouraged the review of recent comprehensive task forces on regional governance conducted by the Citizens League, Council of Metropolitan Leagues, and the Governor's Blue Ribbon Committee, all of which had a cross section of representatives and stakeholders. The bill was passed and was referred to the State and Local Government Committee.

Questions? Contact Patricia Nauman at [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org) or 651-215-4002.

### **Legislative Auditor Releases Report on SWLRT**

The Office of the Legislative Auditor (OLA) presented their most recent work regarding the Southwest Light Rail extension project to the Legislative Audit Commission. The OLA plans on issuing four reports in total on SWLRT and its management by the Metropolitan Council. In September of 2022 they released a special review: [Southwest Light Rail Transit: Project Budget and Timeline](#). Wednesday's Legislative Audit Commission hearing coincided with the release of the second report, which was a full program evaluation: [Southwest Light Rail Transit Construction](#):

[Metropolitan Council Decision Making](#). The OLA plans to release a second program evaluation focused on the Metropolitan Council's oversight of contractors later this Spring. Finally, in late summer or early Fall, the OLA will release a financial audit of the project.

Key findings from the report released this week shows that by 2022, the Metropolitan Council had obligated itself to spend more money than what had been committed to the project. The OLA report describes a mismatch between entities that fund light rail projects and the entity responsible for construction. The report finds that work added to the project after the bidding process was complete led to increased costs and project delays and that the Metropolitan Council did not hold its civil construction contractor accountable for project scheduling. The report also finds that the Metropolitan Council has not been fully transparent about cost increases and delays.

The OLA's program evaluation recommends the following:

- Legislation that creates a framework where the entity leading LRT construction has some of its own money at stake. The OLA suggested that either counties or MnDOT be given primary responsibility over LRT project construction or, if the Metropolitan Council maintains their leading role, some way for them to generate funding to contribute toward project costs.
- Greater efforts by the Metropolitan Council to avoid introducing major project changes once the competitive bidding process concludes.
- Additional external reviews for high-risk or high-cost project elements.
- Legislation that requires the Metropolitan Council to inform the Legislature if cost overruns or project delays reach certain thresholds.

Metropolitan Council Chair Charlie Zelle provided brief comments before taking questions from the commission. Click [HERE](#) to view the OLA Report in full. Click [HERE](#) to view a recording of Wednesday's Legislative Audit Commission meeting.

## **Governor Releases Revised Budget**

Governor Walz released a revised budget on Thursday that includes an additional \$250 million for public safety aid to local governments, in addition to his original budget recommendation of \$300 million. The revised budget also brings his recommendation for local government aid from \$30 to \$40 million. The revised recommendation also includes \$240 million for lead pipe remediation, among other items. The revised budget adds \$1.8 billion of additional recommended spending to the Governor's recommendations. As deadlines approach for policy bills, attention will turn to spending and tax bills. The Senate yesterday considered an omnibus capital investment bill that had passed the House earlier, but the bill, which requires a two thirds majority vote to pass, did not have sufficient votes, and was instead re-considered and laid on the table. Questions? Contact Patricia Nauman at [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org)

## **Competitiveness Fund for Energy Projects**

Bills establishing a state competitiveness fund account for grants to entities applying for federal funds made available as a part of the Infrastructure Investment and Jobs Act (IIJA) or the Inflation Reduction Act (IRA) were passed out of their final committees in the House and Senate. [SF 1622 \(Frentz\)](#) was passed, as amended, by the Senate Finance Committee and [HF 1656 \(Acomb\)](#) was passed, as amended, by the House Ways and Means Committee. Both bills now await floor action by their respective bodies.

The competitiveness account can be used to provide required state matching amounts or towards costs associated with grant application development and technical assistance. Eligible entities include cities, counties, townships, tribal governments, institutions of higher education, utilities, and nonprofit organizations. This competitiveness fund is being established exclusively for energy-related projects and programs in the IIJA and IRA.

