



Legislative Update

This week will bring a high degree of legislative activity as the Legislature moves toward its second policy committee deadline this Friday, March 17, following the first deadline last Friday. Several bills have been introduced and are being heard that affect local control and decision making authority on several policy fronts. Metro Cities' policies support local decision making authority and the organization has and will continue to provide testimony on bills and initiatives this session that would affect local control.

See below for legislative updates on specific issues and bills.

Bill Requires Housing-Related Rulemaking to Receive Legislative Review

A proposal that would allow the legislature to review and approve any rule that may increase the cost of a housing unit received House and Senate hearings last week. [SF 745/](#)HF 1001 is a proposal supported by the Builders Association of the Twin Cities.

The legislation requires an agency to determine if a proposed rule will increase the cost of residential construction or remodeling by \$1,000 or more per unit. The initial determination of a rule's impact on these costs is made by the agency and would be forwarded to the legislature. A legislative committee may then vote to advise the agency that the rule should not be adopted as proposed. If this vote occurs, the rule could not be adopted unless approved by law. Advocates argued new rules raise the cost of new housing units and that this review could help with future housing affordability. Some legislators questioned the \$1,000 threshold, noting that cost level may trigger a legislative review of many rules. There was concern expressed that review and non-adoption of future rules could preempt the health and safety concerns that would be addressed by rules.

Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Local Government Aid Bills Heard

The House Property Tax Division heard several bills related to Local Government Aid Program and distribution (LGA) today, including bills to increase LGA as well as several bills introduced by Property Tax Division Chair Draskowski that would reduce LGA for cities due to various criteria, including eliminating aid for cities defined as a 'sanctuary' city, reducing aid for cities or towns making a payment to a world fair, and reducing aid for the amount of lobbying expenditures paid by a city. Metro Cities' policies support increases to LGA, and oppose reducing LGA for criteria established under these bills that have no nexus to the LGA formula or distribution and staff provided testimony on Monday. Metro Cities would like to thank Saint Anthony Village Mayor Jerry Faust for his testimony. The bills proposing to reduce LGA for these purposes currently have no Senate companion.

SAC Outdoor Seating Bill Heard

Legislation that would exempt outdoor restaurant seating from the Sewer Availability Charge (SAC) was heard in the House Transportation and Regional Governance Policy Committee last week. The bill is similar to one considered last year that resulted in a task force of city and business officials, along with Met Council Environment Services (MCES) staff and chaired by Met Council Chair Wendy Wulff to consider the issue of SAC for outdoor seating. The task force is still meeting, but the recommendation of the task force was to maintain the 75 percent discount currently allowed for outdoor seating. The task force did not recommend a full exemption. The task force is also considering potential policy changes related to how SAC is calculated in the interest of simplifying the SAC charge. Metro Cities spoke to the organization's policy on SAC that opposes subsidizing particular uses and testified in support of an amendment to the bill to further study the issue of SAC for small businesses.

Minnesota Housing's Challenge Fund Appropriation Debated

The Senate Housing Finance committee discussed two bills related to Minnesota Housing's Challenge Program last week. SF 908 (Westrom) would authorize a \$6.6 million carveout from the Challenge Fund for market rate workforce housing in greater Minnesota. Metro Cities testified against the geographic designation in the bill, arguing that flexibility of the statewide Challenge Program allows Minnesota Housing to support multifamily and single family affordable projects in all areas of the state. The House companion is scheduled to be heard later this week. SF 1540 (Abeler) would increase the appropriation for the Challenge Fund, which has supported a range of housing projects in the metro region. The bill would also fund homeownership counseling, home ownership assistance and family homeless prevention and assistance. Metro Cities testified in support of the bill.

The newly authorized Workforce and Affordable Homeownership Development Program, SF 1497 (Westrom), was also heard. The bill clarifies city eligibility for the program and provides funding for workforce homeownership across the state, which Metro Cities supports.

All the bills were laid over by the committee for possible inclusion in a housing omnibus finance bill. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Metropolitan Governance Bills Heard

Bills to make up the Metropolitan Council of all local officials, to expand the Council from 17 to 27 members, and would eliminate the Transportation Advisory Board (TAB), were heard in the Senate Local Government Committee (SF 1490-Osmek) and House Government Operations Committee (HF 1866-Albright) respectively last Tuesday evening.

Metro Cities, along with the Citizens League and American Planning Association - MN Chapter, provided testimony in opposition to the bills, and supported policy positions for staggered terms and improvements to the selection process for Met Council members. SF 1490 was passed to the Senate Transportation Committee, and HF 1866 was passed to the House Transportation Finance Committee. Amendments proposed to HF 1866 that would have provided for staggered terms, and a study of the Metropolitan Council, were defeated. Discussion by legislators opposed to the bills pointed to the incompatibilities of the offices and high potential for conflicts for local officials in serving both roles. Bills in both committees were adopted on party line votes.

