METRO CITIES
Association of Metropolitan Municipalities

Metro Cities News

June 1, 2023

2023 Legislative Session Summary and Outcomes

The 2023 legislative session adjourned last Monday, May 22nd. The session was marked by single DFL party control in the House, Senate, and Governor's office, a one-seat majority in the Senate, a $17 billion budget surplus, and passage of consequential pieces of priority legislation for the majority. Legislators passed bills with significant funding for K-12 education, health care, public safety, local aids, and transportation and passed paid family leave, legalization of adult-use cannabis, gun control measures, expansion of collective bargaining rights, and other legislation. A record number of new legislators were newly sworn in this year. Nevertheless, the session was unusually fast-paced and included a record number of bill introductions and the passage of several consequential bills.

Below is a summary of legislative outcomes of interest to Metro Cities. Metro Cities monitored and responded to legislation in several areas including taxes, transportation, housing, public safety, environment, capital investment, and elections, as well as on legislation to legalize adult-use cannabis and other bills. A Metro Cities' initiative to assist metropolitan cities with inflow-infiltration mitigation received $12 million in funding.

This summary includes links to new law chapters and spreadsheets, and where available, bill summaries. Metro Cities will provide additional bill summaries if and when they become available.

This newsletter is intended to be a comprehensive summary of legislative outcomes. As always, we strove to keep it succinct and digestible, but please note this is a lengthier than usual newsletter. We hope that it is informative and useful.

Thank you to the many city officials and staff who testified at the Legislature or provided calls and letters to weigh in on bills of significance to metropolitan cities.

Budget Surplus

Taxes

Chapter 64
Bill Summary
Budget Tracking Spreadsheet

Local Government Aid
The omnibus tax bill updates the Local Government Aid (LGA) formula and includes an $80 million appropriation increase for LGA. Formula updates and an appropriation increase were supported by Metro Cities.

Local Option Sales Taxes
The tax bill includes authorization of local option sales taxes for several metropolitan cities that include Saint Paul, Bloomington, Edina, Oakdale, Excelsior, Golden Valley, Roseville, Richfield, Cottage Grove, Chanhassen, Brooklyn Center, Woodbury, Mounds View, and Bloomington. The bill includes a two-year moratorium for new local sales tax authorizations and establishes a task force to examine local sales taxes as a funding mechanism. The subject of local option sales taxes received considerable discussion and requirements for cities seeking local sales tax

authority have been modified in recent years. This year, the Senate tax bill authorized several local taxes, while the House tax bill included no local authorizations. While Metro Cities does not advocate for individual local bills, the association supports the ability of cities to diversify revenues and supports general law authority for cities to impose a local sales tax.

Tax Increment Financing (TIF)
The bill includes specific TIF authorizations for several cities, changes the definition of a small city, and a variety of general law changes and clarifications that were the product of work by Metro Cities and the League of MN Cities with the Office of the State Auditor.

The bill authorizes TIF extensions, transfers, and establishments for the metropolitan cities of Hopkins, Bloomington, St. Paul, Savage, Duluth, Ramsey, Fridley, Plymouth, Shakopee, West St. Paul, and Woodbury.

The bill changes the definition of a small city (a city at 5,000 or below) by reducing the distance required between qualifying cities from 10 miles to 5 miles. Increment generated from an economic development district cannot be used for commercial development unless the development is 15,000 square feet or less and located in a small city.

Finally, the general law changes include language that clarifies the definition of administrative expenses and defines a pay-as-you-go contract and note. The bill changes the six-year rule by removing the annual pooling restriction and clarifies when a district must be decertified. It also prevents changes from impeding an authority's ability to use extra 2(d) pooling for affordable housing and allows districts to remove parcels when increment is not pledged for outstanding obligations.

Construction Sales Tax Exemption
This year, Metro Cities, along with other organizations, supported legislation to address the process for the construction materials sales tax exemption. The tax bill does not include a broad addressing of this issue but includes construction materials sales tax exemptions for several cities including the metropolitan cities of Chanhassen, Edina, Oakdale, Wayzata, Woodbury, Maple Grove, and Ramsey.

