



Legislative Update

Metro Cities is providing this mid-week legislative update as the 2017 legislative session moves to its May 22nd deadline for adjournment. Metro Cities will provide further updates in a Friday newsletter and in action alerts as necessary.

Governor Dayton and legislative leaders are meeting this week and exchanging budget offers. Leaders have also agreed on the budget for one bill, Agriculture Finance. The Governor, as promised, vetoed the tax and budget bills as they were received. The next several days are likely to be marked by fits and starts of activity, long floor sessions, continued negotiations, and potential conference committee meetings depending on how budget negotiations progress as the mandated session adjournment date draws near.

A look at legislative history shows that the Legislature conducted seven special sessions between 2005-15.

Copies of veto letters are attached [HERE](#). Tax, transportation and jobs bills are Chapters 66, 62 and 64 respectively.

The veto letters detail the provisions in bills that are objectionable to the Governor. The Governor has repeatedly stated his objections to numerous policy provisions contained in the budget bills, as well as spending levels and priorities in bills.

Small Cell Wireless Bill: ALERT

An amended version of the small cell wireless bill will receive a hearing TODAY. This bill received legislative consideration this year but was not included in the omnibus Jobs bill. Proponents for a bill however have continued to push a case for it and at the request of legislators, city representatives from the LMC as well as city staff have participated in discussions and negotiations with proponents to determine potential areas for agreement. While agreement has been found on some items, major areas of disagreement remain. On Friday, Metro Cities learned that a 'delete all' amendment to the bill would be heard; it is scheduled this afternoon in the House Job Growth and Energy Affordability Policy and Finance Committee.

Metro Cities, like the LMC, will oppose the bill in committee today. Our opposition stems from key premises in the bill that will allow for the subsidy of a private industry by local taxpayers and allow one industry to receive different treatment with respect to right-of-way use by local units of government.

Metro Cities is sending an action alert on this bill to city officials who are represented by legislators on the Jobs committee, and continues to strongly urge local officials to contact their legislators in opposition to this bill. It is not yet clear what action the Senate may take with this bill. Stay tuned for additional updates and alerts.

Tax Bill

Governor Dayton vetoed the tax bill (HF 4) this week, as expected. His veto letter noted concerns with the size of the bill at \$1.1 billion, opposition to some types of tax relief provisions, and other

items. The Governor also noted his opposition to the level of aid to local governments in the bill, and provisions that restrict local decision making (including provisions that prohibit local governments from imposing merchant bag bans, prohibiting local spending for zip rail, and reducing LGA for cities that allow defendants to enter diversion programs). Recent exchanged budget offers between legislative leaders and the Governor show movement but not agreement. The Governor's original tax spending target was \$191.7 million. His most recent offer was for a \$400 million tax bill. An offer by legislative leaders calls for an \$875 million bill.

Jobs Bill

The omnibus jobs and housing finance bill, SF 1937, was vetoed by Governor Dayton Monday. The bill, which passed the Senate 34-30 and House 75-54, includes funding for several Metro Cities priorities, including funding for the Minnesota Investment Fund, Job Creation Fund, workforce development and housing. In his veto letter, Governor Dayton noted lower funding levels than he proposed for MIF and JCF as well as lower funding for broadband.

The veto letter lists a desire for more funding for employment opportunities for people with disabilities, a program for highly mobile students, and efforts to combat wage theft. Dayton also noted opposition to several policy provisions, including pre-empting local government authority to regulate plastic, paper, or reusable bags; a legislative approval requirement of a proposed rule if it will increase the cost of residential construction by \$1,000 or more per unit; and several energy provisions in the bill.

Transportation Bill

The Senate passed [HF 861](#), the transportation omnibus bill, on Monday and Governor Dayton vetoed the bill later that day. In his veto letter, the Governor described the amount of funding in the bill for roads, bridges, and transit as "disheartening and wholly inadequate". The Governor is no longer pushing for an increase to the gas tax, but stated in his letter that he would insist on constitutionally dedicated sources of revenue as a part of a transportation bill. Any bill that does not fully fund Metro Transit will also be unacceptable to the Governor. His veto letter states that an agreement must include \$85 million of funding for Metro Transit. The bill contained \$50 million. The Governor also opposes several policy changes, including changes to the governance structure of the Metropolitan Council, \$7 million cap on the local bridge program, increasing the portion of MVST revenue to opt-out bus service, prohibiting the Metropolitan Council from issuing certificates of participation for transit capital, eliminating the 50% state share of operating costs for light rail lines not in operation and allowing an administrative law judge to question the reasonableness of a metropolitan system plan if challenged by a municipality.

Interim Ordinance Bill Vetoed by Governor

[HF 330](#), was vetoed by Governor Dayton this week. The bill required a two-thirds vote of members present at the city council meeting to pass an interim ordinance related to housing activity. Prior to enacting the ordinance, a city would have had to hold a public hearing and notice must be provided three days prior to the hearing. A similar interim ordinance provision was included in the Omnibus Jobs bill that was also vetoed. In his veto letter, the Governor noted that the bill presented an unnecessary exception to the general requirement for a majority vote.

House Proposes Larger, \$800 Million Capital Investment Bill

The House Ways and Means Committee on Tuesday passed an amended budget resolution to accommodate an \$800 million bonding bill, passed the \$800 million bill and sent it to the General Register (floor). The bill includes \$3.7 million for inflow-infiltration mitigation for metro communities (a Metro Cities' initiative), \$10 million for public housing rehabilitation and \$55 million in housing

infrastructure/appropriation bonds. Housing infrastructure bonds are issued as awards by Minnesota Housing for a range of housing projects on a competitive statewide basis and can be used for multifamily and single family housing as well as new construction and preservation of privately owned housing. The Senate earlier passed a \$1.6 billion capital investment bill. The Governor's most recent offer would provide for a \$1 billion bill. The House's \$800 million capital investment bill was increased from a previous \$600 million capital investment proposal.

Stay tuned for additional updates in our Friday newsletter.

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.

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