

## **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 24** 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 12** if you plan to attend. Click here to view the event flyer.

**PLEASE NOTE:** Postcards went out this week that stated **in error** that the meeting is on Thursday, however, the meeting is on **Wednesday**. Our apologies for the confusion – we hope to see you all on **Wednesday, April 24!**

For questions or to RSVP, contact Kimberly at 651-215-4000 or [kimberly@metrocitiesmn.org](mailto:kimberly@metrocitiesmn.org).

## **Third Committee Deadline Approaching**

The legislative schedule has been robust as the Legislature approaches its third committee deadline for finance related bills. Omnibus bills across areas of the state budget have been released and debated and public testimony taken. Metro Cities is monitoring and responding to provisions in several omnibus bills, including jobs, housing, environment, transportation and taxes. The House Taxes Committee will release its omnibus tax bill on Monday morning, April 8, with a walk-through and public testimony on Tuesday and consideration of committee amendments on Wednesday.

## **House Capital Investment Committee Discusses Bonding Proposals**

The House Capital Investment Committee met this week to prioritize projects for a possible bonding bill. On Tuesday, Chair Murphy asked committee members (and audience members) to get in groups and create a \$875 million bonding proposal. The Chair collected the proposals for consideration. Metro Cities is advocating for \$10 million for metro area inflow-infiltration mitigation through a capital appropriation.

Historically, capital investment bills are appropriated in even numbered years, however, the Legislature has passed capital investment bills each session for the last several years. Representative Urdahl, the minority lead, expressed reticence for a capital investment bill in this odd numbered year.

Governor Walz has recommended a \$1.27 billion bonding bill this year.

## **Senate Transportation Hears Part of Governor's Transportation Budget**

This week the Senate Transportation Committee heard [SF 2758](#) that includes revenues proposed in the Governor's transportation budget recommendations. These include a proposed 20 cent gas tax increase, registration tab changes and Motor Vehicle Sales Tax (MVST) increases. The Governor's proposed 1/8 cent sales tax for metropolitan regional transit was also added by amendment. To view the governor's full transportation budget bill, click [here](#).

Transportation Commissioner Margaret Anderson Kelliher and Metropolitan Council Chair Nora Slawik testified in support of the Governor's recommendations. Committee Chair Scott Newman selected a small number of transportation advocates to testify, with others asked to provide written testimony, including Metro Cities and other city organizations. Some committee members expressed concern at the lack of public testimony and the Chair's decision to consider only a portion of the Governor's transportation budget bill. The bill failed on a roll call vote of 9-6, with one senator abstaining. For more information on the Governor's Transportation Budget, click [here](#).

Metro Cities supports a comprehensive, multi-modal transportation system and supports stable and enough statewide transportation funding and expanded local tools to meet the street and transit system needs of the region and local systems. Metro Cities has stated its support of the Municipal State Aid Street funding, funding for transit operating and capital costs, and the funding allocation for Metro Mobility included in the Governor's proposal, and provided a letter to the committee stating the organization's positions.

## **House Transportation Bill**

The House Transportation Committee has released and completed work on an Omnibus Transportation Bill, [HF 1555](#)- Hornstein. The committee began with an overview of the bill, followed by public testimony earlier this week. The bill includes a 20 cent increase to the gas tax that would be phased in 5 cents per year over four years and would generate \$612 million over the biennium. The bill also makes changes to the vehicle registration tab depreciation schedule to generate \$480 million over the biennium, as well as an increase to the Motor Vehicle Sales Tax (MVST) from 6.5% to 6.875% that would generate \$88 million for the biennium for transit. These increases would also provide \$473 million for the biennium to the Municipal State Aid (MSA) system and is \$53 million over base funding. \$300 million for Corridors of Commerce are also included in this bill. Revenues generated by auto parts sales tax and rental tax that were statutorily dedicated to transportation last session are reallocated to the General Fund in this bill, and account for \$351 million in revenues for this biennium.

In addition to the new funding from MVST, the House bill includes additional new funding for transit. The bill proposes a new Twin Cities Metro area transportation sales tax that will generate \$395 million per year. These funds would be appropriated to the Metropolitan Council and be split evenly between the regional transit system and the Transportation Advisory Board (TAB). The TAB would be directed to distribute 30% to transit, 30% to roadway grants, and 10% to non-motorized grants, and could allocate the remaining 30% to the three modal types. The bill also includes a provision to fund Metro Mobility through the general fund, which would provide \$150 million over the biennium.

The bill calls for a reallocation of Motor Vehicle Lease Sales Tax (MVLST) funds and would now allocate 75% of these funds to metro counties, including Hennepin and Ramsey. Hennepin would receive an amount based on 20% of its population, while Ramsey would receive an amount based on 35% of its population. This provision also dedicates 15% of MVLST revenue to the Small Cities Assistance account, which is an amount of \$21 million for the biennium.

This legislation also allocates \$10 million for reimbursements to deputy registrars for costs incurred due to the MNLARS rollout and includes an increase to filing fees. A policy change is included that will allow cities to change speed limits on residential roadways. Residential roadways would now mean a city street or town road that is either less than one-half mile in total length, or in an area zoned exclusively for housing that is not a collector or arterial street.

Metro Cities testified in support of provisions included in the legislation and supports the increased funding to Municipal State Aid (MSA), dedicated funding to the Small Cities Assistance account, regional transit funding increases, and funding for deputy registrar reimbursements.