Public Safety Aid
The bill includes one-time public safety aid for local governments and Tribal governments. $210 million of a total $300 million is allocated to cities and qualifying towns. This aid can be used for community violence prevention and intervention, community engagement, mental health crisis response, victim services, training programs, first responder wellness, equipment for fire, rescue, and emergency services, and personnel or equipment costs. The bill prohibits aid used for costs associated with alleged misconduct, the purchase of an armored or tactical vehicle, tear gas, or construction or remodeling of a police station and related facilities. Click here for a spreadsheet of projected aid amounts for metropolitan cities.

State Property Tax Relief Programs
The homestead market value exclusion was increased by approximately 25%. This provision was supported by Metro Cities. The bill includes mostly one time increases for the homestead credit refund, renters' credit and targeted property tax refund programs. The bill converts the renters' credit program to an income tax credit program.

4d Low Income Rental Classification
After several years of legislative consideration, the tax bill modifies the 4d class rate, including a reduction to the class rate for 4d(1) low-income rental properties to 0.25%, and a class rate reduction for 4d(2) property to 0.75%. Class 4d property is now denoted as 4d (1). The bill also creates a classification for community land trust property as 4d (2). Metro Cities has opposed

expanding the 4d rate due to the potential for significant local tax shifts and the association supported a legislatively authorized study by the Department of Revenue that analyzed tax shifts under an expansion. View the [4d Affordable Housing Report]() here.

As legislation to expand 4d advanced, Metro Cities advocated for guardrails such as transition aid, local approvals, and language to ensure a property owner uses tax savings from a rate reduction to reinvest in property receiving the reduction.

The tax bill requires a property owner to seek approval by the city or town in which the net tax capacity (NTC) of 4d property exceeds two percent of the total net tax capacity of the city or town. The Commissioner of Revenue will annually certify to the Housing Finance Agency a list of cities and towns where the NTC of 4d property exceeds two percent. Metro Cities is concerned that this requirement applies only to properties not classified as 4d properties. This means that properties with some 4d units do not have to recertify even if 4d property exceeds 2%. The bill also requires a property owner to use tax savings for property maintenance, security, rent stabilization, or increases to a replacement reserve account. The owner must annually certify to the Housing Finance Agency that the tax savings is being used for eligible uses.

The tax bill includes transition aid in 2025-2026. View the [transition aid summary here]().

Angel Investor Tax Credit
The Angel Investor tax credit was funded at $5 million for taxable years 2023 and 2024. This program encourages private investment in small scale high-tech businesses and is supported by Metro Cities.

Historic Structure Tax Credit
The tax bill extends the sunset of the historic structure rehabilitation credit until after fiscal year 2030. The credit is effective retroactively to July 1, 2022. Metro Cities supports the extension of this sunset.

Housing Development Fund
The bill provides $40 million in one-time funding for a workforce and affordable homeownership development program. This program funds new construction and acquisition, rehabilitation, and resale of single-family homes statewide up to 115% of area median income.

Local Housing Aid
The tax bill establishes a housing aid program for eligible, counties, and Tribal governments. City eligibility is restricted to cities in greater Minnesota. The bill establishes a new metropolitan sales tax (see housing bill summary) to fund housing and rental assistance in local jurisdictions in the metropolitan area. While Metro Cities supports housing programs including rental assistance, the association opposed a metro sales tax as the funding mechanism as it disparately affects metropolitan taxpayers, and substitutes local funding for state funding, for programs that are of statewide significance and concern.

Changes to Charitable Gambling
The bill includes changes for charitable gambling that generated considerable and contentious debate. The bill reduces the tax on combined net receipts for charitable gambling organizations and modifies permitted features and requirements for electronic pull tabs. The bill limits the fee that a licensed distributor may charge to no more than 25% of gross profits derived from games. The bill also requires an annual system audit for a manufacturer of electronic pull tabs, with the Gambling Control Board required to remove nonconforming games.

