



2017 Legislative Session Begins

The 2017 legislative session got underway last Tuesday, January 3, in a newly renovated State Capitol that opened the same day. There are 44 new legislators (23-House, 21-Senate). Rep. Kurt Daudt was elected for a second term as Speaker and Senator Paul Gazelka was elected as Senate Majority Leader.

Republicans hold majorities in the House and Senate. In the Senate, there are 34 Republican and 33 DFL members. In the House, there are 76 Republican and 57 DFL members. There is a vacancy in House District 32-B due to the candidate for that seat determined to be ineligible to serve in the district. A special election will be held on February 14 to fill the vacancy.

House and Senate leaders have stated that tax relief, health care premium costs, funding for roads and bridges, streamlining government and regional governance will be priorities. Governor Dayton has stated his priorities are taxes, bonding, and health care premium relief. The Governor outlined bonding and tax recommendations last week and has called for a 25 percent reduction in health insurance premiums for more than 125,000 Minnesotans. Republican leaders announced a proposed \$300 million health care premium relief package and discussed tapping the state's budget reserve for this purpose. Rep. Daudt said he expected to pass a health premium relief bill off the floor next week.

Metro Cities' regular newsletter updates will include introduced bills of interest to metropolitan cities. Please see the end of this newsletter for this week's bills of note. Metro Cities' staff encourages city officials to be in touch with their local legislators on issues of particular local concern and interest. During the legislative session, please watch for regular newsletters as well as legislative alerts and other communications from Metro Cities.

House and Senate Committees

The committee rosters of the House and Senate standing committees have been approved by both bodies. The [House rosters by committee](#) can be accessed via the House website and [Senate rosters by committee](#) can be accessed via the Senate website. Senate Democrats argued about the proportionality of members by party during Thursday's floor session. With Republicans holding a single member 34-33 majority, Democrats advocated for similar partisan representation on committees. Efforts to change the makeup of committees were defeated on Thursday.

2017 Legislative Issues Preview

State Budget

A key responsibility for the Legislature will be to set the state's budget for the biennium that begins on July 1. The Legislature will use the February 2017 economic and budget forecast, which projects revenues and expenditures for the next biennium and beyond, in setting the budget. The November budget forecast predicted a state budget surplus of \$1.4 billion for 2018-19. The budgetary balance for 2016-17 is at \$677 million, after the required allocation to the state budget reserve of 33% of the November 2016 budget surplus of \$1 billion.

Transportation

The last few legislative sessions have produced transportation funding proposals, but no enacted comprehensive funding bill. It is likely the Governor's proposal will be similar to his previous proposals, and is likely to include new revenue for transit through an increase in the metro area sales tax and perhaps an increase in the gas tax or license tab fees, to fund roads and bridges. Last year, the House proposed using general fund dollars for transportation, largely for roads and bridges. Although the sources by which to fund transportation will likely be a continued point of contention, the Governor and legislative leaders have largely agreed on the need for additional investments. According to MnDOT, the state needs approximately \$16 billion over the next 20 years for transportation.

The potential dissolving of the Counties Transit Improvement Board (CTIB) is likely to influence legislative discussions on transit funding and policy this session. (See article on CTIB below).

Taxes

An omnibus tax bill has not been enacted since 2014. Special session negotiations over the fall included plans for the passage of a tax bill that largely mirrored the bill that passed the Legislature in the regular 2016 session, but a special session did not materialize. The 2016 regular session tax bill was vetoed by the Governor due to an error in the bill. Last Thursday, Governor Dayton outlined his recommendations for a bill. His proposal includes \$300 million in tax relief, and includes expanding the working family tax credit and child care credit as well as property tax reductions for farmers. His proposal also includes a \$30 million increase in LGA and CPA (Local Government Aid and County Program Aid). The House passed a federal conformity tax bill on Thursday of last week.

Metro Cities supports increasing LGA and will continue to advocate for streamlining the construction sales tax exemption process for cities, as well as supporting a clarification to state TIF laws so that pooling limits can be calculated on a cumulative basis, this session. Metro Cities will also continue to oppose levy limits and other restrictions on local budget decision making and reporting.

Pre-Emption

Metro Cities anticipates the Legislature will consider pre-emption bills that could have far reaching implications for cities' ability to enact local policies and ordinances. Metro Cities will closely monitor any legislative proposals on pre-emption, and advocate in support of local decision making authority.

