METRO CITIES
Association of Metropolitan Municipalities

Metro Cities News

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2026 Legislative Session Summary and Outcomes

The 2026 Legislature concluded its business, as required by law, just before midnight Sunday. The Senate and House convened Monday morning for retirement speeches, and the bodies are now adjourned *sine die,* with the 2027 legislative session set to begin January 3, 2027.

Forty-three legislators have announced that they are not seeking re-election, with 25 retiring, 7 members of the House running for a seat in the Minnesota Senate, and 11 members seeking election for a different office. A list of announced retirements is HERE.

Legislative leaders and the Governor last week had reached agreement on overall budget, spending and policy parameters, with some bills subsequently considered and passed via conference committees and presented as conference committee reports. Other bills, namely taxes, health/human services and a capital investment bill, were unveiled and passed by the full bodies. The Senate but not the House had earlier passed taxes and health and human services bills and neither body had passed a capital investment bill. Therefore, conference committees could not be formally established or convened to reconcile bills or adopt conference committee reports.

Key items included in the agreement included assistance for the Hennepin County Medical Center (HCMC), a 1.2 billion bonding package, fraud prevention measures, a temporary tab fee reduction, property tax relief, and social services technology modernization. Relief for businesses impacted by recent federal immigration enforcement activity and gun control legislation were not part of the agreement.

This year, $15 million was included in the omnibus Capital Investment bill for inflow-infiltration mitigation assistance to eligible metropolitan cities. This legislation, initiated by Metro Cities, will aid up to 80 cities in the metropolitan area with mitigation work on local wastewater systems.

Metro Cities monitored and responded to a wide range of bills and would like to thank the many city officials who testified at the Capitol, wrote letters and made calls to legislators to weigh in on bills of interest to metropolitan cities.

This newsletter is intended to provide a comprehensive session summary and is longer than usual as a result. As always, staff strove to keep the session summary succinct, pertinent and informative. Bill language, summaries and spreadsheets are included for specific bills.

Omnibus Taxes Bill

HF 2438
Budget Tracking Spreadsheet

This year, the Senate and House Taxes Committees heard a number of bills of interest to cities, including authorizing several local sales taxes and tax increment financing law changes for a number of cities. The committees also considered property tax relief measures, and a bill establishing a 5th income tax tier that included funding for local government aid, was heard in the House.

The Senate taxes committee and full Senate passed an omnibus tax bill that included authorization for several local taxes, tax increment financing law changes for several cities, and a one-time 12% expansion of the homestead credit refund. The bill extends from January 1, 2028, to January 1, 2036, the authority of Hennepin County and Ramsey County to impose an environmental response fund tax on mortgage registry and deed tax transactions that is in addition to the regular statewide mortgage registry tax and deed tax. The environmental response fund provides funding for grant programs for cities for brownfield site cleanup. See the Senate tax bill summary HERE.

The House taxes committee did not pass an omnibus bill. Once the Senate tax bill was adopted, a tax "working group" convened for two meetings to discuss provisions in the bill, and on Sunday evening, the Senate Taxes Committee met to hear details of the final tax conference committee report, prior to its consideration and passage by the House and Senate later in the evening.

The final tax bill includes one-time property tax relief through the homestead credit refund, tax increment financing provisions for several cities, including the metropolitan cities of Wayzata, Chaska, Columbia Heights and Hopkins, federal conformity provisions and other pieces. The final bill does not include authorization for any local sales taxes. If reviewing the full tax bill, please note that because the 'vehicle' used for the tax bill originated as a transportation bill, the title of the bill relates to transportation and not taxes per se.

Capital Investment
Budget Spreadsheet

The Legislature passed a capital investment bill on Sunday evening totaling $1.2 billion, and notably, containing local project funding of $275 million, with 44 projects in metropolitan cities receiving funding. Listed below are provisions of interest to Metro Cities.

Metropolitan Council
- $15 million for Inflow and Infiltration grants to assist metropolitan area cities with I/I mitigation on public systems
- $10 million for the Metropolitan Regional Parks and Trails grant program
- $5 million for community tree planting grants

Pollution Control Agency (MPCA)
- $1.5 million in GO bonds and $650,000 in cash for statewide drinking water contamination mitigation

Board of Water and Soil Resources (BWSR)
- $4.5 million for the Local Road Wetlands Replacement Program

Transportation (MnDOT)
- $47 million for the Local Road Improvement Program
- $25 million for the Local Bridge Replacement Program
- $1 million for Safe Routes to School

