



## **Join Us at Metro Cities Annual Meeting!**

Metro Cities' Annual Meeting will be held **Wednesday, April 24** at the Como Park Zoo and Conservatory in the Bullard Rainforest Auditorium, starting at 5:30 pm. We're pleased to announce this year's speakers are Briana Bierschbach of MPR News and Peter Callaghan of MinnPost. The evening starts 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. This is a fun event, and good opportunity to network with other city colleagues throughout the metropolitan area.

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

**PLEASE NOTE:** Postcards went out previously that stated in error that the meeting is on Thursday, however, the meeting is on **Wednesday**. 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).

## **Legislature to Recess –Take Time to Touch Base with Your Legislators**

Today marks the third legislative committee deadline, which applies to omnibus appropriations bills, and House and Senate finance committees have been meeting at full speed this week to process bills. Below are updates on the status of bills and provisions of interest to Metro Cities. Legislators will recess next week for Easter and Passover, returning to the Capitol on Monday, April 23<sup>rd</sup>.

The recess offers an opportunity to connect with your local legislators on issues of importance to cities as legislators. Metro Cities encourages city officials to review the status of items in this newsletter and to take the opportunity to touch base with legislators on these items and issues of specific local interest to your city, whether it is to thank legislators for including a provision(s) in a bill, or to encourage them to continue working on/support specific items as the session progresses. Please contact Metro Cities if you need information on how to contact your legislators.

When the Legislature returns to the Capitol, the processing of bills will continue, as well as negotiations on setting the state's budget. There are significant differences between the bodies on many omnibus appropriations bills that will set the stage for overall budget negotiations, as the Legislature and Governor work to pass a budget by the Legislature's May 20<sup>th</sup> required adjournment. Stay tuned for further updates.

## **Omnibus Tax Bills**

The House omnibus tax bill, [HF 2125](#)-Marquart, had its final committee stop in the House Ways and Means Committee today and passed to the House floor. The Senate has not released an omnibus tax bill. Tax bills are not subject to the third deadline.

The bill raises revenues and provides tax cuts through various provisions. HF 2125 also expands programs for direct property tax relief and increases aids to local governments and modifies requirements for local sales taxes. The bill modifies the collection and remittance of sales taxes for remote sellers and marketplace providers following the Supreme Court *Wayfair* case.

Metro Cities supports the following provisions in HF 2125:

- Extension of a sunset of PERA aid paid to local governments (see [HERE](#) for aid amounts to metro local governments).
- Local Government Aid increase of \$30.5 million (see [HERE](#) for distribution of aid under HF 2125).
- Increases to the homestead credit refund and renter's credit refund that provide direct property tax relief to homeowners and renters.
- Allows a city to fund a historical society through its property tax levy.

### *New Local Sales Tax Requirements*

HF 2125 modifies laws for establishing local option sales taxes. Specifically, it requires a more detailed local resolution on projects, limits projects to be funded with the tax and requires more specificity on project costs as well as documentation of a project's regional significance. The bill also stipulates that voter approval is sought only after legislative authority for the tax has been granted and requires voters to approve each project to be funded in a separate ballot question. The bill would reduce the legislative authority for any project that does not have referendum support. The bill does allow cities that passed a local sales tax referendum in 2018 that was not granted legislative authority in 2019, to seek the authority without an additional referendum provided that new resolution requirements are met, and projects do not conflict with the original referendum.

Metro Cities' policies support general local sales tax authority for local governments, and policies do not speak to these specific provisions. Metro Cities welcomes feedback on these provisions, and anticipates that this subject will be considered through the organization's policy development process this summer.

The House tax bill contains specific local provisions for the following metropolitan area cities:

- Additional LGA payment for city of West Saint Paul at \$920,000 per year for five years,
- One-year LGA payment to city of Lilydale for \$275,000,
- Modifications to lodging taxes for cities of Minneapolis and Saint Paul,
- New local lodging tax for city of Plymouth,
- Local sales tax authority for city of Excelsior,
- Retroactive sales tax exemption for wastewater facility materials for city of Elko New Market,
- Modifies 2008 TIF (tax increment financing) law for city of Bloomington,
- TIF pooling authority and redevelopment TIF district creation for city of Edina,
- Special TIF law provisions for city of Champlin,
- Creation of redevelopment TIF district for city of Minneapolis,
- TIF law modifications on use of increment for city of Roseville, and
- Creation of redevelopment TIF district for city of Burnsville.

Questions? Contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org).

