

Metro Cities Annual Meeting and Board Elections

Thanks to all who attended Metro Cities Annual Meeting on Wednesday evening! Your presence is greatly appreciated and made for a successful meeting and event. Metro Cities also thanks Dr. Susan Brower for her presentation and remarks. Click [HERE](#) for Dr. Brower's presentation that focused on economic, workforce, aging and other demographic trends in the metropolitan area.

Metro Cities' President Matt Stemwedel presided over the elections of Board officers and members. Congratulations to Jay Stroebel-City Manager, Brooklyn Park and current Vice President of Metro Cities on his election as President, and to Dan Buchholtz, City Administrator-Spring Lake Park on his election as Vice President. Metro Cities also welcomes new Board members Justin Olsen-Councilmember, Cottage Grove, Dan Gustafson-Councilmember, Burnsville, and Chris Heineman-City Administrator, Little Canada to the Board. Terms for officers and new members begin on July 1.

Omnibus Bills Update

Housing

The House floor heard [HF 2335](#) (Howard), the omnibus Housing bill on Wednesday evening. Three zoning preemption amendments of concern to Metro Cities were offered by Representative Nash. The first amendment which would limit aesthetic mandates and would limit a minimum square footage requirement was voted down, with opposition from both parties. An amendment that would cap municipal park dedication fees at 10%, as well as prohibiting a city from requiring a collector or arterial street that exceeds a curb-to-curb width of 32 feet, was withdrawn by Representative Nash, with the acknowledgement from Representative Howard that they would work on this policy next session. Representative Nash also withdrew an amendment that would allow for two-family property as a permitted use in all areas zoned for single-family residential use, with a similar promise from Representative Howard that they would consider this policy language next year.

Thank you to all who responded to a Metro Cities action alert and reached out to your legislators on the amendments. The omnibus Housing bill was passed by the House floor on a vote of 70-57.

The House also heard and passed [HF 917](#) (Agbaje) on Wednesday, the omnibus tenant protections bill. The bill contains a number of provisions including:

- Prohibits housing discrimination based on the use of Section 8 vouchers.
- Reforms the eviction court process.
- Creates a 14-day eviction notice.
- Allows expungements of eviction records after 3 years.
- Keeps eviction court records non-public in certain instances.
- Sets minimum heat requirement in a rental unit of 68 degrees.

- Includes an effective date of January 1, 2024.
- Other provisions.

Taxes

The omnibus House taxes bill passed the House Taxes and House Ways and Means Committees this week. The bill includes several provisions of note for cities. The bill includes LGA formula updates, and a \$100 million aid increase an expansion to the state's direct property tax relief programs, provides a temporary exemption for construction materials to 2025 as well as several specific local exemptions, an increase in the housing market value exclusion, a local affordable housing aid that provides \$13.7 million to cities and clarifying changes to tax increment financing laws as well as several city specific tax increment financing provisions. The bill contains no local option sales tax proposals, nor have proposals been heard in the House Taxes Committee this session. The taxes bill contained language creating a local option sales tax task force; that language was deleted by amendment when it was heard in the Ways and Means Committee Friday morning.

In discussions regarding no local sales tax proposals in the tax bill, House Taxes Chair Gomez stated that it is her belief that these types of taxes are contrary to the idea behind the MN Miracle and that the state needs to keep its commitment to its local partners to avoid an over-reliance on property taxes. During the hearing on the taxes bill in the Ways and Means Committee, Chair Gomez was asked about proposals for metropolitan wide sales taxes for transit and housing that are included in the transportation and housing omnibus bills, and she distinguished these by stating that the metro-wide sales taxes would pool these types of resources and distribute them to meet specific key needs. Metro Cities is opposed to a metropolitan tax for housing as it uses local tax resources for statewide objectives that have been traditionally funded by the state's general fund and would disparately affect metropolitan taxpayers. The metro sales tax for housing is included in the House's omnibus housing bill and is not included in the Senate housing bill.

Click here for a [SUMMARY](#) of the House taxes bill, HF 1938-Gomez. The Senate Taxes Committee has not yet released its omnibus taxes bill. Questions? Contact Patricia Nauman at patricia@metrocitiesmn.org

Economic Development

The omnibus House Economic Development bill, [HF 3028](#) (Hassan), was heard in the Ways and Means Committee on Tuesday. The bill includes base funding for the Redevelopment Grant and Demolition Loan program, the Minnesota Investment Fund, and the Job Creation Fund. [HF 2233](#) (Xiong), the Workforce Development bill, as well as the omnibus Labor bill, were all merged into the Economic Development bill to travel as one large bill. The bill was passed by the committee and sent to the House floor. The House floor will likely hear this bill on Monday.

Last Friday, [SF 3035](#) (Champion), the Senate Jobs, Economic Development, Labor and Industry bill, passed the Senate Floor on a 35-31 vote.