Housing Finance Agency
- $17.5 million for Public Housing Rehabilitation

Department of Employment and Economic Development
- $2 million for Innovative Business Development Grant Program

- $2 million for Transportation Economic Development Infrastructure

Public Facilities Authority (PFA)

- $19 million for state match for federal grants to the State Revolving Loan programs
- $26 million for Clean Water grants
- $30 million for Drinking Water grants
- $30 million for Point Source Implementation grants
- $15 million for Lead Service Line Replacement
- $17 million for Drinking Water Contaminants grant program

Housing
Chapter 100
Budget Tracking Spreadsheet

Chapter 100, the omnibus housing budget and policy bill, includes funding for various programs supported by Metro Cities, including $100 million in Housing Infrastructure Bonds, $425,000 for a tenant education and hotline service and $150,000 for the Homeowner Education Counseling and Training Program (HECAT). The bill also includes $40 million for the Family Homeless Prevention Assistance Program (FHPAP), and $4 million for manufactured home park infrastructure grants.

The bill includes policy provisions aimed at improving transparency regarding the Minnesota Housing Finance Agency's (MHFA) use of funds, particularly on investment earnings on funding appropriations. The bill requires the MHFA to report on interest earnings and to share its accounting system with House and Senate fiscal staff. The bill requires the MHFA to make board meetings publicly available for video streaming. The bill allows local governments with a population over 100,000, or a local government with a AA or higher bond rating with additional investment authority to include more investment options.

Homeowners Association (HOA) Bill
Chapter 82
Chapter 82 makes several changes to statutes governing Homeowner's Associations (HOA) and Common Interest Communities. The new law includes language regulating HOA management and protections for people living in HOAs.

The law includes language that preempts local governments from conditioning the approval of a residential building permit, residential subdivision development, conditional use permit or any other permit related to residential development on the creation of a homeowner's association or the inclusion of any service, feature, or common property that necessitates a homeowner's association. The bill includes language that allows a local government to require the maintenance or insurance of common elements but does not include language related to stormwater management.

Housing Related Bills that did not pass:

Starter Homes Act/Zoning Preemption Legislation
The "Starter Homes Act" was defeated in the House Elections and Government Operations Committee and did not receive a hearing in the Senate. Metro Cities opposed this legislation as it was considered and heard this session.

Numerous provisions in the bill proposed to preempt local decision making. These included requiring administrative review for certain developments, requiring cities to allow duplexes, triplexes, fourplexes, and townhomes on at least 33% of an area zoned for single family housing, prohibiting cities from imposing a minimum lot size on a greenfield larger than 1/8 of an acre, and requiring cities to allow multifamily residential on at least 33% of areas zoned for commercial uses. The bill required ADUs as allowed uses and removed residential design standards.

Prohibition of Corporate Purchasing of Single-Family Homes
Bills to limit private equity companies from owning over a certain number of single-family homes was heard in committees in both the House and Senate this year. The bills ultimately did not pass this legislative session. You can see more information about the bills in this newsletter.

Manufactured Housing Bill of Rights
The Senate heard and passed a bill referred to as the "Manufactured Home Park Bill of Rights," that addresses rental increases, notices of rental increases, fees for delinquent rent, and other provisions. The bill did not pass this legislative session.

Adult-Use Cannabis
SF 4401

The omnibus adult-use cannabis bill makes several clarifying changes to Chapter 342 as it relates to local governments. The bill removes some obsolete language regarding local interim ordinances (which were allowed until January 2025). The bill also clarifies language around the local certification of zoning and code compliance for prospective cannabis business. It also clarifies the optional population-caps for cannabis business registrations and how counties develop processes for limiting registrations. Finally, the bill details what data is to be submitted to the Office of Cannabis Management by local governments conducting compliance checks. Much of the discussion on this bill concerned canopy limits for macrobusinesses (formerly known as medical combination businesses).

Congregate Care
SF 4476

The omnibus human services supplemental appropriations bill contains several provisions of note for cities regarding the regulation of congregate care facilities (group homes or assisted living facilities with six or fewer residents). The law includes notification requirements for newly licensed facilities so that cities can become and remain aware of licensed services operating within their community. The bill prohibits newly licensed facilities if the proposed setting shares a property or an adjoining property with an existing community residential setting. Finally, the bill allows the state to delegate property inspection authority to local governments, if the city or county requests it.

