

2025 Metro Cities Policy Committees

Metro Cities 2025 policy committee process will begin in July. Committees will recommend the association's legislative policies for 2026. Participation is open to member city elected officials and staff. 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!

Omnibus House and Senate Tax Bills

The House and Senate Taxes Committees have unveiled, heard and passed omnibus tax bills. The House bill also passed the Ways and Means Committee Thursday. The next stop for bills will be the House and Senate floors respectively. Both bills were developed within the context of respective committee budget targets. Metro Cities provided testimony on both bills as they were heard in the taxes committees.

The House taxes bill, HF 2437, contains a number of provisions of interest to Metro Cities. The bill repeals the local cannabis aid, which Metro Cities opposes. The bill extends the moratorium in establishing new local sales and use taxes, which Metro Cities also opposes. The bill contains several individual provisions relating to tax increment financing districts (TIF) for several cities in the metropolitan area, and some general tax increment provisions.

With respect to general TIF provisions, the bill allows local projects that use income averaging under the low-income housing credit program to qualify for tax increment financing. The bill also increases the percentage of increment for housing purposes and allows transfer of increment to a local housing trust fund. Metro Cities supports these provisions in the bill. Click [HERE](#) for a summary of the bill.

The Senate Taxes Committee heard and passed an omnibus taxes bill, SF 2374, this week. The bill contains several provisions of interest to Metro Cities.

The bill contains a reduction to local government aid (LGA) of \$20 million and the repeal of the local cannabis aid. Metro Cities opposes both the reduction to LGA, and the repeal of local cannabis aid. Click [HERE](#) for reduction amounts to individual cities.

The bill contains changes to local sales tax laws that give general authority for cities to impose local sales taxes without legislative authorization, for capital improvements that meet certain requirements and criteria. Metro Cities generally supports these provisions. The Senate bill also contains a number of tax increment financing related provisions, including specific provisions for several cities in the metropolitan area.

The Senate tax bill changes the definition of metropolitan area for the Metropolitan Sales Tax for Local Affordable Housing Aid and for the regional transportation sales and use tax, so that the tax

is only collected in the area which the Metropolitan Council has jurisdiction. This would create a slight reduction in revenues for these two programs.

Please click [HERE](#) for a bill summary.

Contact Patricia Nauman at patricia@metrocitiesmn.org with any questions.

Amendment Containing Local Preemption Added to HOA Bill

On Tuesday, [SF 1750](#) – Lucero (R-Saint Michael) a bill addressing common interest communities and homeowner associations HOAs, passed the Senate. This bill contains various provisions, including requiring an association to provide a schedule of fees, removing the ability for HOAs to charge interest on late fees, capping late fees, providing an opportunity for a resident to be heard before imposing a fine, and other provisions. The nature of the debate reflected ongoing concerns and contentions by several members with the bill. The debate included a motion to re-refer the bill back to the Senate Judiciary Committee, which failed.

During the debate, Senator Rasmusson (R-Fergus Falls) offered the [A-19 amendment](#), which prohibits a city from conditioning approval of a residential building permit or conditional use permit, residential subdivision development or residential planned unit development, the creation of a homeowner's association, or the inclusion of any service, feature, or common property necessitating a homeowner's association, unless requested by the developer. The language provided two exemptions: a city can require the maintenance or insurance of common elements, and a city can require that a project applicant provide an easement to access public infrastructure. The language would be effective January 1, 2026.

Several members of the Senate expressed concern with the amendment and with how it advanced through the committee process. The amendment was adopted, and the bill passed the Senate 44-22. The companion bill in the House has not advanced out of committee.

Please contact Ania McDonnell at ania@metrocitiesmn.org if you have any questions.

Senate Capital Investment Committee Discusses Omnibus Capital Proposal

The Senate Capital Investment committee met on Thursday in what the Chair described as their last meeting of the session. The committee passed three vehicle bills (SF 2827, SF 390, SF 2802) to the Finance committee, any of which could become an eventual bonding bill. The committee heard a walkthrough of a document containing language that would amend earlier appropriations from the general fund enacted in 2023 for a series of projects. Click [HERE](#) to view a table detailing the projects included in this proposal.

Committee staff walked through the \$1.35 billion capital budget proposal. Click [HERE](#) to view the associated table which lists appropriations by state agency. The proposal includes several items of note for cities including:

- \$10 million for inflow and infiltration grants (a Metro Cities' initiative).
- \$6 million for community tree planting grants.
- \$3.6 million for the Local Government Roads Wetland Replacement Program.
- \$14 million for the Local Bridge Replacement Program.