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

### **City Reporting of High-Rise Buildings Without Sprinklers Heard**

Senate and House Housing committees this week heard bills to address high-rise buildings without sprinkler systems. [SF 2483/HF 2415](#) is a bill to create a high-rise sprinkler system grant program for owners of eligible high-rise buildings which do not contain sprinkler systems. This bill appropriates \$10 million in grants and designates \$4 million of the funding to go to the two Seward Towers (East and West) in Minneapolis.

The bill also requires cities of the first and second class to report high rise buildings over 75 feet that do not have sprinkler systems to the state fire marshal by June 2024, and to update that list by 2027 and 2032. The bills were laid over for possible inclusion in House and Senate Omnibus Housing bills.

Questions? Please reach out to Ania McDonnell at [ania@metrocitiesmn.org](mailto:ania@metrocitiesmn.org).

### **Bill Adds Climate Resiliency Requirements to Local Comp Plans**

[HF 2677](#)-Kraft that would add specific and prescriptive requirements in state law to local comprehensive plans for metropolitan cities was heard in the House Transportation Committee on Friday. Metro Cities provided written and verbal testimony to express concerns with putting highly prescriptive requirements for local plans into state law and stated that plan requirements are set by regional policymakers in collaboration with local governments, to ensure consistency with regional systems. Metro Cities also informed the committee that over 70 local plans contained provisions for climate resiliency without a requirement. The bill was passed and referred to the State and Local Government Committee. Questions? Contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org)

### **House Housing Hears Tenant Protections Omnibus Bill**

As was heard in the Senate last week, the House heard the Omnibus Tenant Protections bill in committee this week. [HF 917](#) – Agbaje includes a variety of tenant protection bills that were heard in the housing committee so far this session.

This bill includes:

- Language to amend eviction proceedings.
- Provides right to counsel in certain public housing eviction actions.
- Prohibits non-essential fees and amends landlord entry provisions.
- Sets a minimum heat code of 68, provides remedies for repairs.
- Prohibits discrimination based on receipt of public assistance.
- Prohibits the requirement to declaw or devocalize a pet.

- Expands expungement of evictions.
- Provides a right to inspection at the beginning and end of lease term.
- And other changes

The bill was passed and referred to the House Judiciary and Civil Law Finance and Policy committee. If you have any questions, please reach out to Ania McDonnell at [ania@metrocitiesmn.org](mailto:ania@metrocitiesmn.org).

### **Redevelopment Grants and Demolition Loans Program Bill Heard**

A bill to increase the base budget for the Redevelopment Grants and Demolition Loans program received hearings on Wednesday in both the House Economic Development Finance and Policy Committee, as well as the Senate Jobs and Economic Development Committee. Metro Cities [submitted a letter](#) in support of the bill, and the Economic Development Coordinator for the city of Lakeville testified in support of the bill in each committee.

[HF 1920/SF 2360](#) would increase the base funding for the program from \$2 million per year to \$8 million in 2024 and \$8 million in 2025.

The bill received bipartisan support from the committees and was laid over for possible inclusion in the Omnibus Economic Development bills.

If you have any questions, please reach out to Ania McDonnell at [ania@metrocitiesmn.org](mailto:ania@metrocitiesmn.org).

### **Senate Housing Hears State Rental Assistance Bill**

On Thursday, the Senate Housing Committee heard [SF 11- Mohamed](#), which establishes a state rental assistance program which would provide grants to local housing authorities to provide tenant-based and project-based rental assistance to renters paying over 30% of their household income on rent. Fully funded, this program would cost about \$4 billion per biennium. The companion bill was heard in the House a few weeks ago. The bill was laid over for possible inclusion in the Senate Omnibus Housing bill.

Contact Ania McDonnell at [ania@metrocitiesmn.org](mailto:ania@metrocitiesmn.org) if you have any questions.

### **TAB Discusses Changes for 2024 Regional Solicitation**

The March meeting of the Transportation Advisory Board (TAB) included discussion on potential alterations to the regional solicitation process. Metropolitan Council staff presented potential changes based on feedback following the most recent solicitation.