Elections
Chapter 102

The omnibus elections policy bill (Chapter 102) amends the requirements for the designation or notice that a full-time city clerk will administer absentee voting. The law requires that the municipality must determine whether the municipality's office will be designated to administer in-person absentee voting starting on the 46th day before the election or early voting starting on the 18th day before the election. The law includes language providing that for a municipality already designated to or that has already given notice of the intent to administer absentee voting, the municipality and county must come to an agreement by June 12, 2026, and notify the secretary of state whether the municipality will administer absentee voting for the 46 days or 18 days before election day in the 2026 state primary. This chapter also changes the requirements for when a local canvassing board must meet to give local jurisdictions the ability to meet as a canvassing board without having to schedule a special meeting.

Environment
Chapter 104 – Environment and Natural Resources Trust Fund
Budget Spreadsheet

The Environment and Natural Resources Trust Fund (ENRTF) is a constitutionally dedicated trust fund funded by proceeds from the Minnesota State Lottery. The bill includes most of the FY 2027 recommendations of the Legislative-Citizen Commission on Minnesota Resources (LCCMR). The bill includes new requirements of the LCCMR when approving expenditures from the ENRTF emerging issues account. Finally, the bill appropriates money ($28 million) and establishes requirements for the ENRTF community grant program. The program was established upon passage of the constitutional amendment passed in November of 2024 that renewed the dedication of net lottery proceeds to the ENRTF and increased the amount of money that may be appropriated from the fund by 1.5 percent for purposes of a new ENRTF community grant program.

SF 2077 – Outdoor Heritage Fund, Legacy, and Lands Bill
This legislation contains several identified projects to be funded out of the Outdoor Heritage Fund (as recommended by the Lessard-Sams Outdoor Heritage Council). Several of the funded projects are within the metropolitan region.

Health Occupations, Licensing and Scope of Practice (Massage Therapy)
HF 3825

Article 3 of HF 3825 establishes a statewide regulatory framework (via the MN Department of Health) for massage therapy and Asian bodywork. The article contains definitions for the kinds of treatments included in massage therapy and it outlines the responsibilities of MDH in this area which includes maintaining a record of names and addresses of registrants. This legislation requires applicants for registration to submit proof of their education and training before being registered by the state. This legislation includes several conditions in which individuals shall be denied their massage therapy registration (prior trafficking or sexual misconduct offenses, for example). The legislation also outlines how and when the department might take disciplinary action against registered individuals including fines and/or suspension of someone's registration.

HF 3825 does preempt local massage therapy ordinances (effective July 1, 2028) but does not limit a city's ability to require general business licenses or the ability of a city to conduct a criminal background check on any owners of massage therapy establishments who are not registered massage therapists. Finally, this legislation establishes a massage therapy advisory council to help inform the MDH as it implements these regulations.

Public Safety
Public Safety Policy
Chapter 97

The omnibus public safety policy chapter of law establishes a task force charged with evaluating what would be required to transition the Allied Radio Matrix for Emergency Response (ARMER) network to a statewide, state-funded framework (Art. 12, Sec. 12). It also contains provisions of note related to line-of-duty death benefits and whether cancer in public safety officers is presumed to be work-related (Art. 12, Sec. 2-Sec. 10). Chapter 97 also bans prediction markets (like Kalshi or Polymarket) in Minnesota, outlines requirements for removing equipment and insignia from law enforcement vehicles before they are sold to the public, stipulates that public employers may disqualify applicants whose criminal convictions are related to the position they are seeking.

Safety & Security / Public Safety Supplemental Appropriations
SF 3432
Budget Spreadsheet (Safety & Security)
Budget Spreadsheet (Supplemental Appropriations)

Ensuring the physical safety and security of legislators and the capitol complex was a priority of the legislature this year. SF 3432 contains supplemental appropriations for the Judicial Branch, Dept. of Public Safety, Attorney General, Dept. of Administration, and the Legislature. Many of these appropriations relate to enhanced security at and around the Capitol complex, the courts, and other public spaces. This package establishes a legislative services unit within Capitol Security/State Patrol to identify and respond to threats against legislators. The scope of this new unit extends beyond the capitol complex and may involve agreements with local law enforcement, if necessary, depending on where legislators are when threats occur. Art. 2, Sec. 10 discusses this interaction between the new unit and local law enforcement as well as which costs to local agencies may be eligible for reimbursement.

During the conference committee for the Safety & Security package, supplemental budget provisions from other bills were pulled in as part of the final agreement. One appropriation of note for cities is the additional $2 million for the Philando Castile Memorial Training Fund, which reimburses local law enforcement agencies for costs associated with state-mandated officer training in crisis response, conflict management, cultural diversity, and autism.

