

House and Senate Set Overall Budget Targets

The House and Senate this week released general budget targets that will set the parameters for spending decisions across the state's budget areas. The Governor released his budget recommendations in mid-February, and a revised set of budget recommendations last week, following the February Budget Forecast, which anticipates a lower budget surplus than had been expected last November.

The overall target numbers provide general contours of state tax and spending parameters, and sets "net" target numbers for each budget jurisdiction. Because the budget jurisdictions are different in each body, a strict comparison of targets between the House and Senate is speculative. Specifics by budget jurisdiction – taxes, health and human services, education, et al – will be determined by decisions made in the legislative fiscal committees over the next few weeks.

Overall, the House budget targets increase FY 2020-21 general fund net spending by \$1.6 billion compared to the forecast, while the Senate targets increase FY 2020-21 general fund net spending by \$975M in FY 2020-21 compared to the forecast. The Governor's budget increases FY 2020-21 general fund net spending by \$1.3 billion compared to the forecast. Additionally, the Governor's budget increases net general fund revenues in FY 2020-21 by \$1.0 billion, and the House increases net general fund revenues in FY 2020-21 by \$1.2 billion. The Senate has not proposing any revenue changes in FY 2020-21.

House Property Tax Division Releases its Report

The House Property Tax Division released its report, [HF 2348](#)-Loeffler on Wednesday and heard public testimony of the bill's provisions on Friday. The bill increases various aids and credits and new spending of \$147 million. The bill contains funding for Local Government Aid and the homestead credit refund, and contains new requirements for local governing bodies seeking local option sales tax special laws. Metro Cities has provided a summary of the proposed changes to local option sales tax laws in this article and is seeking feedback.

The bill contains a number of provisions of interest to Metro Cities. The organization provided supporting testimony for the following provisions in HF 2348: increase in Local Government Aid (LGA) of \$30.5 million, increases in the homestead credit refund and renter's credit program of \$44 million, an extension in the sunset of aid by the state to local governments for their PERA (Public Employees Retirement Association) contributions and allowing cities to use the property tax levy for local historical societies.

The distribution of LGA under the bill can be found [HERE](#) and the bill's language and summary can be found [HERE](#) and [HERE](#).

The bill authorizes a number of local option and lodging sales taxes, including for the metropolitan cities of Excelsior, Plymouth, St Paul and Minneapolis, and provides specific local government aid (LGA) appropriations for a number of cities including West Saint Paul and Lilydale.

Proposed Local Option Sales Tax Requirements

Article 3 of HF 2348 proposes to modify requirements for authorizing local sales tax special laws by requiring a more detailed local resolution outlining projects to be funded by the tax, limiting the number of projects to five, requiring more information to be submitted regarding costs, and requiring documentation of a project's 'regional significance'. The bill requires documentation of the share of economic benefit of projects to persons or businesses outside the jurisdiction, and requires the amount of revenue that would be used for each project as well as the estimated time needed to raise needed revenue to be provided.

Under the bill, legislative authority for the local sales tax would be required before voter approval is obtained, with the requirement that if the legislation authorizes more than one project, there must be separate questions to approve revenue for each project. Any project not approved by voters could not be funded with the tax revenue, and the termination date for the tax in the authorizing legislation for the tax would be required to be proportionately reduced.

The bill allows cities that passed a local sales tax referendum in the 2018 election that did not receive authority this year, to seek authority without an additional referendum provided the governing body meets the local resolution requirement and projects in the resolution do not conflict with the original referendum.

Metro Cities' policies support allowing cities to impose a local option sales tax for public improvements without the need for special legislation. The organization does not have a specific policy that applies to the proposed requirements, and is seeking feedback and input from city officials on the proposed language. The language on these requirements is on pages 62-64 of the bill and is discussed on pages 16-18 of the summary. Please provide any thoughts or comments to Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org.

