



2023 Metro Cities Policy Committees

Metro Cities 2023 policy committee process will begin with first policy committee meetings in July, and your participation is encouraged! Committees will recommend the association's legislative policies for 2024. Participation is open to member city elected officials and staff, and committee descriptions and dates are on the [website](#). Please be sure to [sign up](#) for the committee(s) you wish to attend. This will help us keep rosters accurate. We look forward to seeing you this summer!

Metro Cities Breakfast at LMC Annual Conference

Metro Cities will host a breakfast at the League of Minnesota Cities 2023 Annual Conference in Duluth, from **8:00-9:00 a.m. Friday, June 23. Breakfast will be held at the Duluth Entertainment Convention Center (DECC)**. This is a great opportunity to connect with other metro city officials. We hope you will join us! Please visit <https://www.lmc.org/learning-events/events/league-events/2023-lmc-annual-conference/> for more information.

Legislative Updates: Omnibus Bills, Conference Committees

As the Legislature nears conclusion of the 2023 session, conference committees for omnibus and other bills are meeting to resolve differences in House and Senate language in bills. A few conference committees have wrapped up their work while others continue to meet and negotiate the bills. The Legislature must adjourn by May 22, and there is speculation that the Legislature could adjourn earlier, if work is complete.

This week, the Senate Finance Committee met to consider but did not adopt an omnibus capital investment bill consistent with what passed the House several weeks ago. This morning, a joint meeting of the House and Senate Capital Investment Committees met to hear a capital investment bill that would be paid with cash. This bill includes \$10 million for inflow-infiltration mitigation grants for metropolitan cities. Stay tuned for additional updates as a capital investment appropriations bill is considered.

See below for updates on bills and items of interest and significance for Metro Cities.

Taxes

The Taxes Conference Committee has held meetings this week and has discussed differences between the House and Senate tax bills on 4d affordable housing, as well as local tax increment financing (TIF) proposals. Chair Gomez shared her concerns with lowering the tax rate for 4d to 0.25%, in that it will create shifts in the property tax base and impact a variety of cities.

The conference committee is meeting today, Friday, and the Senate has made offers on several provisions in the Senate bill. It is expected the conference committee will reconvene later Friday afternoon to continue discussions. The conference committee has not yet adopted any provisions.

Housing

The Housing conference committee this week adopted a conference committee report. The final bill was heard on the House floor on Monday afternoon, and passed the House floor with 70 yes

votes, 61 no votes. On Tuesday, the Senate floor heard the final bill and passed it with 34 yes votes and 32 no votes.

For a link to the full conference committee agreement bill language, click [HERE](#), and for a link to the spreadsheet of the agreement, click [HERE](#).

The bill includes \$1 billion in funding for housing programs and initiatives. There are a variety of funding programs included in the conference committee report that Metro Cities supports:

- \$120.85M for the Challenge Program.
- \$200M for Housing infrastructure appropriation with general funding. There were no Housing Infrastructure Bonds included in the bill.
- \$4.8M for local housing trust fund matching grants.
- \$50M for a first-generation homebuyer down payment assistance program.
- \$100M for a community-based first-generation homebuyers down payment assistance fund.
- \$3.7M for Homebuyer education, counseling, and training programs.
- \$90M for Community Stabilization (NOAH preservation grants).
- \$15M for public housing rehabilitation.

The bill also includes a 0.25% metropolitan region sales tax, which was initially included in the House bill, but not the Senate bill. The tax is estimated to generate \$353.2M in 2024-2025, and \$391.4M in 2026-2027. 25% of the proceeds will go to a metropolitan area rental assistance program, 25% to a city local housing aid program, and 50% to a county local housing aid program. The city local housing aid program provides aid to cities over 10,000 in population and is distributed based on the city's share of cost-burdened households. Cost-burdened households are defined as one where gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income. Metro Cities opposed this tax on the basis that housing funding is a statewide objective and as such should be funded with state revenues, and not substituted with local revenues, and a revenue mechanism that disparately affects metropolitan taxpayers.

Transportation ([HF 2887](#))

The conference committee for HF 2887 met last week on Friday and twice this week, with an expected meeting today, Friday, 5/12. Each day the committee has considered a list of policy provisions for adoption, with some amendments for certain provisions. To date, the committee has adopted policies related to active transportation, reporting requirements for counties imposing a transportation sales tax, the Metropolitan Council's bonding authority, and code of conduct language for transit users in the metropolitan region.

The agenda for Friday's meeting (5/12) can be found [HERE](#). The committee is expected to take up several issues of note for metropolitan area cities. These include requirements related to greenhouse gas emission mitigation and requirements on climate-related planning by the Metropolitan Council and local units of government.

Several other issues have yet to be resolved including funding for transportation programs like MSAS, small cities, Corridors of Commerce, the Local Road Improvement Program, the Local Bridge Program, and matching dollars for federal grants. All the new revenue sources for transportation are still being considered. These include a proposed retail delivery fee, metropolitan

area sales tax, tab fee surcharge, auto parts dedication, and increases to the motor vehicle sales tax rate.

The proposed metropolitan sales tax for transportation has some important differences between the House and Senate language. The House bill allocates 5/6 of a 0.75% sales tax to the Metropolitan Council for transit purposes and 1/6 of the revenue is directed to the Transportation Advisory Board (TAB) for highway projects. That 1/6 amount is expected to generate approximately \$154 million in FY 24-25 and \$196 million in FY 26-27. The TAB is directed to make grants for highway projects that provide for one or more of the following: safety improvements, crash reduction, support for active transportation, or maintenance.