Housing

[Chapter 37](#)
[Budget Tracking Spreadsheet](#)
The omnibus housing budget and policy bill contains $1 billion for housing, including funding for various programs that are supported by Metro Cities.

The bill includes funding for the following programs in FY 24-25:

- $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 first-generation homebuyer down payment assistance fund.
- $3.7M for Homebuyer education, counseling, and training (HECAT).
- $90M for Community Stabilization (NOAH preservation grants).
- $15M for public housing rehabilitation.

The housing bill includes a 0.25% metropolitan region sales tax for local housing aid and for a new rental assistance program in the metro. The new local housing aid program provides aid to cities over 10,000 in population. In previous versions of the housing aid bill, there was language to provide grants up to $25,000 for housing aid to cities under a population of 10,000. Unfortunately, this language was removed during the conference committee.

The new local housing aid 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. Cities can use the local housing aid to provide affordable housing to households at 115 percent of the area median income for homeownership projects, and 80 percent of the area median income for rental housing projects. Here are the uses for the local affordable housing aid:

- Emergency rental assistance.
- Financial support to nonprofit affordable housing providers.
- Projects for the construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing.

The new metro tax is estimated to generate $353.2M in FY 2024-2025, and $391.4M in FY 2026-2027. 25% of proceeds are allocated to a metropolitan area rental assistance program, 25% to a city local housing aid program, and 50% to a county local housing aid program. Here is a preliminary run on the housing aid distribution in 2024 to cities and counties. The Commissioner of Revenue will distribute payments on the same schedule as local government aid. A city may transfer unspent funds to a local housing trust fund if they fail to expend them due to factors outside the control of the city.

The bill requires that first- and second-class cities provide the state fire marshal a list of high-rise buildings that do not have sprinkler systems. These buildings must be at least 75 feet or higher, were not subject to the sprinkler requirement at the time of construction and have not been retrofitted with a sprinkler system. This list is due by June 20, 2024, and an updated list by June 30, 2027, and June 30, 2032. The bill provides $10 million in grants for owners of high-rise buildings to install sprinkler systems.

This session, legislation was heard that would restrict corporate purchasing of single-family homes to convert them into rental property units. Metro Cities is closely monitoring this issue. The Minneapolis Federal Reserve is analyzing the effects of corporate buying on communities and has found that the share of single-family rentals has peaked in core cities and is beginning to grow in suburban cities. We expect this discussion to continue next session. Metro Cities also opposed preemption proposals that were heard but were not included in the housing bill. These included zoning related preemption proposals, capping park dedication fees, and now allowing cities to require dedicating land for streets beyond a certain width. Rep. Howard, who chairs the Housing Committee, indicated that there would be discussion of these proposals and ideas over the interim and next session.

Jobs and Labor (Economic Development)

Chapter 53
Budget Tracking Spreadsheet

The jobs bill funds various economic development, redevelopment, and workforce programs, several supported by Metro Cities.

The bill includes base funding for FY 24-25 for the Job Creation Fund at $16 million, and the Minnesota Investment Fund at $24.72 million. The bill provides an increase to the base funding for FY 24-25 for the Redevelopment Grant program, bringing it up to $8.492 million. The bill includes language that allows for increased flexibility for the Commissioner of the Department of Employment and Economic Development (DEED) to transfer funds from the Job Creation Fund to the Redevelopment Program, in addition to the Minnesota Investment Fund transfer authority that already exists. Metro Cities supports funding for these programs.

Micro Units on Religious Property
Under the bill, cities will be required to allow micro units on religious property, subject to certain required standards. Metro Cities opposed this legislation. The bill includes specific safety requirements addressing adequate parking, lighting, and access to units by emergency vehicles, providing the municipality with a written plan approved by the governing board, and requiring that each religious institution must annually certify to the local unit of government that it has complied with the eligibility requirements for residents of a sacred community.

Transportation

Chapter 68
Budget Tracking Spreadsheet

The omnibus transportation finance and policy budget funds several sources of funding for local roads and contains policy provisions of note for cities in the metropolitan region. Appropriations from the Municipal State-Aid Street fund are $236.3 million in FY2024 and $251.7 million in FY2025 and for the first time, cities under 5,000 will receive ongoing funding for transportation.