The bill was passed on a vote of 11-5 and was moved to the Ways and Means Committee with a recommendation it be referred to the Tax Committee. To view the bill spending spreadsheet, click [here](#). To view a spreadsheet illustrating impacts to MVST, Motor Vehicle Lease Sales Tax & Twin Cities Metropolitan Area Sales Tax, click [here](#).

### **Senate, House Release Housing Budget Proposals**

The House's proposed budget for housing passed the Housing Committee this week. The bill spends \$26 million more in housing than the 2018-19 budget. Change items from the 2018-19 state budget include:

- \$4 million increase for the Challenge Program;
- \$7 million in state matching dollars for investments in local housing trust funds;
- \$2 million for the workforce homeownership program; and
- changes to priorities for how the state awards tax exempt bonds

The Senate housing budget also passed out of the Senate's Housing committee, with no changes in overall housing spending. Change items from the 2018-19 budget include:

- \$3.5 million cut to the Challenge Program;
- \$5 million for manufactured home park infrastructure;
- \$500,000 for housing infrastructure grants;
- \$1.5 million for the workforce homeownership program;
- \$1 million cut to the affordable rental investment fund;
- \$1 million cut to the rental rehab loan program;
- consolidation of homeownership capacity grant programs and \$1.3 million cut; and
- removing MN Housing's 31% tax exempt bond set-aside for single family housing down payment assistance.

Metro Cities provided comments to both bills, noting current city action around planning for current and future housing needs, local investments and policy changes to support investments in housing, and support for additional state funds to meet locally-identified needs. Both bills will be heard by finance committees next week before floor votes.

Other state investments in housing await action by the Taxes committees (state tax credit contribution fund) and Capital Investment committees (housing infrastructure bonds and general obligation bonds).

Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **House and Senate Jobs Bills**

The House Jobs Committee passed its DEED budget this week. It includes cuts to both the Minnesota Investment Fund and Job Creation Fund.

Under the base budget, MIF would be funded at \$25 million in FY20-21 and JCF at \$16 million. The House bill, as amended, funds MIF at \$13.9 million and JCF at \$13.5 million. \$2 million from the MIF appropriation would be dedicated to a paper mill project in Duluth. The redevelopment grant and demolition loan program did not receive proposed funding. Metro Cities testified to the importance of all three programs to jobs and local tax bases.

The Senate Jobs Committee released its proposed budget Friday, April 5. It includes the base funding levels for MIF (\$25 million) and JCF (\$16 million), with three projects receiving \$3.1 million in direct appropriations under the MIF budget. There are no direct appropriations for the redevelopment grant and demolition loan program, however, bill language allows MIF funds to be transferred internally at DEED to fund redevelopment grants. The committee will hear testimony on the bill April 8.

The Senate jobs bill also includes the [labor preemption language](#) that would prohibit local governments, including cities, from enacting ordinances that set local minimum wages, require paid or unpaid leave time, or provide for employee scheduling requirements. Metro Cities' policies generally oppose efforts to undermine or preempt local authority and testified against this legislation earlier this session.

Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **Contractor Bill Awaits Floor Action**

The Senate version of a bill, [SF 998](#) – Kiffmeyer, prescribing a process for applicants to receive an estimate of costs from a city contractor was amended and received approval by the State Government Finance Committee on April 4. Both bills now have identical language prescribing the process for applicants and cities. Metro Cities does not believe the bill is necessary as the process prescribed in the legislation is not prohibited and is practiced at the local level. The Senate and House bills have passed committees and await floor votes in both bodies.

### **MinnPost Minnesota Cities Population-Size Bracket Quiz**

It may be too late to fill out a March Madness Bracket, but you can still fill out MinnPost's [Minnesota population-size bracket quiz](#)! Just for fun, Minnesota's sixty-four most populous cities are squared off in a single elimination tournament bracket. For each pairing, click the city you think has the larger population. The correct answer will be revealed and the city with the higher population "advances" to the next round. Good luck!

### **Bills of Note**

[HF 2765](#), Brand: Bill amends certain requirements governing the corridors of commerce program and appropriates \$300,000,000 to the program.

[HF 2767](#), Hausman: Bill adds the use of housing infrastructure bonds for housing stabilization projects, authorizes bonds and appropriates money.

[HF 2770](#), Daudt: Bill increases local government aid payments to cities discontinuing operation of municipal liquor stores and requires municipal liquor stores that were established before 2019 to seek voter approval to continue operations.

[HF 2786](#), Hornstein/ [SF 2756](#), Pappas: Bill appropriates money for transportation management organizations in the Twin Cities metropolitan area.

[HF 2793](#), Sandstede: Bill allows a municipal utility modification without approval of voters

[HF 2808](#), Elkins: Bill appropriates money for grants to cities to improve website accessibility.  
[HF 2809](#), Youakim: Bill provides additional financing of metropolitan area transit and paratransit capital expenditures.

[SF 2758](#), Newman: Bill modifies motor fuels tax, vehicle registration tax, and motor vehicle sales tax.

[SF 2777](#), Cwodzinski: Bill requires property tax statements to separately list property taxes attributable to each special taxing district.

[SF 2785](#), Chamberlain: Bill amends the requirements for imposition and use of local sales and use taxes. The bill says that cities can only disseminate information about a new tax if it includes a detailed description of capital projects that will be funded with the tax.

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**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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