- \$23 million for the Local Road Improvement Program.
- \$8 million for regional parks and trails.
- \$3 million to DEED for transportation economic development infrastructure.
- \$101.98 million to the Public Facilities Authority for various water programs.
- \$459 million for yet-to-be named local government projects.

Finally, three bills were heard on an informational basis. The first has not yet been introduced, but as presented by Sen. Boldon, would establish a locally controlled housing program. The second, [SF 862](#) – Johnson Stewart, modifies PFA clean water grant programs by increasing caps on grant amounts and establishes a new grant program for government units for up to 80 percent of the cost of infrastructure projects to address emerging contaminants. Click [HERE](#) for a summary of SF 862. The last bill heard was [SF 3056](#) – Pappas, which includes a number of policy provisions that were discussed but not passed into law during the 2023-2024 biennium. Click [HERE](#) for a summary of these policy provisions. Metro Cities will provide further updates as discussions on a capital investment bill continue.

Adult-Use Cannabis Updates

Lottery Date Announced

The Minnesota Office of Cannabis Management (OCM) announced it will hold license application lotteries on June 5 for social equity and general applicants for the following three license types: cannabis cultivator, cannabis manufacturer, and cannabis mezzobusiness. The office will also hold a lottery for social equity applicants (SEAs) applying for a cannabis retailer license on June 5. A lottery for general applicants for the cannabis retailer license, which includes a second chance for social equity applicants not selected in the first lottery will follow this summer. The license application lotteries will be livestreamed for members of the public and the media via the office's YouTube Channel: youtube.com/@MNCannabisManagement. Results will be posted to OCM's website and shared with applicants after completion.

Tax Bills Repeal Cannabis Aid

As noted above, The House and Senate Tax bills both include a repeal of the Local Government Cannabis Aid. It is estimated that the elimination of this aid will result in a \$12.5 million general fund savings in the 2026-2027 biennium and a \$31.8 million savings in 2028-2029.

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

Omnibus Budget Bills Update

This week, a variety of committees and conference committees met to discuss a variety of omnibus bills. Legislative leadership continues to meet on final budget targets across all committees which will further inform conference committee work. The legislature must adjourn by Monday, May 19th.

Adult-Use Cannabis

[SF 2370](#) (Stephenson) was passed, as amended, by the House on 5/5 with a vote of 82-50. The House amended the bill to insert the House language (HF 1615). Click [HERE](#) for a summary of the bill. A conference committee will now be formed to reconcile differences between the House and Senate versions of the adult-use cannabis bill. Click [HERE](#) for a side by side of the two cannabis bills. Conferees include Representatives Stephenson, Hanson, J., West, and Allen and Senators Dibble, Port, and Rasmusson.

Environment and Natural Resources

[SF 2077](#) (Heintzeman) was passed, as amended, by the House. The House bill contains no policy provisions. Click [HERE](#) for a summary of the bill and [HERE](#) for the budget spreadsheet. Click [HERE](#) for a side by side of the House and Senate versions of the environment bill and [HERE](#) for the budget tracking spreadsheet. Conferees for the environment bill include Representatives Heintzeman, Schultz, Nelson, Fischer, Pursell, and Finke, and Senators Hawj, Kunesh, Johnson Stewart, Green, and McEwen.

Judiciary and Public Safety

The conference committee for [HF 2432](#) (Novotny/Latz) began its work this week with walkthroughs of the budget and policy provisions in the House and Senate versions of the bill. A collection of agreed-upon or similar policy provisions were adopted by the conference committee on Wednesday and Thursday. Language providing cities with expanded background check authority for massage therapy license applicants will not be considered in the final conference committee report after the standalone bill passed both bodies unanimously. Click [HERE](#) for a side by side of the House and Senate versions of the Judiciary and Public Safety bill and [HERE](#) for the budget tracking spreadsheet. Conferees include Representatives Novotny, Moller, Scott, and Liebling, and Senators Latz, Oumou Verbeten, Seeberger, Westlin, and Clark.

State and Local Government and Elections

The conference committee for [SF 3045](#) (Xiong/Klevorn) held its first meeting on Friday, 5/9. At this initial meeting the committee walked through the language in each bill and reviewed same and similar policy provisions. The committee also heard testimony from the public. Side by sides of the House and Senate language can be viewed [HERE](#). Click [HERE](#) for the budget tracking spreadsheet. Conferees include Representatives Klevorn, Nash, Frieberg, and Altendorf, and Senators Xiong, Carlson, Maye Quade, Westlin, and Lang.