Revenue Increases for Transportation
Chapter 68 raises new revenue for transportation in several ways. Adjustments to the tab fee depreciation schedule will result in an additional $60 million flowing into the Highway User Tax Distribution Fund (HUTDF). Municipal State Aid Streets (MSAS) receives 9% of 95% of the HUTDF so this change will result in an additional $5.1 million for eligible city streets. The Motor Vehicle Sales Tax rate is being increased to 6.875% which will result in increased deposits into the HUTDF, MSAS, and both Greater MN Transit and transit in the metropolitan area. One of the late surprises of the session was the inclusion of language that indexes the motor fuel tax to the

Minnesota Highway Construction Cost Index. These revenues are directed to the HUTDF with MSAS expected to see increases of $3.6 million in FY2024 and $11.7 million by FY2027.

Chapter 68 contains a phased dedication of the revenue from the sales tax on auto parts with revenues being allocated to a newly established Transportation Advancement Account (TAA). Deposits into the TAA from auto parts sales tax revenue will begin around $11 million and grow to $26 million by FY2027. A 50-cent retail delivery fee created in the law directs additional funding into the TAA. The delivery fee, which contains several exemptions, is expected to generate $59 million in FY2025.

Small and Large Cities Accounts
The Transportation Advancement Account is distributed as follows: 36% to metropolitan counties, 10% to the CSAH system, 15% to a newly established Larger Cities Assistance Account, 27% to the Small Cities Assistance Account, 11% to the Town Road Account, and 1% to a food delivery support account. Metro Cities advocated for reliable funding for cities under 5,000 in population and the creation of a flexible, larger cities assistance account throughout the legislative session.

Metropolitan Sales Tax
The law imposes a 0.75% sales tax for transportation funding within the seven-county metropolitan area. 83% of the revenue is directed to the Metropolitan Council. 5% of that amount is set aside for active transportation uses which will be spent by the Transportation Advisory Board (TAB). The remainder of the Metropolitan Council's portion will be spent on transit operations, maintenance, and capital expenses. The bill outlines several eligible uses and directs the Metropolitan Council to make grants to suburban providers for demand response micro transit projects. The 17% of the sales tax revenue not directed to the Metropolitan Council goes to the seven metropolitan-area counties in the region via the Transportation Advancement Account.

The Transportation Advancement Account allocations for the seven counties from the delivery fee and the metropolitan area sales tax is distributed to those counties based on a 50/50 breakdown of their population and transportation needs. They are required to use 41.5% of their funds from the account for active transportation and transportation safety studies. Another 41.5% must be used for repair, preservation, and rehabilitation of transportation systems (without adding capacity). The remaining 17% must be used for transit, complete streets, or purposes that meet requirements in the bill for greenhouse gas mitigation.

IIJA Matching Funds
Pots of funding for required state and local matches are contained throughout Chapter 68. The legislation includes a $152.6 million transfer from the general fund to the Trunk Highway Fund for IIJA matches, $216.4 million for matching federal discretionary grants, $13.6 million for matching electric vehicle funds, $36 million for matching aeronautics funding, and $40 million for transit grants from IIJA in greater Minnesota. There is also $2 million for MnDOT to provide technical assistance to local and Tribal governments applying for grant opportunities. Earlier this session, Chapter 6 was passed and signed into law, giving MnDOT additional funds ($315.5 million) needed for the department to continue to match formula funds flowing to the state as a result of the IIJA's passage.

Other Funding Provisions of Note
Chapter 68 provides base funding for Corridors of Commerce of $25 million per year with an additional $153 million in one-time money for the program via Trunk Highway Bond authorizations. Also included is $20 million for the Safe Routes to School Program, $39 million over two years for the Active Transportation Program, $194 million for the Northern Lights Express project, and $50 million to Hennepin County for the Blue Line LRT Extension project. Metropolitan area counties are also given a one-time, $20 million, appropriation.

