



## Legislative Update

This week, the House and Senate released agreed-to provisions for several omnibus bills in conference committees, using the joint budget targets agreed to last week. The intent in expediting these bills was to have House and Senate agreement on bills as three way negotiations begin. Prior to the released bills and joint budget numbers, most conference committees had done walk throughs of the Senate and House 'side by side' comparisons and adopted some bill provisions. Legislators met to negotiate bill provisions over the last weekend but did not meet in conference committees before releasing agreed-to omnibus bills in committees this week. Conference committee bills are largely still in conference committees, with the bills adopted and set aside, rather than processing actual conference reports. Below are updates on bills and items of concern and interest to Metro Cities.

Legislative leaders have been meeting with Governor Dayton this week. The Governor, via press conferences this week, said he does not approve of the excessive level of policy provisions (609 policies) within the budget bills. The Governor stated that he will veto any bill that includes Met Council governance and CTIB (Counties Transit Improvement Board) provisions, and won't begin negotiations on the transportation bill until those sections are removed. In a subsequent press conference, Senate Majority Leader Paul Gazelka said that leaders are asking for three-way targets from the Governor and noted it may be difficult to remove some policy provisions from bills, but they hope that they can come to agreements. House and Senate minority leaders responded with concerns about several bills, including transit reductions, and provisions that strip away local control.

Many of the bills have implications for cities. Metro Cities encourages city officials to contact their legislators and House and Senate leadership and tell them how funding levels and specific policies still being considered will impact their cities and communities.

Legislators are meeting this afternoon, and will meet again on Saturday. Stay tuned for further updates.

## Conference Committee Updates

### Transportation

**Conferees:** Sen Newman, Sen Jasinski, Sen Kiffmeyer, Sen Osmeck, Sen Sparks, Rep Torkelson, Rep Petersburg, Rep How, Rep Runbeck, Rep Koznick

On Monday, the [HF 861](#) Omnibus Transportation Conference Committee adopted its agreed-to bill.

The proposed bill spends \$372 million above current spending levels for the biennium. \$320 million of this spending comes from dedicating most of the sales tax proceeds on auto parts, auto rentals, and motor vehicle lease taxes. The bill includes \$600 million in Trunk Highway Bonding, with \$300 million going to state road construction and \$300 million allocated for the Corridors of Commerce program. The Governor's budget recommends \$600 million for transportation to be funded through a 6.5 percent increase in the gas tax and increase in vehicle registration fees. His budget also calls for \$2 billion in Trunk Highway Bonds over 10 years. A MnDOT report has identified a statewide need of \$600 million per year level of funding to meet the projected road and

bridge needs of the state.

The conference committee bill also increases Municipal State Aid (MSA) funding by \$23.4 million in the biennium. This increase comes from the statutory dedication of auto parts and rental sales tax. The Governor's budget recommends an increase of \$166 million over the biennium and funds this increase with a 6.5 percent increase in the gas tax.

A one-time appropriation of \$20 million is allocated to the Small Cities street funding account. This agreement does not include the creation of or funding for a large cities account for cities over 5,000 in population that is supported by Metro Cities and the LMC. Metro Cities supports a proposal that would fund both the Small Cities Account and a Large Cities account with a \$10 surcharge on license tab fees and vehicle transfer fees. This would generate \$57 million of ongoing, sustainable funding for both accounts.

The bill proposes to fund Metro Transit with a base appropriation of \$179.6 million, with an additional \$30 million to partially offset a projected transit operating deficit of \$74 million. The Metropolitan Council has stated that this approach leaves a \$35 million transit deficit and would mean a 10 percent cut to bus routes operated by Metro Transit. The Governor's plan calls for a half-cent metro-area sales tax to fund transit. A metro sales tax at this rate would generate \$400 million and would fund transit operating costs currently funded by the state's general fund. The proposal would also allow for a 27 percent expansion of the bus system. Metro Cities policies support the funding and strategic expansion of the region's transit system.

### Regional Governance

The House and Senate proposal would also make several policy changes that are opposed by Metro Cities. The bill would restructure the Metropolitan Council to make it up of local officials and increase the size of the Council to 27 members. The bill also eliminates the Transportation Advisory Board (TAB).

The legislation would prohibit cities from contributing funds to a light rail project that has not received legislative approval, also opposed by Metro Cities. The Counties Transit Improvement Board (CTIB), including GEARS, would be dissolved by this amendment. Metro area counties who had been members of CTIB would not be allowed to implement the half-percent local option sales tax, authorized under current law, for transportation without a voter referendum. All other counties in the state can raise this funding by a vote of the county board.

Member cities are encouraged to tell their legislators that a successful transportation agreement will be a long-term, sustainably funded, comprehensive solution to the region and state's transportation needs. A successful transportation agreement must:

- include ongoing funding for the Small and Large City Accounts
- include an increase to the MSA formula
- address the transit operating and system expansion needs of the region
- not contain regional governance provisions or provisions eliminating local control and decision making

### Taxes

**Conferees:** Sen Chamberlain, Sen Miller, Sen Rest, Sen Dahms, Sen Senjem, Rep Davids, Rep Hertaus, Rep McDonald, Rep Draskowski, Rep Marquart

The Taxes Conference Committee met on Monday to review the House-Senate tax bill agreement. The following provisions are in the bill:

- construction sales tax exemption provision (support)

- LGA increase of \$6 million, one time (support increases, would prefer any increase be permanent)
- Reducing LGA for participation in unauthorized diversion programs (oppose reductions to LGA based on factors with no nexus to the formula)
- TIF technical provisions (support)
- levy certification date change for special districts to September 30 (support)
- reverse referendum provision for leased buildings (oppose)

The bill does not contain proposed House language requiring reverse referendums for local levies and franchise fees (Metro Cities opposes these provisions). The bill also does not provide for direct property tax relief program increases that are supported by Metro Cities. A House provision to reduce LGA for the city of Minneapolis was not included in the final bill (Metro Cities opposed this provision). A provision to reduce LGA for costs associated with participation in a World's Fair were also not included (Metro Cities opposed this provision).