Housing and Economic Development

Metro Cities will be advocating for funding restoration for the Minnesota Investment Fund (MIF) and Job Creation Fund (JCF) within the Department of Employment and Economic Development (DEED). Workforce training programs such as the Job Skills Partnership are likely to be considered by the House and Senate. Funds for new construction on affordable housing as well as preservation is a priority for Metro Cities.

Regional Governance

Metro Cities anticipates continued discussions on the governance of the Metropolitan Council. A new House committee titled Transportation Policy and Regional Governance, will be chaired by Rep. Linda Runbeck-Circle Pines. Last week legislation was introduced by Rep. Nash that provides staggered terms for Metropolitan Council members. Metro Cities supports staggered terms and enhancing transparency in the nominating process for selecting Council members. Bills have been proposed in recent sessions to restructure the Metropolitan Council to one made up of county and city officials. Metro Cities continues to oppose this governance model due to the incompatibilities of these offices.

Bonding

With no bonding bill passed in 2016, in an even-year session in which omnibus bonding bills are typically considered, it is anticipated that the Legislature will consider an omnibus bonding bill this year and legislators have expressed interest. Last week, Governor Dayton released recommendations for a \$1.5 billion proposal that includes funding for colleges and universities, water infrastructure, local roads and bridges and affordable housing. The Governor's bill includes \$5 million for funding for metropolitan area cities for inflow and infiltration (I&I) mitigation. This is a priority for Metro Cities and the organization has initiated and secured funding through the bonding bill for this purpose in past sessions.

A [spreadsheet and brief explanation, statewide map](#) and [factsheet](#) of the governor's recommendations can be found on Dayton's website.

Data Practices

This issue is likely to receive continued legislative attention this session. A bill proposed last week would require cities to retain electronic communications for 18 months. Metro Cities will be monitoring legislative activity on this issue, and working with the League of Minnesota Cities to respond to legislative proposals in this area.

Water

Governor Dayton has made clean water and sustainability a priority of his administration, and he will host a second water summit later this month. Metro Cities will be monitoring proposals in this area from both policy and funding perspectives.

CTIB Discusses Its Future

The Counties Transit Improvement Board (CTIB) held a special meeting on Dec. 21 to discuss fiscal data and potential implications under a voluntary dissolution of the CTIB, or a restructured CTIB with fewer participating counties. Board staff presented two possible scenarios to members. Proposals included information on funding of future of transit projects for which CTIB has made commitments and how operating costs might be funded into the future.

The first scenario outlined fiscal implications if the CTIB were to dissolve with respect to committed projects and future cost obligations. Current law allows counties that are not part of the CTIB to impose a ½ cent local sales tax for transportation purposes. By dissolving the CTIB, counties now in CTIB could impose this tax. (CTIB counties are authorized to levy a ¼ cent sales taxes). This scenario assumes the five CTIB counties would commit to funding outstanding debt and payment obligations for CTIB committed projects. It also presumes an agreement to allocate future capital and operating project costs to each county based on where individual projects are located.

This approach would require that each county approve an action for leaving CTIB and would require each county to provide the necessary revenue needed to fulfill its obligations. The second scenario discussed would be similar to the first, except that Washington County would remain in the CTIB, along with Metropolitan Council. The restructured CTIB would pay outstanding debt and obligations using sales tax being collected. The smaller CTIB would also pay grant obligations with funds remaining after debts are paid. Metro Cities will provide additional information once it is available.

Members discussed the possible effects of both scenarios on individual counties. No decisions were made at this meeting. The next meeting of the CTIB is on January 18 at which time it is expected the CTIB will make a decision about the future of the Board at this meeting. To view

documents from this meeting, click [here](#).

If you have any questions please contact Steve Huser at 651-215-4003, or by email at steven@metrocitiesmn.org

Interested in a Metro Cities Board Seat?

Due to electoral changes, Metro Cities has vacancies on its Board of Directors that will need to be filled by the Board. Members serve two, two-year terms. The board consists of 19 city officials, and is comprised of elected and appointed officials. The board is responsible for overseeing Metro Cities' budget, strategic and legislative priorities, and makes appointments to the Transportation Advisory Board (TAB), Technical Advisory Committee (TAC), Grant Evaluation and Ranking System (GEARS), and Geographic Information Systems (GIS) Boards. The board meets the third Thursday of each month.

Metro Cities' by-laws require that the slate of board members be balanced with regard to geography and population. Interested candidates are asked to provide a cover letter, resume and completed [application form](#) by Friday, January 27, 2017. Candidates may also provide letters of reference.