Climate Mitigation and Adaptation Mandates
Chapter 68 makes several policy changes of note for cities in the metropolitan region. The Metropolitan Council is required to include climate mitigation and adaptation content in their regional development guide and is directed to work with cities on how that content will be incorporated into local comprehensive plans. Metro Cities worked throughout the session to oppose highly specific statutorily prescribed content that does not account for local needs and flexibility and worked with the House author and stakeholders, with the bill undergoing many evolutions since its introduction. The law also contains provisions that would require mitigation efforts to offset any greenhouse gas emissions increases caused by highway expansion projects. Mitigating steps can be taken either as a part of that project, somewhere in the same region, or somewhere else in the state. A work group is established with city representation to assist MnDOT in the implementation of these requirements.

Metropolitan Council Governance
Chapter 68 establishes a Metropolitan Governance Task Force to study and make recommendations to the legislature on the governance of the Metropolitan Council. Of the 17 members, one person will represent cities in the metropolitan area with that individual required to be appointed by Metro Cities. The task force will be charged with studying and evaluating a variety of reform options including the direct election of members to the Metropolitan Council. Metro Cities provided testimony consistent with the association's policies calling for staggered terms and adequate involvement of local government officials in the governor's selection process for members of the Council.

Other Policy Provisions of Note
Chapter 68 contains several other policy items with a potential impact on cities in the region, many of which relate to transit. The Transit Rider Investment Program (TRIP) is an attempt at cultivating a safer and more secure transit experience for riders and employees. The Metropolitan Council is directed to hire personnel, adopt a code of conduct, work with social service agencies and law enforcement, and submit an annual report to the legislature about the program and its impact on safety and rider experiences. As part of this law, the Metropolitan Council has been authorized to issue administrative citations for faire evasions. Elsewhere in the law, the Council is directed to convene a transit signal priority system planning working group, to implement a Metro Mobility Enhancement pilot program, and to establish a pilot program to provide transit service for free.

The law also contains a legislative report on speed safety cameras and requires the Department of Public Safety to convene a task force to assist in the development of the report. The report will analyze the use of speed safety cameras, methods to identify individuals driving or owning vehicles, interactions with federal requirements for commercial driver's license holders, the ability of non-peace officers to issue citations, data practices complications, due process concerns, technology options, and recommendations for implementation. Finally, Chapter 68 contains several recommendations from the Independent Expert Review conducted by Rick King on Driver and Vehicle Services (DVS). One such provision requires the Department of Public Safety to submit a report to the legislature that evaluates deputy registrar and driver's license agent operations and financial sustainability.

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

Judiciary and Public Safety

Chapter 52
Budget Tracking Spreadsheet

The public safety bill, now law, contains funding for several grant programs, many of which place an emphasis on at-risk youth. A $70 million transfer from the general fund into the special revenue fund will provide resources for the Community Crime and Violence Prevention program, where up to $14 million can be spent each year. Up to $2 million each year through 2028 is allocated for crisis response grants to help local law enforcement agencies and local governments maintain or expand crisis response teams in which social workers and/or mental health providers are sent as first responders when individuals are experiencing a mental health crisis. The law also funds youth intervention programs at $3.5 million per year. $300 million in public safety aid was included in the final tax agreement.

Chapter 52 contains $400,000 each year for the Pathways to Policing program for reimbursement grants to state and local law enforcement agencies to help address retention and recruitment challenges across the state. There are other training-related funds throughout the legislation. The law contains several pots of money for public safety equipment purchases including $7 million for the transition to Next Generation 911, over $20 million for MnDOT's operation of the statewide radio system backbone, and $2 million each year for grants to local units of governments for radio communication system equipment grants.

Language allows certain family members access to peace officer body camera and dashboard footage in the event of a deadly force incident. There is a requirement that footage is released to the public after 14 days. The law provides exceptions to both provisions if access to the footage would interfere with an investigation. The law also places additional restrictions on the use of no-knock warrants. The Peace Officer Standards and Training (POST) board now has the ability to revoke a peace officer's license if they have violated its code of conduct guidelines, whereas previously an officer would have to have been convicted of a felony or certain gross misdemeanors to have their license revoked.