The Senate bill allocates 83% of a 0.5% sales tax to the Metropolitan Council for transit and 13% of the revenue is directed to metropolitan area counties via the county state-aid highway fund. That 13% is expected to generate approximately \$104 million in FY 24-25 and \$132 million in FY26-27. The funding for counties will be distributed via a formula based partially on need and partially on population with a heavier emphasis on need to direct more funding to Anoka, Carver, Dakota, Scott, and Washington counties.

Judiciary and Public Safety ([SF 2909](#))

The judiciary and public safety conference committee concluded its work this week. Click [HERE](#) to view the adopted conference committee report. The agreement contains funding for violent crime reduction activities, community crime prevention grants, youth intervention grants, pathways to policing, peace officer training, emergency communication equipment, soft body armor, and crisis response grants. Some higher profile policy items relate to red flag laws for gun owners, firearm background checks, and no-knock warrants. Click [HERE](#) to view the budget spreadsheet associated with the conference committee report.

Jobs and Labor (Economic Development)

The Conference Committee on Jobs and Labor (Economic Development) released their conference committee agreement. It is anticipated that the committee will meet on Friday, May 12th to adopt the conference agreement. For a link to the spreadsheet of DEED funding items, click [HERE](#), and for a link to the bill language, click [HERE](#).

The bill includes a variety of funding programs for FY 24-25 that we support including:

- \$8.492M for the Redevelopment Grant program.
- \$16M for the Job Creation Fund.
- \$24.72M for the Minnesota Investment Fund.
- Funding for a variety of workforce programs.

The omnibus Labor policy language was added into this conference committee report, which includes the language that Metro Cities has concerns with, which would allow for sacred settlements on religious property.

Legacy ([HF 1999](#))

The omnibus Legacy bill was repassed, as amended by conference, by the House on Tuesday with a vote of 101 to 31. The bill was repassed, as amended by conference, by the Senate on Wednesday with a vote of 40 to 24. The bill includes funding for water infrastructure projects and funding for the metropolitan regional parks and trails system. Click [HERE](#) to view the budget spreadsheet for the bill, which will now travel to the Governor for his signature.

Environment, Natural Resources, Climate, and Energy ([HF 2310](#))

The omnibus environment, natural resources, climate, and energy finance and policy bill conference committee held regular meetings this week. These bills include funding for PFAS, urban forests, parks and trails, climate action grants, and a state fund to help provide the required match for federal grants for energy projects. Several provisions from either bill have been adopted including modified language regarding city pesticide authority, odor management regulation in the metropolitan area, and cumulative impacts analysis for MPCA permits (applies to seven county metro or in cities of the first class). Click [HERE](#) to view the budget agreement spreadsheet for environment and natural resources, which was released and adopted by the conference committee on Friday, May 12.

State and Local Government, and Elections ([HF 1830](#) and [HF 1826](#))

The State and Local Government and Elections conference committee met once this week. On Tuesday, the committee adopted a slate of [state government](#) and [local government](#) policy provisions. These include a modification to the open meeting law, additional investment authority of qualifying local governments, managed natural landscapes preemption language, municipal hotel licensing authority, and the repeal of the compensation limit for employees of political subdivisions. The committee is expected to meet again on Friday, May 12. Click [HERE](#) to view side by sides of the House and Senate bills. Click [HERE](#) to view the House budget spreadsheet and [HERE](#) to view the Senate budget spreadsheet. Click [HERE](#) for the House summary and [HERE](#) for the Senate summary.

Cannabis ([HF 100](#))

The conference committee for the bill to legalize adult-use cannabis held its first meeting on Friday, May 12. The committee adopted three articles. Article 3 focuses on business development. Article 7 deals with the temporary regulation of certain “artificial” cannabis products. Article 8 concerns the scheduling for marijuana. Article 6 contains several miscellaneous provisions including education on cannabis use, interactions with Tribal governments, lower-potency hemp regulation, and more. Click [HERE](#) for a summary of the provisions adopted by the conference committee. The conference committee expects to meet several more times before the end of the legislative session. Metro Cities continues to advocate for local control and revenue sharing as this bill continues to move through the process.

Tenant Protections

The omnibus tenant protections bill had been heard in the Housing committees throughout the session and the final bill in the House was passed off the House floor. However, the language for the omnibus tenant protections bill was amended into the conference committee language for the Public Safety and Judiciary Committee. For the final tenant protections language, click [HERE](#). The Public Safety and Judiciary Committee did adopt an [amendment](#) to the language on Wednesday which disallows the requirement by landlords to tenants for the early renewal of a lease to apply to all cities, not just cities of the first class.

Funding Available for Minnesota Housing Programs

Minnesota Housing has applications open for the Housing Trust Fund Program Rental Assistance RFP. This program provides temporary rental assistance and payment for Housing related expenses such as application fees and security deposits. Applications are due by noon on Wednesday, May 17th. Refer to the Housing Trust Fund section of Minnesota Housing's the [Grant Opportunities](#) webpage for information.

Additionally, an [RFP](#) is now available for the Homeownership Education, Counseling and Training (HECAT) Fund for the HECAT 2023-2025 grant period. The deadline to apply is 3 pm on Friday,

June 9th. The HECAT Fund provides financial support for comprehensive homebuyer education and counseling programs including in-person homebuyer education, 1:1 homebuyer services (financial wellness or homebuyer advising), home equity conversion counseling, and foreclosure prevention counseling. See Minnesota Housing's website and the [HECAT Overview and Request for Proposal Instructions](#) for submission details and requirements.

Bills of Note

[HF 3306](#), Reyer/[SF 3304](#), Port: Bill appropriates funding for temporary housing, shelters, and support housing services.

[HF 3307](#), Reyer/[SF 3325](#), Port: Bill authorizes the issuance of supportive housing and shelter facility appropriation bonds and appropriates funding.

[HF 3308](#), West: Bill provides for the election of state legislators without political party designation.

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