Applications should be submitted to Kim Ciarrocchi at kciarrocchi@metrocitiesmn.org. If you would like additional information, please call us at 651-215-4000.

Metro Cities Seeks Interested Candidates for a Transportation Advisory Board (TAB) Seat

Metro Cities is seeking interested candidates for an opening on the Transportation Advisory Board (TAB). Metro Cities has statutory appointing authority for making municipal appointments to the TAB. The TAB qualifies the region for federal transportation planning, operating and construction funds. The TAB is also an official participant in the region's 3C transportation planning process on issues that affect transportation planning and funding in the Twin Cities region.

Municipal appointees for the TAB must be elected officials. Metro Cities' guidelines place a priority on making the TAB balanced with respect to city size and geography. The Metro Cities Board also gives preference to those who agree to serve on Metro Cities Transportation Policy Committee, and preference to persons from a city not represented on the Metro Cities Board. The board seeks candidates who will be committed to strong attendance at meetings.

Interested candidates for the TAB should fill out the questionnaire [here](#), submit a letter of interest and resume to Kim Ciarrocchi at kciarrocchi@metrocitiesmn.org or by mail to Metro Cities at 145 University Avenue, St. Paul, MN 55103. The deadline for applications is Friday, January 27, 2017. If you have any questions please contact Steve Huser at 651-215-4003, or by email at steven@metrocitiesmn.org

Met Council Posts Slides, Presentations from December PlanIt Conference

The Metropolitan Council website now has [links to the slideshows](#) that were presented at December's PlanIt Conference on local comprehensive plan updates. The event, for city officials and planning professionals, included a series of topic-specific sessions relating to the comp plan updates. Comp plan updates are due at the end of 2018.

EVENT: Register for MHFA 4% Tax Credit Session

Minnesota Housing's proposed changes to its 4% tax credit proposal will be explained at a local stakeholder session this week. The discussion on tax exempt bonds and tax credits is being hosted by the Family Housing Fund and ULI Minnesota.

Thursday, January 12
9:30 – 11:00 am
City of St. Louis Park City Hall
5005 Minnetonka Blvd.
St. Louis Park, MN 55416

Registration information can be [found here](#).

EVENT: Register for Transit Oriented Development in Your Comp Plan – Met Council PlanIt Training

The Council will host an upcoming workshop on Transit Oriented Development in your Comp Plan. The event includes a facilitated panel of local planners and Metropolitan Council staff.

Thursday, January 26
8:30 – 10:30 am
Rehearsal Hall
Bloomington Civic Plaza
1800 W. Old Shakopee Road
Bloomington, MN 55431

More [information on the workshop](#) and [registration](#) information are on the Council's website.

Bills of Note

[H.F. 3](#), Bill authorizes implementation of requirements of the federal REAL ID Act; and makes changes to driver's licenses and Minnesota identification cards.

[H.F. 7](#), Provides staggered terms of Metropolitan Council members.

[H.F. 12](#), Modifies the state general levy base, provides market value exclusions.

[H.F. 26](#), Bill requires law enforcement agencies to comply with federal immigration detainers.

[H.F. 30](#), Permits off-sale intoxicating liquor sales on Sunday.

[H.F. 31](#), Bill authorizes municipalities to allow off-sale liquor sales on Sundays.

[H.F. 59](#), Bill establishes training for peace officers in de-escalation techniques.

[H.F. 61](#), Requires counties and cities to have written procedures that are available to the public and to provide notice of availability to the public.

[H.F. 70](#), Bill creates new data retention requirements to be implemented by local governments for electronic communications.

[H.F. 80](#), Would dedicate a portion of LGA (Local Government Aid) to cities for housing.

[S.F. 2](#), Bill is a vehicle for the Omnibus Transportation Bill.

[S.F. 18](#), Bill appropriates \$5 million for inflow and infiltration reduction programs.

Metro Cities News is emailed periodically to all Metro Cities member mayors, councilmembers, city managers and administrators to keep officials abreast of important metro city issues. This information is also intended to be shared with city staff.

If you'd like to sign up to receive Metro Cities News, please email newsletter@metrocitiesmn.org and provide the following: Name, Title, Employer and Email address. Thank you.

Metro Cities 145 University Ave W., St. Paul, MN 55103-2044 Phone 651-215-4000 Fax 651-281-1299
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