Carjacking
The crime of carjacking is now defined and established in law, with local agencies required to report carjacking data to the Department of Public Safety, who will include carjacking data in their annual uniform crime report. The omnibus transportation bill passed by the legislature and signed into law contains funding for the state patrol to purchase additional aircraft and hire more pilots. The use of air support has proven effective at dealing with issues like carjacking and street racing in the metropolitan region. Metro Cities supported this language and funding for state air support.

Chapter 52 includes various tenant protections effective January 1, 2024 including:

- Reforms the eviction court process.
- Creates a 14-day eviction notice.
- 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 records after 3 years.
- Provides a right to inspection at the beginning and end of lease term.
- Other provisions.

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

Duty Disability

Chapter 48

The public safety duty disability legislation comes in response to dramatic increases in the number of duty disability claims related to PTSD and other mental health injuries. Metro Cities' policies articulate support for funding to reimburse local governments for providing paid time off to public safety employees who experience work related trauma and/or are seeking treatment for a mental injury, for trauma training, early intervention, and mental health treatment. Metro Cities provided support for this bill consistent with the League's efforts on this legislation as it advanced this session.

The law will require that employees receive treatment for their mental health injury before they can file for duty disability with the Public Employees Retirement Association (PERA). Injured employees will be kept on city payrolls while they receive this treatment with the hope that they are eventually able to be kept on staff. The law provides financial support for employers to help them pay employees and provide them their benefits during their treatment. The law requires the Peace Officers Standard and Training board to create learning objectives and training courses to prepare officers for stressful and traumatic events associated with the profession. It also requires that local law enforcement agencies provide in-service wellness training that reflects the objectives of the board's training.

$104 million has been appropriated to pay costs associated with this bill, including the financial support for employees undergoing treatment, but the state will also fully reimburse employers for health insurance benefits for disabled employees or their dependents so long as the employer has mental injury prevention measures in place. Several changes have been made to PERA including a change to the vesting schedule, increases to disability benefit amounts, and modifications to the current offsets against disability benefits for reemployment earnings.

Adult-Use Cannabis

Chapter 63
Budget Tracking Spreadsheet

HF 100, now law, legalizes adult-use cannabis. The law 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 population-based minimums for the number of cannabis retail stores in each jurisdiction. The law 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 law 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.

Metro Cities staff worked throughout the session with the League of Minnesota Cities and other local government associations to advocate for adequate local control, zoning authority, and revenue sharing to ensure that any regulatory framework for adult-use cannabis meets the needs of cities and recognizes that the implementation for state laws often falls to local government. It will be legal on August 1 for adults to use and possess cannabis in Minnesota. The MN Office of Cannabis Management will likely take months (or longer) to issue licenses for retailers, manufacturers, and other cannabis businesses. Metro Cities will continue to monitor impacts on cities as this legislation enters its implementation phase. Click HERE to view Metro Cities' web page on cannabis resources and information.

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

State and Local Government and Elections

[Chapter 62](#)
[State and Local Government Budget Tracking Spreadsheet](#)
[Elections Budget Tracking Spreadsheet](#)

State and Local Government Policy
The omnibus State and Local Government, and Elections bill, now law, contains several provisions of note for cities including a modification to the open meeting law, additional investment authority for qualifying local governments, municipal hotel licensing authority and the repeal of the compensation limit for employees of political subdivisions. The law contains language preempting local governments by mandating that they allow managed natural landscapes on any parcel.

Chapter 62 establishes an Infrastructure Resilience Advisory Task Force, which includes some local government representation among its membership. The task force is charged with evaluating issues related to coordination, sustainability, resiliency, and federal funding on state, local, and private infrastructure throughout Minnesota. The task force is modeled after a similar body in the state of Michigan.

Local Compensation Cap Repeal
The bill repeals the local government compensation cap and the waiver process that have been in effect since 1983. The repeal is immediately effective.
Metro Cities supported this legislation.