Senate Omnibus Capital Investment Bill Passed to Floor

The Senate omnibus capital investment bill passed the Finance committee last week and now awaits action by the full Senate. [SF 210](#) (Senjem) is essentially the bill that was considered on the last night of the 2016 legislative session. The bill includes a range of projects and funds Metro Cities' inflow and infiltration mitigation initiative for \$2.5 million. The bill also contains \$45 million for housing. A [bill spreadsheet](#) can be found on the Senate website. The House has not yet passed an omnibus capital investment bill.

Emerald Ash Border/Shade Tree Bills Heard

Three bills related to managing the effects of the Emerald Ash Borer (EAB) were heard in the House last week. The bills, [HF 2031](#) (Pierson), [HF 2032](#) (Pierson), and [HF 1621](#) (Hanson), were heard in the House Agriculture Finance Committee. HF 2031 allocates a \$10 million capital appropriation to cities for the removal and replacement of shade trees that are damaged or lost to pest or disease. HF 2032 allocates \$5 million from the general fund for the removal and replacement of shade trees damaged or lost to pest or disease. This bill was passed and moved to the Capital Investment Committee. HF 1621 would allocate money from the general fund to the Department of Agriculture for treating and eradicating plant pests, including EAB. The bill includes an unspecified appropriation amount, but it is Rep. Hansen's preference for the amount to be \$2 million per year. Both HF 2032 and HF 1621 were laid over for possible inclusion in an agriculture omnibus finance bill. A Senate companion to HF 2032, [SF 1688](#), was heard in the Senate Agriculture Finance committee today and was held over for possible inclusion in an omnibus finance bill.

CTIB Passes Resolution to Dissolve

The Counties Transit Improvement Board (CTIB) held a special meeting last Wednesday to finalize details of a resolution to dissolve and take a formal vote of the Board on that resolution. The resolution was passed, with Dakota County as the lone dissenting vote. The assumption of the passed resolution is that all five counties would agree to the terms of the resolution and pass subsequent county resolutions to put the agreement into effect. CTIB will hold its regularly scheduled meeting on Wednesday, March 15.

Storm Water Reuse Bills Heard

A bill that would remove a need for a permit to construct storm water reuse projects was heard in committees in the House and Senate. [HF 2028](#) (Fischer) and [SF 1731](#) (Ruud) would allow for the construction of storm water management facilities that use storm water for irrigation or other purposes without the need for a permit from the Department of Natural Resources. Under current law, this is the only type of storm water management facility that requires a permit from the DNR. HF 2028 was laid over in the Environment and Natural Resources Committee for possible inclusion in an omnibus bill. SF 1731 was heard in Environment and Natural Resources Committee and was also laid over possible inclusion in an omnibus bill. Metro Cities supports this legislation.

Transit Bills Heard

Several bills related to transit in the metropolitan area were heard in House and Senate committees last week. [HF 1990](#) (Albright) was heard in the House Transportation and Regional Governance Policy committee. This bill proposes an increase to the proportion of state funding

designated for suburban transit providers. This bill was laid over for possible inclusion in an omnibus bill.

[HF 1480](#) (Runbeck) was heard in the House Transportation and Regional Governance Policy committee. As amended, the bill would direct the Met Council to implement fare increases, limit the LRT and commuter rail operating budget to 25 percent or less of the overall transportation budget of Met Council, and would prohibit use of state funds for transit operating costs for light rail projects, such as SWLRT, that have not been specifically approved or received capital funding from the state. HF 1480 was passed and referred to the Transportation Finance committee.

[HF 2058](#) (Nash) passed out of three committees and has moved to the House Floor. This bill stipulates that in addition to compensation paid to property owners for acquiring property for light rail or bus rapid transit projects, the Met Council would also be subject to paying attorneys' fees related to appraisals, challenges to public use for the taking of property, compensation for loss of going concern, and relocation benefits.

[HF 2000](#) (Hertaus) was passed out of the Transportation and Governance Policy committee and was referred to the Government Operations and Elections Committee. This bill would move the long-term transportation planning responsibilities for the region from the Met Council to MnDOT. The bill also replaces the Met Council with the Transportation Advisory Board as the Metropolitan Planning Organization (MPO) for the region.

[SF 150](#) (Osmek) was passed out of the Transportation Policy and Finance committee and was referred to the Finance committee. This bill prohibits local governments in the metro area, including municipalities, as well as the Met Council, from spending money to study, plan, design, or construct light rail projects that have not received approval from the legislature. Metro Cities is opposed to this legislation, as it limits to the ability of municipalities to make funding and planning decisions related to local projects. Metro Cities staff, as well as Edina Mayor Jim Hovland, testified against this bill in the Senate Local Government Committee last week.

[SF 1769](#) (Osmek) was heard in the Transportation committee and was laid over for possible inclusion in an omnibus bill. Under current law, the state is obligated to pay for a share of a light rail transit line operating costs. This bill would prohibit the state from paying any operating costs for a light rail line that does not have explicit support from the legislature. The Met Council opposed this bill and is concerned that if it were to become law, federal funding commitments for the SWLRT project would be in jeopardy.

[HF 1745](#) (Koznick) was heard in the House Transportation and Regional Governance Policy committee and the Government Operations committee. This bill would create a Metro Mobility task force for potential legislative action in the 2018 session. The State Auditor is also likely to review Metro Mobility services and funding.