Senate Hears Inflow-Infiltration Bill for Private Property Mitigation

The Senate Environment Committee this week heard [SF 520](#)-Rest, that would appropriate \$5 million from the Clean Water Fund for inflow-infiltration mitigation on private properties in the metropolitan area. Metro Cities provided supporting testimony for the bill, along with Ryan Schroeder, City Manager for the city of West Saint Paul. Metro Cities supports this funding as well as a capital appropriation for inflow-infiltration mitigation efforts on local public infrastructure. The bill was laid over for possible inclusion in an omnibus bill. Funding from the Clean Water Fund for private property I/I mitigation is proposed to be funded in the House Environment Finance Committee's bill at \$1.39 million.

Questions? Contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org.

City Contractor Bill

Legislation that would set a process in law for requesting city contractor cost estimates was heard in the House Local Government and House Government Operations committees.

The amended bill, [HF 823](#)-Nelson, still allows an applicant to receive a cost estimate prior to a city reviewing an application for a permit, license or approval related to real estate development or construction. The language explains how the 60-day review clock would not begin until the city has received the estimate, received the application review fees, received a signed acceptance of the cost estimate, and received a signed statement that the applicant has not relied on the estimate of fees in its decision to proceed with the final application.

Metro Cities and the League of Minnesota Cities pointed out that the legislation is not necessary because an applicant can currently request a cost estimate under existing law. The bill's proponent, representing a telecom company and builders' association, argued for greater transparency.

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

Senate, House Consider State Match for Local Housing Trust Funds

Cities with local housing trust funds could receive a state match under a bill debated by the House and Senate Housing committees this week. [HF 1402](#)–Howard and [SF 1961](#)–Lang both propose a \$10 million state appropriation to be distributed to the local housing trust funds. Metro Cities and the League of Minnesota Cities proposed amendment language, adopted in the House, that would prescribe Minnesota Housing to work with cities on a match distribution process that would work for local communities. The bills were laid over and may be included in a future funding bill.

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

House, Senate Release Housing Policy Bills

The House Housing Committee released its policy bill that includes a number of changes to the state's tax exempt bond priorities, including preference for projects serving lower incomes and removing the May 15 waiting period for senior housing applications. The bill also includes modifications to manufactured home park sales and the relocation trust fund. Publicly financed housing would have to maintain affordability for 30 years. Landlord and tenant provisions also include modifications to leases and expungements.

The Senate housing policy bill also includes changes to the state's tax exempt bond priorities as well as modifications to the Challenge Program. Under the bill, "Housing needs of the local work force" means one or more businesses located in the project area or within 25 miles of the area that employs a minimum of 20 full-time equivalent employees in aggregate and have provided a written statement to the local housing authority indicating that the lack of available housing has impeded their ability to recruit and hire employees. The new language is a Senate response to the Office of Legislative Auditor program evaluation of the Challenge program which recommended a more robust definition of 'locally identified housing needs' and 'needs of the local work force'.

Senate Transportation Hears Bills Related to Suburban Transit

The Senate Transportation Committee heard and laid over two bills related to funding for suburban transit providers. [SF 2085](#)-Osmek, would make a minimum state transit distribution amount of .35% from the amount allocated for transit from the motor vehicle sales tax to suburban transit providers. This provision was added in the 2017 session and was set to sunset this year. The committee also heard [SF 2223](#)-Osmek which would allocate \$6 million to the Metropolitan Council for grants to projects determined by the Suburban Transit Association. Eligible projects would provide transit service modernization and enhancements and could include operating and capital costs. Both bills were laid over for possible inclusion in an omnibus bill. Metro Cities policy supports state sources of funding for all regional transit providers.

Interactive Television Bill Passes to Senate Floor

[HF 281](#)-Jasinski, a bill that makes changes to open meeting laws related to interactive television, was passed by two Senate committees and awaits action on the Senate floor. Under current law, a member of government subject to open meeting law, including city governments, may attend meetings via interactive television if the location that the member is participating from is open to the public. The Senate version of the bill would allow members to be exempted from this requirement up to three times per year if they are serving in the military and are deployed or are on active duty. The House version of this bill passed last week on a 125 to 1 vote.