The suggested changes include:

- Increasing points for safety and/or emissions measures.
- Finding a way to understand agency priorities for projects in the same geographic area.
- Determining a procedure for breaking ties between projects with the same scores.
- Evaluating the need for the existing funding limit for bus rapid transit projects.
- Establishing a cutoff point for lower-scoring projects.
- Assessing the federal minimum and maximum awards.

For each change, staff provided additional comments including technical considerations for their implementation. Metropolitan Council staff expects a much more extensive overhaul of the regional solicitation process for 2026; many recommendations for 2024 are minor. The 2024 Regional Solicitation is expected to be open for applications beginning in late September of this year with project selection by the TAB occurring in July of 2024.

Click [HERE](#) to view the presentation slides for this information item and [HERE](#) for a recording of the TAB's March meeting. Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003 with any questions.

## **Bills of Note**

[HF 2827](#), Wiens: Bill contains provisions related to groundwater permits near White Bear Lake.

[HF 2831](#), Finke: Bill establishes an emerald ash borer response grant program.

[HF 2835](#), Petersburg/[SF 2767](#), Jasinski: Bill prohibits inclusion of highway spending for nonhighway purposes in the governor's budget.

[HF 2839](#), Brand: Bill authorizes cities to impose a local sales tax if certain criteria are met.

[HF 2856](#), Hudella/[SF 1764](#), Howe: Bill suspends the Metropolitan Council's authority to take action or spend money on proposed guideways until the Green Line Extension begins revenue operations.

[HF 2887](#), Hornstein: Bill contains an open appropriation for the active transportation program.

[HF 2897](#), Johnson/[SF 2922](#), Jasinski: Bill appropriates \$30 million in general fund dollars for the small cities assistance account.

[HF 2938](#), Johnson: Bill establishes a task force on student housing.

[HF 2943](#), Agbaje: Bill establishes a locally controlled housing fund and appropriates funding.

[SF 2804](#), Carlson/[HF 2700](#), Hornstein: Bill appropriates \$29.44 million in general fund money to the Metropolitan Council for financial assistance to suburban providers for demand response transit service.

[SF 2809](#), Seeberger/[HF 2465](#), Huot: Bill establishes the intensive comprehensive peace officer education and training program to address the shortage of peace officers in the state.

[SF 2825](#), Murphy/[HF 2828](#), Hussein: Bill authorizes local governmental units to prohibit or restrict the possession of dangerous weapons, ammunition, or explosives in local government-owned or leased buildings and land.

[SF 2842](#), Morrison/[HF 2586](#), Hansen: Bill imposes a gross revenues tax on entities manufacturing and selling products containing PFAS, creates a cleanup account, and establishes an advisory commission.

[SF 2843](#), Morrison/[HF 2600](#), Brand: Bill appropriates \$50 million from the general fund for the small cities assistance account.



[SF 2844](#), Port/[HF 2763](#), Howard: Bill establishes the community and household stability fund, the homeownership opportunity fund, the rental opportunity fund, and apportions the state general levy for the community and household stability fund, homeownership opportunity fund, and rental opportunity fund.

[SF 2852](#), Nelson: Bill modifies requirements to enact or change a local sales tax.

[SF 2855](#), Howe/[HF 2878](#), Hudella: Bill imposes a tax on electric used to charge and power electric vehicles.

[SF 2871](#), Port/[HF 1685](#), Hussein: Bill establishes a first-generation homebuyer down payment assistance fund under the administration of a central community development financial institution and appropriates funding.

[SF 2895](#), Kupec: Bill establishes a grant program to replace lead drinking water service lines.

[SF 2901](#), McEwen/[HF 2693](#), Hollins: Bill establishes a zero-waste grant program.

[SF 2935](#), Fateh/[HF 2807](#), Sencer-Mura: Bill expands eligible uses of Trunk Highway Fund money.

[SF 2942](#), Fateh/[HF 2585](#), Hassan: Bill establishes a fee-based, first-time homebuyer home purchase financing program and provides funding.

[SF 2970](#), Champion: Bill provides an appropriation for grants to provide a community-based approach to reduce violence through employment, empowerment, and social equity building.

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