Transportation

[HF 2887 \(Hornstein\)](#) was passed, as amended, by the House with a vote of 71-59. The bill contains several provisions of note for cities including funding for the Corridors of Commerce program, the Small Cities Assistance Account, deputy registrars, state patrol aviation, and several safety initiatives. The bill contains several adjustments to current transportation taxes and the establishment of a retail delivery fee. These revenue raisers allocate money to large and small cities, and the other recipients of Highway User Tax Distribution Fund dollars. The bill also establishes a regional sales tax for transportation in the seven-county metropolitan area and contains several provisions that hope to maximize Minnesota's ability to secure federal grant funds made available by the Infrastructure Investment and Jobs Act (IIJA) and other federal bills.

HF 2887 still contains provisions that would mandate certain climate action content be included in the Metropolitan Council's Regional Development Guide and in local comprehensive plans, which Metro Cities opposes. An amendment stripping these provisions from the bill was offered, but not adopted. Finally, the bill establishes a legislative task force to make recommendations for governance of the Metropolitan Council.

[SF 3157 \(Dibble\)](#) is scheduled for a hearing in the Senate Finance Committee next week. [Last week](#), SF 3157 was amended in the Taxes Committee to reduce the metropolitan area sales tax rate and to remove the retail delivery fee.

Environment, Climate, and Energy

[HF 2310 \(Hansen\)](#) was passed, as amended, by the House with a vote of 69 to 59. The bill includes funding for water infrastructure planning, emerald ash borer mitigation, efforts to address PFAS/PFOS, the operation and maintenance of regional parks and trails, and local climate action planning grants.

[HF 2310 \(Hawj\)](#) was passed, as amended, by the Senate with a vote of 37 to 29. Earlier this week, HF 2310 was amended in the Finance committee to include the contents of [SF 2847 \(Frentz\)](#), the omnibus energy, utilities, environment, and climate bill, and [SF 2438 \(Hawj\)](#), the omnibus environment and climate bill. The Senate bill is substantially different than the House language, but contains some important funding sources in common, particularly with regard to water infrastructure.

State Government and Elections

[HF 1830 \(Klevorn\)](#) was passed, as amended, by the House with a vote of 70 to 59. The House version of the bill establishes an Infrastructure Resilience Advisory Task Force to develop strategies to effectively manage state and local infrastructure with a focus on efficiency and sustainability. This task force will also identify ways that the state can maximize federal funds and enhance coordination across jurisdictions and sectors.

[HF 1830 \(Murphy\)](#) was passed, as amended, by the Senate with a vote of 34 to 33. Earlier this week, HF 1830 was amended in the Finance committee to include the contents of [SF 1636 \(Carlson\)](#), the omnibus elections appropriations bill, and [SF 1426 \(Murphy\)](#), the omnibus state government appropriations bill. Like the House bill, the Senate language contains funding for elections administration, protections for election workers, and certain mandated hours for municipal clerk's offices during the early voting period.

Judiciary and Public Safety

[SF 2909 \(Moller\)](#) was passed, as amended, by the Ways and Means Committee and referred to the House floor. SF 2909 was amended in committee to include the contents of [HF 2890 \(Moller\)](#), the omnibus public safety finance and policy bill, and [HF 1580 \(Becker-Finn\)](#), the omnibus judiciary finance and policy bill. The House omnibus public safety bill contains several provisions of note for cities including funding to address violent crime in local communities, retention and recruitment challenges, providing mental health for first responders, co-responder models, and youth intervention programs.

[SF 2909 \(Latz\)](#) was passed last week by the Senate with a vote of 34-33. The Senate omnibus judiciary and public safety bill includes funding for community violence prevention and intervention programs, grants to local law enforcement agencies to improve their ability to respond to individuals experiencing mental health crises, funding for equipment, youth intervention programs, and reimbursements to local governments for peace officer training costs. One of the amendments adopted on the floor, authorizes cities to pass an ordinance to place location restrictions on level III offenders who have committed offenses involving children.

Legacy

[HF 1999 \(Hawj\)](#), the Senate Legacy bill was passed, as amended, with a vote of 40-27. The House passed their version of the bill, [HF 1999 \(Lillie\)](#), last week. Conferees for the House include Representatives Lillie, Hussein, Her, Cha and Backer. Conferees for the Senate include Senators Hawj, Morrison, Mohamed, Pha, and Housley.

Cannabis Legislation Update

[HF 100 \(Stephenson\)](#) was passed, as amended, by Ways and Means and is now on the general register. The current version of HF 100 requires local governments to register cannabis businesses if they have been licensed by the state and have met certain other requirements. Local governments are also required to conduct compliance checks for every cannabis and hemp business with retail registrations. This responsibility will likely place increased pressures on already cost-burdened local budgets. Unlike its senate companion, HF 100 does not include language that limits the number of retail businesses in each jurisdiction, nor does it contain any revenue sharing for local governments. HF 100 is scheduled to be considered by the full House of Representatives on Monday, April 24. Metro Cities is signing onto a joint letter with city and county associations that will be sent to all House members, to express the need for local regulatory authority and revenue sharing.