Elections
Chapter 62 funds local election administration with the establishment of the Voting Operations, Technology, and Elections Resources (VOTER) account. Each year, $1.25 million will be distributed to counties, cities, and townships based on their share of registered voters. These funds can be used for equipment, hardware, software, cybersecurity, security-related infrastructure, capital improvements to improve polling place accessibility, staff costs, printing, postage, programming, local match for state or federal funds, and any other purpose related to election administration. There is a separate $500,000 in FY2024 for polling place accessibility grants to counties and cities. Chapter 62 contains policy language providing increased protections for election officials from intimidation, interference, and harassment.

The law establishes an 18-day early voting period and mandates municipal clerk's offices to remain open during certain hours during that period. These include some weekend days and evenings. Metro Cities submitted testimony asking that cities be given more flexibility and expressed concerns that some cities could struggle to find adequate staffing for the early voting hours included in the legislation.

Chapter 34 was signed into law on May 5 and contains several elections administration changes including a process for automatic voter registration and a timeline for the delivery of absentee ballots, among other permanent absentee voter provisions. Chapter 34 also describes processes for voting instructions and sample ballots should be produced in languages other than English.

Metropolitan Council Districting
Chapter 42, which establishes the new boundaries for Metropolitan Council districts, was signed into law on May 19. The legislature is required to redraw district boundaries every ten years after the decennial census.

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

Environment and Energy

Chapter 60
Budget Tracking Spreadsheet

The omnibus environment, natural resources, climate, and energy bill, now law, includes funding of $25 million to address PFAS in municipal drinking water supplies, $8 million each year for the Minnesota ReLeaf program to help address emerald ash borer and other urban forestry needs, $2 million each year for the Lawns to Legumes program, and $27 million from the general fund to the Metropolitan Landfill Contingency Action Trust (MLCAT) to make that account whole after funds were transferred out of the account in 2003 and 2005.

The law appropriates $50.2 million each year for a local government climate resiliency and water infrastructure grant program. 40 percent of these funds must be directed to projects in environmental justice areas, which are defined as census tracts where at least 40 percent of the population is nonwhite, at least 30 percent of the households have an income at or below 200 percent of the federal poverty level, or at least 40 percent of the population has limited English proficiency. Chapter 60 also appropriates $3 million for the local climate action grant program to assist cities in developing and implementing climate action plans.

The law includes odor management regulation in the metropolitan area, and cumulative impacts analysis requirements for MPCA permits (applies to seven county metro or in cities of the first class). The law contains 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 and provides some clarity to those cities impacted by the court decision. The law also includes increased authority for the Department of Natural Resources to enforce administrative penalty orders related to water appropriations. The department is now able to mandate certain water infrastructure improvements for cities without an election or referendum and regardless of the city's ability to fund those improvements.

Chapter 24 was passed and signed into law on April 18. It 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 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.

Chapter 67 was signed into law by Governor Walz on May 26. The law proposes a constitutional amendment to extend the current 40% dedication of lottery proceeds to the Environmental Natural Resources Trust Fund (ENTRF). If Minnesotan voters approve the extension, the law will also establish a ENTRF community grant program and an advisory council to provide recommendations to the Dept. of Natural Resources on the administration of said grant program.

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

Lead Service Line Replacement

Chapter 39

Chapter 39 appropriates $240 million from the general fund for the Public Facilities Authority to establish a grant program to replace lead drinking water service lines. Cities are among the list of eligible grant recipients. Funds can be used to remove and replace lead drinking water service lines, provide information to residents on the benefits of removing lead service lines, and perform construction activities associated with removing and replacing lead services lines. Grant funds can also be used to repay debt related to a recipient's lead service line removal and replacement efforts.

Applicants must submit a plan to the MN Dept. of Health with information on how grant funds will be prioritized. The PFA is directed to structure the program to maximize the use of federal funds for these purposes. The PFA is also authorized to spend up to 10 percent of the funding for costs related to mapping and inventory activities that will be used to identify lead service lines. The state's goal is to remove all lead service lines in public drinking water systems by 2033.

