



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

The Legislature must adjourn the 2023 session by midnight this coming Monday, May 22. Several omnibus budget and other bills now have been finalized by conference committees and passed on the floors of the House and Senate. Other bills remain in progress. Both bodies had passed resolutions setting the next session date and indicating a finish date for the 2023 session of May 18; this date has come and gone, and legislative leaders have acknowledged that a Monday adjournment is most likely.

Legislators have been in discussions on a capital investment bill. A cash bonding bill is proceeding through the process and awaits floor action, and Metro Cities understands that negotiations on a bonding bill using general obligation bonds, which requires a two-thirds majority, is ongoing.

Below are updates on bills of interest and significance to Metro Cities. Metro Cities will provide a comprehensive and detailed legislative update once the Legislature has adjourned. Over the next couple days, Metro Cities staff will provide updates via twitter [@MetroCitiesMN](#).

Taxes Agreement

The Taxes conference committee spreadsheet agreement, released Wednesday evening, includes various items of interest to Metro Cities. These include an \$80 million per year increase for local government aid, one-time public safety aid of \$300 million, a reinstatement of the angel tax credit at \$10M for FY 24-25 and reinstatement of the historic rehabilitation tax credit at \$3.8M in FY 24-25 and \$22.8M in FY 26-27. In addition, the tax bill creates a statewide local housing aid, funded at \$45M in FY 24-25, and \$20M in FY 26-27. Metro Cities will provide further information on which local governments will be eligible for this aid once the policy language is released. The bill contains specific construction materials sales tax exemptions for several cities, including the metropolitan cities of Oakdale, Wayzata, Woodbury, Ramsey, Edina, and Chanhassen. The bill also modifies the homestead market value exclusion thresholds. Bill language has not been released as of Friday morning, however the [spreadsheet agreement](#) released on Wednesday indicates changes to the class 4d property rate, including a temporary transition aid. During

discussion of the spreadsheet on Wednesday, the tax chairs indicated that local option sales tax proposals included in the Senate tax bill are in the final agreement, as well as a two year moratorium on local sales taxes.

Adult-Use Cannabis Floor Action

The conference committee report for the bill to legalize adult-use cannabis ([HF 100](#)) was passed by the House on Thursday with a vote of 73 to 57. The Senate is expected to take up the conference committee report on Friday, May 19. The agreement contains much of the local control and revenue sharing contained in the bill passed by the Senate. It includes a local registration process and requirement that cities conduct compliance checks for cannabis retail locations. It includes a zoning compliance requirement for those seeking cannabis licenses and the authority for cities to set population-based limits for the number of cannabis retail stores in each jurisdiction. The bill language also includes revenue sharing for local governments in recognition of the additional costs for cities and counties should adult-use cannabis be legalized. Specifically, the bill establishes a local government cannabis aid account which will receive 20% of the revenue generated from a 10% gross receipts tax on cannabis products. Cities will receive half of the funds in the local cannabis aid account, with funding being allocated proportionally according to the number of cannabis businesses located in each city.

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

Transportation Bill Remains in Conference Committee

The conference committee for [HF 2887](#) held their last public meeting a week ago on Friday, May 11 where greenhouse gas emission mitigation language and mandated climate-related content for the Metropolitan Council's Regional Development Guide and local comprehensive plans were adopted by the conference committee.

Several other issues have yet to be resolved by the conference committee including most of the funding for transportation programs like Municipal State Aid Streets (MSAS), Small Cities Assistance, 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 debated behind the scenes. 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. In recent days there has been discussion over a possible increase to the state's gas tax and/or indexing the tax to inflation.

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.

Conferees: Representatives Hornstein, Koegel, Tabke, Brand, and Petersburg; Senators Dibble, Morrison, Carlson, McEwen, and Jasinski.

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

Jobs and Labor (Economic Development) Conference Report Passes

The omnibus jobs and labor (economic development) budget bill passed the conference committee last Friday. The report includes the earned sick and safe time provisions from a separate bill. You can view the most recent conference report [HERE](#), and the updated detailed spreadsheet [HERE](#). The conference report was presented on the Senate floor on Monday, May 15th, however it was sent back to the conference committee due to rulemaking related to earned sick and safe time in the bill. The bill was referred back to the jobs and labor conference committee on Monday night and the provisions were removed and passed out of the committee as amended, and the report was passed by the Senate Tuesday. The House also took up the jobs and labor conference report and passed it. The bill is now headed to the Governor for signature.

If you have any questions, please contact Ania McDonnell at ania@metrocitiesmn.org.

Housing Conference Committee Report Passes and Is Signed by Governor

The Housing budget bill ([Chapter 37](#)) was passed by both the House and Senate last week and was signed by Governor Tim Walz on Monday, May 15th. 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. The bill also includes a new metro wide sales tax for rental assistance, which Metro Cities opposed as it was considered.