Livable Communities Work Group Informs 2017 Fund Distribution Plan

The Metropolitan Council convened a work group of city officials in February to examine aspects of the Livable Communities program. Metro Cities suggested city officials for participation in the group and participated in this work. Council staff identified six areas for review and feedback which will be incorporated into the 2017 Fund Distribution Plan (FDP).

The Livable Communities program includes the Tax Base Revitalization Account, Livable Communities Demonstration Account, and Transit Oriented Development and the Local Housing Incentives. Currently, 95 cities in the metro participate in the Livable Communities program and are eligible to submit applications and receive awards following a competitive review process.

The work group discussed six issue areas identified by Council staff and the Livable Communities Advisory Council, to determine whether they should be continued or modified. The six issue areas and recommendations were:

Tax Base Revitalization Account pilot program - offers \$1 million per year for investigation or cleanup of land to encourage job growth in areas of concentrated poverty. The Met Council will continue this pilot program, add flexibility to the geographic areas covered in the program, allow for investigation but not cleanup (cleanup funds will remain available through other existing LCA cleanup funds), require a 25 percent funding match, and add housing along with jobs as a potential future use.

Tax Base Revitalization Account Area-Wide investigation program. The program will continue with a site-specific approach with a maximum investigation grant amount of \$50,000 per application.

Livable Communities Demonstration Account TOD Pre-Development - grants are offered twice each year with \$250,000 available each cycle. The program will continue on the current semiannual cycle, however, the Met Council will explore a rolling application schedule in 2018 per cities' request.

Site acquisition for LCDA and LCDA-TOD grants. Site Acquisition will be eligible after the date of grant award for affordable housing, mixed-income housing, or market-rate housing in Areas of Concentrated Poverty; and for commercial/industrial or market-rate housing outside Areas of Concentrated Poverty.

Holding costs for LCDA and LCDA-TOD grants. The Council will not be recommending any changes.

Award Limits - currently \$2 million per city (3 applications per city) for LCDA-TOD and the LCDA 40/60 awards split between Minneapolis/St. Paul and suburban LCA communities. The Council will not be recommending any changes.

The work group also recommended the Met Council expand outreach and notification of program criteria and grant opportunities to local communities. Council staff noted undersubscription to several of the programs and city officials said increased awareness across the region could spur additional applications for the full range of LCA programs.

The 2017 Fund Distribution Plan will be discussed by the Community Development Committee on March 20 and the full Council on March 22. The work group will reconvene in June to fully review the entire Livable Communities Act program. While the spring work group convened in response to the six Council-identified topics identified above, Metro Cities policies support a comprehensive review of the LCA program and the Met Council has agreed to convene additional meetings this summer. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitysmn.org with any questions.

Introduced Bills of Note: Week of March 6-10

[H. F. 2107](#), Bill calls for aid reductions for cities imposing labor regulations.

[HF 2110](#) – Establishes an energy sector jobs initiative focusing on maximizing job opportunities in the energy sector.

[HF 2112/SF 1789](#) – Changes the state's housing project bonding authority allocations.

[HF 2134/SF 2063](#) – Creates the Minnesota Research and Development Authority which will administer a strategic research and development enhancement and investment program to

maximize the economic growth of the state and create and retain jobs in key sectors of the state's economic and industrial base.

[H. F. 2171](#), Bill limits the circumstances under which units of government are allowed to allocate money for certain passenger rail projects.

[H. F. 2173](#), Bill establishes a legislative commission to carry out and report on reverse commuting transit studies.

[H. F. 2185](#), Bill prohibits state funding for light rail operating costs on new or expanded light rail lines

[H. F. 2187](#), Bill reduces aids to local governments, including cities, based on their expenditures for lobbying or association dues.

[H. F. 2229/H. F. 2230](#), Bill limits the liability for collocated light rail transit and freight rail lines.

[H. F. 2253](#), Bill establishes a regional minimum wage for the Metro Area of \$15 and hour by 2020.

[HF 2303](#) – Authorizes housing infrastructure bonds to be used for permanent supportive housing for people with behavioral health needs.

[H. F. 2316](#), Bill appropriates \$60 million for the Corridors of Commerce program, \$50 million for the Small Cities account and \$1.6 billion bonds to the Corridors of Commerce program allocated in \$200 million increments through 2025.

[S.F. 1755](#): Bill restricts cities to only implement organized collection of solid waste to using collectors currently operating in the city.

[S.F. 1912](#): Bill provides for \$25 million per year to the Small Cities account from the general fund.

[S.F. 1753](#), Establishes an active transportation program to support bicycle, pedestrian, and other nonmotorized transportation activities, allocates certain general sales tax revenue.

[S.F. 1755](#), Modifies requirements for establishing organized collection of solid waste.

[S.F. 1769](#), Governs the light rail transit operating costs.

[S.F. 1775](#), Allows voter electronic signatures for purposes of electronic rosters.

[H. F. 2088](#), Bill dedicates 75% of the tax receipts from the solid waste management tax to the Environmental Fund.

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