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

Legacy

Chapter 40
Summary (HF1999 / SF1682)
Budget Tracking Spreadsheet

The omnibus Legacy bill, now law, includes $17 million 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 $2.25 million 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.

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

Catalytic Converter Theft

Chapter 15
Summary (HF30 / SF5)

Chapter 15 makes it illegal to possess or purchase catalytic converters without documentation showing that the catalytic converters were legally obtained. There are also provisions that prohibit cash payments for catalytic converters, 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. The law exempts scrap metal dealers from some requirements for situations where scrap metal dealers are selling converters to other dealers. The waiting period for payment doesn't apply if the part is being purchased from a bona fide business. Metro Cities provided testimony supporting this legislation as it was considered in the House and Senate.

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

Capital Investment

Chapter 72 Bonding Bill
Chapter 71 Cash Capital Investment Bill
Budget Tracking Spreadsheet and Project List

Inflow and Infiltration Mitigation for Metropolitan Cities

The bonding bill includes $12 million for inflow-infiltration mitigation assistance for eligible metropolitan cities. This is a Metro Cities' initiative that supports cities in their efforts to mitigate I/I in local public wastewater infrastructure.

Environment and Open Spaces
Chapter 72 contains $8.4 million in general obligation bond proceeds for grants to cities, counties, townships, and park and recreation boards in cities of the first class to plant climate and pest-resilient trees on public land. The cash capital investment bill includes $1.66 million in general fund dollars for the same urban forestry purposes. The bonding bill contains $2 million in bonding for local recreation grants.

Transportation
The bonding bill includes $12 million in general obligation bond proceeds for the Local Road Wetlands Replacement Program, $78.94 million for the Local Road Improvement Program, $67 million for the Local Bridge Replacement Program, $2.4 million for the Safe Routes to School Program, $1.5 million for Transportation Economic Development Infrastructure, and $1.2 million for Active Transportation.

Metropolitan Council
The bonding bill includes $16.62 million for the regional parks and trails system, and $72 million for bus rapid transit in the metropolitan area.

Water
The bonding bill contains considerable funding for the Public Facilities Authority for their water infrastructure funding programs and revolving loan programs. The bill also includes $80 million for point source implementation grants.

Public Housing Rehabilitation
The bonding bill includes $41.9 million in general obligation bonds for public housing rehabilitation, and $30.1 million in general fund cash for public housing rehabilitation.

Innovative Business Development Public Infrastructure Grants
The bonding bill includes $1.5 million in general obligation bonds for the innovative business development public infrastructure grant program. This program provides grants to local units of government on a competitive basis statewide and focuses on job creation and retention through the growth of new innovative businesses and organizations. For more information on the program at DEED, click here.

Agriculture, Broadband, and Rural Development

Chapter 43

The omnibus agriculture, broadband, and rural development bill was signed by the Governor on May 16th. This bill includes a total of $125 million in funding for FY 24-25 for the Border-to-Border Broadband Grant Program, an increase of $100 million in one-time funding. $20 million of the total each year is for a lower population density grant program.

Paid Family Medical Leave

A new law establishes a state-administered paid family and medical leave insurance program; the new law goes into effect January 1, 2026. The law applies to all employers, including municipalities, with no exceptions on the number of employees. Employers will pay into an insurance program administered under DEED, and employees are eligible for up to 20 weeks of leave annually. The League of MN Cities has created a FAQ on the new law, click HERE. Metro Cities will post additional information as it becomes available.

Uber/Lyft Bill

HF 2369 (Hassan/Fateh) was passed by the House with a vote of 69 to 61 and by the Senate with a vote of 35 to 32 and was vetoed by the Governor on May 25. The bill would have set minimum pay rates for individuals driving for transportation network companies like Uber and Lyft with additional provisions allocating portions of certain fees charged by TNC's to drivers. The bill also contained policy language describing under what circumstances drivers could be deactivated from a TNC's platform. The bill received significant opposition from Uber and Lyft and the bill culminated in Governor Walz's first veto since taking office. The Governor issued an executive order to convene a working group to make recommendations for possible legislation in 2024.

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