### State Government

**Conferees:** Sen Kiffmeyer (Chair), Sen Anderson, B., Sen Hall, Sen Koran, Sen Laine, Rep Anderson, S. (House Chair), Rep Dettmer, Rep Fenton, Rep Nash, Rep O'Driscoll

The State Government finance conference committee met Tuesday to review the House-Senate omnibus bills agreement. The bill requires the Office of the Legislative Auditor to perform a transit financial activity review of Metro Transit financial information. It also provides certain local governments additional long-term investment authority. The bill also would allow the legislature to review any rule that would have the impact of increasing the cost of a residential unit by \$1,000 or more. That provision is also included the jobs bill. Metro Cities supports the investment authority provision.

### Jobs Bill Conference Committee (SF 1937)

**Conferees:** Sen Miller, Sen Osmeck, Sen Dahms, Sen Anderson P., Sen Champion, Rep Garafalo, Rep Newberger, Rep Hoppe, Rep O'Neill, Rep Mahoney

The jobs and housing conference committee met Monday to review a [proposed bill](#) agreed to by House and Senate conferees. The bill includes \$24 million for the Minnesota Investment Fund, \$15 million for the Job Creation Fund, \$15 million for broadband grants and \$26 million for the Minnesota Housing Challenge Program. The spreadsheet can be [found here](#). The bill includes funding for a number of workforce development programs including the Job Skills Partnership. It does not include any funding for the Redevelopment Grant Program, which was included in the Senate bill at \$3 million.

The bill includes a prohibition on local governments enacting ordinances related to consumer bags. This provision contradicts Metro Cities' policy supporting allowing municipalities to decide their own local ordinances. It would also have the effect of nullifying ordinances that have already been enacted by cities. Metro Cities opposes language in the bill that would require local housing goals to be approved by the Legislature, goals that are currently negotiated locally with the Met Council.

### **Business Notice Bill Passes in House**

A bill that requires cities to post changes to ordinances 10 days in advance of a hearing was passed by the House. [HF 1242](#) requires that cities proposing to change an ordinance or amend an ordinance must post notice of the change 10 days prior to when the ordinance is first discussed. Notices can be posted electronically or in locations where other notices are posted. A city must also send electronic notification to anyone who has signed up for notification. Cities must

also notify people of the electronic notification process when they apply for a new business license or license renewal. The bill passed on a vote of 87-44.

## **House Passes Awards and National Night Out Bills**

A bill that would increase the amount cities can spend on awards was passed by the House on Monday. [SF 1020](#) eliminates the current \$800 cap on awards purchased by local units of government. The bill passed on a vote of 98-32.

The House also passed [SF 870](#). This bill allows cities to spend funds on National Night Out activities as well as other events that help to foster positive relationships with law enforcement. It also allows cities to solicit for contributions for these events. The bill passed 131-1.

## **House Releases Bonding Bill**

The House Capital Investment committee met Wednesday to review a [\\$600 million bonding bill](#) that was released earlier this week. The bill includes \$3.739 million for inflow and infiltration mitigation, \$7 million for the Transportation Economic Development program and \$10 million for public housing rehabilitation. The bill also authorizes \$20 million for housing infrastructure bonds which can be used to support new affordable housing development. Democrats on the committee objected to the size of the bill and proposed three dozen amendments for a range of projects across the state. None of the amendments were adopted, with the chair noting the bill will likely increase in size before the end of session.

The committee adopted the bill and it will next be heard in the Ways and Means committee. A Senate bonding bill, which largely mirrors last year's \$1 billion bill, awaits action on the Senate floor.

## **Fire Sprinkler Legislation Signed Into Law**

Governor Dayton signed a [bill into law](#) Tuesday that would not require one- and two-family dwellings and two-unit townhouses to have installed automatic fire sprinkler systems. The law, Chapter 20, requires the commissioner of Labor and Industry to amend the construction code outside the regular process. Metro Cities supports efforts to increase awareness of the potential impacts and benefits of requiring sprinklers in new homes and townhouses and supports discussion and the dissemination of information around these impacts via the code adoption process through the Department of Labor and Industry.

## **Bill Introductions**

[HF 2646](#)/SF 2361, Modifies the soil and water conservation district provisions, authorizes tax levies for and charges by soil and water conservation districts.

[HF 2628](#)/ SF 2372 (Rep Koznick /Sen Chamberlain) Amends certain local option transportation sales taxes, limits authority to impose a sales tax, allocates and limits use of funds, requires a referendum under certain circumstances.

[HF 2637](#) Provides for the disposition of abandoned pipelines, requires filing of a pipeline abandonment plan and its approval by the commissioner of public safety.

[HF 2638](#) Authorizes local governments to maintain roads owned by common interest ownership associations provided the association pays the costs of the maintenance, provides a property tax credit for properties in certain common interest ownership associations.

[HF 2642](#), Requires telecommunications and Internet service providers to reimburse consumers for distributing consumer information obtained from the Internet, requires the PUC to establish the level of reimbursement.

[H. F. 2628](#), Bill would dissolve CTIB and GEARS. Those counties who are currently members of CTIB would have to pass local option sales tax through a referendum. All other counties in the

state are allowed to pass this tax by a vote of the county board.

[H. F. 2638](#), Bill authorizes local governments to maintain roads owned by common interest ownership associations provided the association pays the costs of the maintenance. The bill also provides a property tax credit for properties in certain common interest ownership associations.

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