Paid Family and Medical Leave

The House Paid Family and Medical Leave bill had its fourth and fifth committee hearings this week. The bill ([HF 5](#)-Halverson) would create a family and medical benefit insurance program administered by the Minnesota Department of Employment and Economic Development that would partially reimburse wages lost when workers take leave to address family or medical issues. Modeled after Minnesota's unemployment insurance program, this program would mandate 12 weeks of medical leave with partial wage replacement and/or 12 weeks of family leave for maternity, paternity, bonding and caregiving purposes. Employers would be charged a yearly premium with the ability to charge up their employees up to 50 percent of the premium amount. Employers could apply to substitute a private plan if that plan provides the same rights, protections, and benefits as the state plan.

The bill has progressed in the House and has now been re-referred to the Ways and Means Committee. The Senate companion has not received a hearing and it is not expected that the Senate will take up the issue this session.

EVENT: Metropolitan Council Livable Communities Community Engagement Session

Metropolitan Council staff are partnering with four community engagement practitioners to host a workshop for [Livable Communities Act grant](#) applicants. The 1995 Livable Communities Act (LCA) funds community investments that revitalize economies, create affordable housing, and link different land uses and transportation. A panel will discuss community engagement strategies and small group discussions with the facilitators will follow. A light breakfast from El Burrito Mercado will be provided.

Session One

Thursday, May 2, 9:00 am-11:00am

Neighborhood House

179 Robie St E

Saint Paul, MN 55107

[Register Here](#) by Friday, April 26

Join Us at the Metro Cities Annual Meeting!

Mark your calendars and RSVP today for the Metro Cities Annual Meeting! This year's event will be held on **Wednesday, April 24th** at the Como Park Zoo and Conservatory in the Bullard Rainforest Auditorium. We're pleased to announce that this year's speakers are Briana Bierschbach of MPR News and Peter Callaghan of MinnPost. The evening will start with a social hour, followed by our guest speakers, and will wrap up with a brief business meeting to elect members and officers to the Board of Directors.

All member city staff and elected officials are welcome and encouraged to attend. There is no cost, but we do ask that you **RSVP by April 12th** if you plan to attend. Click [here](#) to view the event flyer.

For questions or to RSVP, contact Kimberly at 651-215-4000 or kimberly@metrocitiesmn.org.

Bills of Note

HF 2681, Long: Bill requires retail municipal utilities to provide a customer with access to their energy usage data.

HF 2686, Pierson: Bill establishes a grant program to clean up contaminated tax-forfeited property.

HF 2698, Albright: Bill, which may be cited as the “Minnesota All-Government Bond Act,” provides an alternative general system to issue state and local debt obligations in lieu of the direct issuance of bonds by subdivisions.

HF 2703, Masin: Bill modifies the metropolitan area distribution formula for certain grants from the parks and trails fund.

HF 2704, Murphy: Bill appropriates \$25,000,000 to the Met Council. This appropriation includes \$5,000,000 for grants to cities within the metropolitan area for capital improvements in municipal wastewater collection systems to reduce inflow and infiltration and \$20,000,000 for bus and express bus development. The bill also includes \$40,000,000 for grants to eligible municipalities under the water infrastructure funding program and \$22,000,000 to eligible municipalities under the point source implementation grants program.

HF 2760, Torkelson/ SF 2733, Jasinski: Bill appropriates money for local roads and bridges.

SF 2643, Pratt: Bill puts local elected officials on the Metropolitan Council and eliminates the Transportation Advisory Board. The bill includes staggered terms for council members.

SF 2648, Tomassoni: Bill allows a public utility commission to modify the utilities without obtaining approval of the voters.

SF 2652, Latz: Bill allows for the use of state transit funds to operate Southwest LRT.

SF 2653, Marty: Bill appropriates money for a grant to the city of St. Paul to create college savings accounts at birth and requires a report.

SF 2716, Carlson: Bill clarifies prohibitions on soliciting at or near a polling place.

SF 2736, Carlson: Bill authorizes the opening of additional polling place locations for voting by absentee ballot for fewer than 46 days.

SF 2739, Draheim: Bill changes state broadband definitions, eliminating “wire-line” language for underserved and unserved areas.

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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