Impersonating a Peace Officer
Chapter 98

This chapter of law increases criminal penalties for impersonating a peace officer from a misdemeanor to a felony. Fines associated with this offense were also increased. This change comes as a direct result of the assassination of Former House Speaker Melissa Hortman and the attack on Sen. Hoffman last June.

Transportation
As part of the deal struck by legislative leaders, HF 719 (the general obligation capital investment bill) contains a one-time reduction in motor vehicle registration fees. Beginning in 2027, tab fee rates will be reduced to 2022 levels for one year. This reduction has a $254 million impact on the Highway User Tax Distribution Fund. This reduction is offset by a transfer from the general fund to hold MnDOT, cities, counties, and other recipients of HUTD funding harmless. See below for more information on transportation items that did not pass this session.

Other Items That Did NOT Pass:

Energy Efficiency Mandates
Legislation considered in the House (HF 3179) would have established statewide building energy performance standards for public and private buildings of a certain size with a goal of a 90 percent reduction in greenhouse gas emissions by 2045. The bill mandated cities make improvements to their buildings without adequate state funding to help facilitate that work. It also included financial penalties for failure to comply with the unfunded mandates. This bill did not advance out of committee.

Federal Impacts/Metro Surge
The legislature considered but did not pass bills that would provide funding to support both cities and small businesses impacted by federal immigration enforcement, and to fund a study to determine the economic impact from increased immigration enforcement in Minnesota.

Nondisclosure Agreements
The legislature considered but ultimately did not pass bills that would prohibit local governments from signing nondisclosure agreements that restricts a municipalities ability to disclose information about projects using public funding regarding data center development.

Open Meeting Law
Representative Jimmy Gordon recognized ambiguity in the law around broadcasting city meetings through social media. Much earlier into the legislative session, HF 3295 proposed that public bodies can livestream meetings without conflicting with current Open Meeting Law standards. Despite passing in the House 125-5, the Senate never heard the bill as it got stuck in committee. The author of the bill was hoping to resolve the ability or inability for public comments to be allowed on social media broadcasts.

Transportation
The legislature failed to pass an omnibus transportation bill this session, though there are several programs administered by MnDOT funded in the bonding bill, which also includes a temporary reduction in motor vehicle registration fees. The House Transportation committee never passed an omnibus bill, but the Senate committee did.

Some notable provisions in that Senate bill included:
- Allowing trunk highway funds to be used to relocate utilities, which was recommended by MnDOT's cost participation work group to help ease the burden on local agencies.
- Establishing a program at MnDOT to support improvements to commercial truck parking.
- Extending a previous trunk highway fund appropriation of $4.8 million for truck parking safety projects.
- Several regulations regarding e-bikes and e-motos. This topic was also considered in other standalone bills this session and will likely continue to be discussed/considered in future legislative sessions.
- Modifying the definition of killed in the line of duty for the purposes of the public safety officer and survivor benefit to include death resulting from exposure to certain diseases sustained in the line of duty. This change applies retroactively from February 1, 2020 (this was carried in a different bill this year).

With only a few minutes remaining in the legislative session there was an effort to pass a small transportation package off the Senate floor. The utility relocation allowance was among the included provisions. Ultimately, this was too late in the process to have any realistic chance of passing into law.

Bills to regulate autonomous vehicles and on-demand vehicle networks (such as Waymo) were considered in both bodies this year, but no bill was passed into law. Some of these proposals explicitly preempted local regulations or licensing, which Metro Cities and other local government partners opposed throughout the session.

Several hearings in the House transportation committee concerned the provision of transit in the metropolitan region. One bill (HF 4111), if passed, would have eliminated the suburban transit providers by consolidating all transit operations within Metro Transit. Another bill (HF 4449) would have incorporated new performance measures for ongoing transit planning, analysis, and evaluation. It also established a transit system investment framework to guide future projects by the Metropolitan Council. The broad goal of this bill was to better coordinate on the timing of transit and other road improvement projects on the same corridors to ensure roads are closed/under construction for as little time as possible. The bill, as introduced, created the potential for other unintended consequences and did not adequately include the input of cities and other local governments. Transit governance and system planning is a likely topic of conversation in the next legislative session.

Finally, there were no transit programs or projects included in the final capital investment package passed by the legislature.

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Thank you, Will!

Metro Cities would like to thank Will Sarkinen, who served as the association's government relations intern this session. Will, who recently graduated from Gustavus Adolphus College, enthusiastically and skillfully took on a wide range of tasks, including attending legislative hearings, scheduling and joining staff meetings with legislators, monitoring bills, several research projects and writing pieces for the newsletter. We wish Will every success in his professional endeavors!

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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