If you have any questions, please contact Ania McDonnell at ania@metrocitiesmn.org.

Omnibus Legacy Bill Signed Into Law

The omnibus Legacy bill was signed by Governor Walz after passing both legislative bodies last week ([Chapter 40](#)). The Legacy bill passed by the legislature includes funding for the Minnesota Board of Water and Soil Resources (BWSR) to make grants to local governments to help protect and restore water resources. It includes funding for the Minnesota Dept. of Health for other water protection projects and funding for the Metropolitan Council to implement projects that address emerging threats to the water supply (such as PFAS) by leveraging interjurisdictional coordination. Finally, the bill includes \$54 million for the Metropolitan regional parks and trails system. Click [HERE](#) to view the budget spreadsheet for Chapter 40.

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

Environment Bill Conference Committee Passes

The omnibus environment, natural resources, climate, and energy finance and policy bill conference committee reached a final agreement this week. [HF 2310](#) was passed, as amended by conference, by the House with a vote of 72 to 57. The bill was passed by the Senate with a vote of 35 to 32. The bill includes funding for PFAS, urban forests, parks and trails, climate resiliency grants for local governments, climate action planning 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 metropolitan region or in cities of the first class).

The bill also includes language relating to the White Bear Lake court case settlement, which among other things, directs the Metropolitan Council to establish a work group with state agencies and communities impacted by the settlement. The bill also includes increased enforcement authority for the Department of Natural Resources. The department would be able to mandate certain water infrastructure permits for cities without an election or referendum and regardless of the city's ability to fund those improvements.

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

State and Local Government Conference Committee

The State and Local Government and Elections conference committee completed its work this week by adopting their conference committee report ([HF 1830](#)). The conference committee report contains several provisions of note for cities including 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 bill was repassed, as amended by conference in the House with a vote of 69 to 62 and is expected to be debated by the Senate on Friday, May 19.

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

Judiciary and Public Safety Bill Signed by Governor

Governor Walz signed the omnibus judiciary and public safety bill into law ([Chapter 52](#)) after it was passed by the Senate 34 to 33 and the House with a vote of 69 to 63. 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 of the higher profile policy items relate to red flag laws for gun owners, firearm background checks, and no-knock warrants. For the final tenant protections language included in the public safety bill, click [HERE](#).

Click [HERE](#) to view the budget spreadsheet associated with Chapter 52.

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

TAB Weighs Potential Changes for 2024 Regional Solicitation

The Transportation Advisory Board (TAB) considered several changes to the Regional Solicitation for 2024 at their meeting on Wednesday. One such potential change concerned whether safety should be a more important factor for project funding. TAB opted to add 100 points for safety-related criteria to several of the application categories, which will result in a decreased weighting for other criteria within those categories. TAB discussed the pros and cons associated with raising the minimum and maximum award amounts given increases to project costs caused by inflation. Ultimately the TAB adopted the minimum and maximum amounts with no changes from the last funding cycle. There were also no changes made to the modal ranges for roadways, transit and TDM, and bike/ped.

Regarding solicitation policies, the TAB made changes to how tie breakers are handled if two projects in the same category receive the same score and members added a check box on the application confirming that applicants will provide year-round maintenance for facilities funded via the solicitation. Finally, the TAB had an extended discussion over the unique projects category, which is a catch all application category for projects that do not naturally fit into one of the designated project types. Click [HERE](#) to view the presentation materials prepared by Metropolitan Council staff to walk TAB members through each decision item.

The draft Regional Solicitation application has now been released for public comment along with the application for the Highway Safety Improvement Program (HSIP). Click [HERE](#) to view the Regional Solicitation web page and [HERE](#) to submit your comments. The public comment period is scheduled to run from May 19 to Jun 23, with a revised draft solicitation coming before the TAB at their July meeting.

The Metropolitan Council is also seeking public comment on the draft 2024-2027 Transportation Improvement Program (TIP). Click [HERE](#) to view the TIP web page and [HERE](#) to submit your comments. The public comment period for the 2024-2027 TIP will be open until Monday, July 3. The full Metropolitan Council is due to consider its final adoption on September 13.

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

Bills of Note

[HF 3323](#), Koznick/[SF 3348](#), Coleman: Bill provides for staggered terms for Metropolitan Council members and requires additional information be made publicly available as part of the selection process.

[HF 3329](#), Howard: Bill proposes a Minnesota Constitutional amendment on the 2024 general election ballot to increase the sales tax rate by three-eighths of one percent and dedicating the receipts for housing purposes; creating a homeownership opportunity fund, a rental opportunity fund, and a household and community stability fund; creating fund councils; providing appointments; and requiring reports.

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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