[SF 73 \(Port\)](#) was passed, as amended, by the Taxes Committee and referred to the Senate Finance Committee. The [A138](#) amendment inserts the Taxes Article for the bill. A technical amendment, the [A128](#), was also adopted by the committee. The bill as amended, allocates 25 percent of the gross receipts tax, on cannabis products to a local government cannabis aid account. Half of the money in the aid account is allocated to cities and the funds are distributed proportionally based on the number of cannabis businesses located in each city. The tax rate on cannabis product sales is set at 10 percent in the bill. The bill explicitly prohibits a political subdivision from imposing a tax solely on cannabis products. SF 73 is scheduled for a hearing in the Senate Finance Committee on Tuesday, April 25.

Click [HERE](#) to view the THC Resources page on the Metro Cities website where you can find information on current adult-use cannabis proposals and the edible/beverage law change enacted last summer.

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

State Competitiveness Bill for IIJA Funds Signed Into Law

Governor Walz has signed HF 1656 (Acomb/Frentz) into law. [Chapter 24](#) establishes 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). The account can be used for 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 fund is being established exclusively for energy-related projects and programs in the IIJA and IRA.

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

Local Planning for Climate Change

Staff from the City of Fridley and the City of Bloomington joined the Metropolitan Council's Committee of the Whole to share their experiences planning for climate action and sustainability. The speakers also spoke about the work required to move beyond climate planning and into implementation phases. City staff covered climate planning in several areas including development and land use, energy consumption, active transportation, flooding, urban forestry, solid waste management, and more. Both Fridley and Bloomington are part of the Minnesota GreenStep Cities program. Click [HERE](#) to view the presentation materials from the City of Fridley. Click [HERE](#) to view a recording of Wednesday's presentations and panel discussion.

MnDOT Strategy for IIJA Grants

At the April meeting of the Transportation Advisory Board (TAB), MnDOT staff presented information on the state's approach to applying for discretionary grant opportunities made available via the Infrastructure Investment and Jobs Act (IIJA). Todd Clarkowski, Portfolio Manager for MnDOT's Operations Division began by providing TAB members with background information on the IIJA, the [Bipartisan Infrastructure Guidebook](#), and the new competitive grant programs. In their efforts to assess current and future opportunities, MnDOT hired a consultant to help the department create a database for projects, produce GIS mapping of disadvantaged communities, prioritize projects, and assist with grant writing. The presentation materials contain helpful visuals from the project database, planning timelines, and statewide maps. The slides also include links related to the federal grant process. Click [HERE](#) to view the MnDOT presentation slides.

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

Minnesota Housing Request for Proposals (RFP) Application Process is Open

Minnesota Housing has opened their 2023 Consolidated Request for Proposals (RFP) application for competitive funding available to cities and their developer partners. Through this funding process, applicants only need to submit one application to be considered for multiple multifamily or single-family housing funding resources. The RFP applications are due on July 13th at noon, and the final selection from Minnesota Housing will occur in December 2023.

For more information from Minnesota Housing on the RFP process, [click here](#).

If you have any questions, please reach out to Ania McDonnell at ania@metrocitiesmn.org.

Legislative Audit Commission Hears Report on *RentHelpMN*

On Monday, the Office of the Legislative Auditor presented their [program evaluation report](#) on *RentHelpMN*, a federally funded COVID-19 rental assistance program carried out by Minnesota Housing from April 2021 to January 2022. The Legislative Auditor analyzed rental assistance applications and payments. The report contains recommendations to Minnesota Housing to improve in the case of a future rental assistance program. Jennifer Ho, the Commissioner of Minnesota Housing, spoke during the hearing and discussed the challenges of standing up a large program in a short period of time. The Commissioner shared that this program faced unique challenges due to the pandemic, creating an emergency program, changing federal guidance, and limited administrative expenses allowed for distributing the funding.

Bills of Note

[HF 3228](#), Sencer-Mura/[SF 3250](#), Hawj: Bill requires an open bidding process when deputy registrars and driver's license agents close locations.

[HF 3261](#), Freiberg/[SF 3039](#), Mitchell: Bill imposes a gross receipts tax on "digital products" and allocates revenues to municipalities where these sales occur to be spent on local digital media.

[HF 3263](#), Myers: Bill establishes a temporary moratorium on the gas tax.

[HF 3274](#), Sencer-Mura: Bill defines "disciplinary action" for peace officer personnel data as any action intended to reprimand, punish, or remediate the peace officer including but not limited to a warning, written reprimand, coaching, supplementary training, suspension, demotion, or discharge from employment.

[HF 3276](#), Frazier: Bill provides for ranked choice voting.

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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Metro Cities (Association of Metropolitan Municipalities)
145 University Ave W, St. Paul, MN 55103-2044
Phone 651-215-4000 · Fax 651-281-1299 · www.MetroCitiesMN.org