Transportation

The conference committee for [HF 2438](#) (Koznick/Dibble) held its first meeting on Thursday, 5/8 and is expected to meet again on Friday afternoon. At Thursday's meeting staff provided a walkthrough of the budget and policy provisions in each bill and the committee heard testimony from the Department of Transportation, Metropolitan Council, and the Department of Public Safety. Click [HERE](#) for a side by side of the House and Senate language and [HERE](#) for the budget tracking spreadsheet. Staff has also produced a [summary table](#) of provisions contained in either bill. Conferees include Representatives Koznick, Koegel, Olson, and Tabke, and Senators Dibble, Johnson Stewart, Jasinski, Carlson, and Clark.

Housing

The Housing conference committee met on Thursday this week. The conference committee includes Chair Senator Port (DFL-Burnsville), Senator Boldon (DFL-Rochester), Senator Lucero (R-Saint Michael), Chair Representative Igo (R-Wabana Township), Representative Nash (R-Waconia), Representative Howard (DFL-Richfield), and Representative Kozlowski (DFL – Duluth). Non-partisan staff presented a walk-through of the [spreadsheet](#) comparing bills, and walked through a [side by side document](#) comparing the policy language in both bills. [HERE](#) is a document that summarizes the same, similar, and different language in the bills.

The House bill has a target of \$75 million, and the Senate bill has a target of \$3 million. The House bill includes \$10 million in additional one-time funding for the Challenge program, \$500,000 for a tenant education and hotline service, and authorization of an additional \$100 million in Housing Infrastructure Bonds (HIBs). The bill includes policy language that gives the authority to Housing and Redevelopment Authorities (HRAs) to create a local housing trust fund, which Metro Cities supports.

The Senate bill includes base funding for the Economic Development and Housing Challenge program and for the Homebuyer Education, Counseling, and Training (HECAT) program, and provides \$2 million to the Community Based First Generation Homebuyer Downpayment Assistance Program and makes it a standing program. The Senate bill includes policy language to limit rental increases for projects awarded Low Income Housing Tax Credits, to limit rent increases by the lesser of the percent change in the Consumer Price Index, or the percent change in the area median income for a household size of four. This would be effective August 1, 2025.

The committee is waiting for final budget targets before they continue their work on their bill.

Please contact Ania McDonnell at ania@metrocitiesmn.org if you have any questions.

Economic Development

On Tuesday, the House omnibus Workforce, Labor, and Economic Development Finance bill, HF 2441 - Pinto, was heard in the House Workforce, Labor and Economic Development Committee. You can view the bill language [HERE](#), a spreadsheet [HERE](#), and a summary [HERE](#).

The bill includes significant cuts for key economic development programs that Metro Cities supports. Metro Cities [submitted a letter](#) citing concerns, and also signed on to a [joint letter](#) with other groups concerned with cuts to the Redevelopment grant program and the Contaminated Cleanup and Site Investigation Grants. View the spreadsheet of the bill [HERE](#), and the bill language [HERE](#).

The cuts proposed are:

- Job Creation Fund – all base funding eliminated in both FY26-27 and FY28-29 (\$16M each biennium)
- Minnesota Investment Fund – all base funding eliminated in both F26-27 and FY28-29 (\$24.7M each biennium)
- Job Skills Partnership Program – all base funding eliminated in both FY26-27 and FY28-29 (\$8.3M each biennium)
- Contaminated Site & Cleanup Investigation Grants - \$1.5 million cut in both FY26-27 and FY28-29
- Redevelopment Grant Program - \$2M cut in both FY26-27 and FY28-29

The bill passed that committee and was heard later in the House Ways and Means Committee. The bill was amended to match the Senate file and is now SF 1832 with the House language. The bill was passed and sent to the House floor.

The omnibus House Workforce, Jobs, and Economic Development bill is scheduled to be heard on the House floor on Friday, May 9th.

Please contact Ania McDonnell at ania@metrocitiesmn.org if you have any questions.

Bills of Note

[HF 3295](#), Gordon/[SF 3487](#), Koran: Bill amends the open meeting law to allow for meeting broadcasting on social media.

[HF 3301](#), Kotyza-Witthuhn/[SF 3498](#), Cwodzinski: Bill requires that a portion of the regional sales tax revenue go to SouthWest Transit.

[SF 3503](#), Boldon/[HF 2693](#), Agbaje: Bill establishes a locally controlled housing fund and modifies the allowable uses of housing infrastructure bonds.

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