## **Omnibus Transportation Bills**

## Senate

The Senate omnibus transportation bill, ([SF 1093](#)-Newman), passed two committees this week and awaits action by the Senate Finance Committee.

The bill provides base funding for Municipal State Aid (MSA), County State Aid Highway (CSAH), and regional transit. MSA would receive \$420 million, CSAH would receive \$1.6 billion and transit would receive \$179 million. The bill provides ongoing funding for the Small Cities Assistance Account, with \$250,000 in the first year and \$500,000 per year in following years.

The legislation includes an increase to the electric vehicle surcharge from \$75 to \$200 as well as a \$100 surcharge on hybrid vehicles and levies a tax of 5 cents per kilowatt hour for electric vehicle charging stations and would direct these funds to the Highway User Tax Distribution Fund (HUTDF).

The legislation expands Metro Mobility service to all areas within the existing statutory transit taxing district and includes a provision to allow the Metropolitan Council and Department of Human Services to share data on riders to more efficiently provide Metro Mobility and other transportation services.

Metro Cities testified in support of the inclusion of ongoing Small Cities Assistance funding. Staff expressed support for increases to state funding for transit and street funding and testified in opposition to a provision that would eliminate future state funding for light rail transit lines.

## House

The House omnibus transportation bill, ([HF 1555](#)-Hornstein) passed the Ways and Means and Taxes Committees and awaits action on the House floor. The Taxes committee debated the legislation's increases to several taxes dedicated to transportation. There was also debate between the MnDOT commissioner and legislators about the use of the Highway User Tax Distribution Fund (HUDTF) and making sure that these funds are for the maintenance of the road and bridge system only. Under the Minnesota Constitution, gas tax proceeds and a portion of the motor vehicle sales tax are dedicated to the HUTDF and restricted to funding road and bridge projects.

Metro Cities encourages city officials to communicate with their local legislators on the need for funding for local transportation infrastructure needs. Proposals to increase Municipal State Aid, Small Assistance funding and transit funding are receiving consideration, and are supported by Metro Cities. The League of MN Cities has created a resolution for cities to use to express support for comprehensive transportation funding that can be found [here](#). Metro Cities encourages city officials to consider passing a resolution to express support for state funding for transportation.

Please contact Steven Huser at [steven@metrocitiesmn.org](mailto:steven@metrocitiesmn.org) if you have questions regarding this resolution, or let us know if your city has already passed a resolution.

## **Housing Bills**

There are competing funding levels and priorities for housing related proposals among the House, Senate and Governor. The House and Governor propose \$26 million in new general fund appropriations in FY20-21 to support programs administered by Minnesota Housing. The Senate omnibus housing bill keeps overall housing funding flat and moves funds from existing programs to fund other specific program priorities. The Senate housing bill is [SF 2226](#)-Westrom and the House housing bill is [HF 1151](#)-Hausman.

The House increases funds for the Economic Development and Housing Challenge Program by \$4 million, for a total of \$25.8 million in FY20-21, while the Senate bill reduces the program by \$3.5 million. Governor Walz is recommending a \$10 million increase.

Language in the Senate bill provides new Challenge Program definitions of “locally identified housing needs” and “housing needs of the local workforce.” “Locally identified housing needs” means housing for work force as supported by the local municipality, housing redevelopment authority, economic development authority, or other political subdivision responsible for housing. “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. Metro Cities supports the existing flexibility of the Challenge Program and an increase in state funds, to meet local needs.

The House bill includes state matching funds for local housing trust funds with a one-time \$7 million appropriation, with Governor Walz’s recommendation at \$2 million and no funds in the Senate bill. Metro Cities supports matching funds and worked on language to ensure city input into how the agency would distribute these funds if they are adopted this year.

The Workforce Homeownership Program, under which cities would be eligible applicants, is funded at \$2 million in the House, \$1.5 million in the Senate, and not funded in the Governor’s budget. The Senate bill proposes cuts to the affordable rental investment fund and rental rehab loan program for small landlords. The Senate also combines three homeownership programs (capacity building grants, homeownership education counseling and Build Wealth MN) and creates a new single program with a collective cut of \$1.5 million.

The Senate bill removes Minnesota Housing’s 31 percent set aside for homeownership in tax exempt bond authority. This would mean Minnesota Housing could not use tax exempt bonds for homeownership assistance (at or below-rate home mortgage loans, down payment assistance to first-time homebuyers). Instead, the funds would be used to provide funding for affordable multifamily units.

The Senate bill also includes policy language directing Minnesota Housing to evenly split the agency’s resources between the metro region and greater Minnesota. The agency responded that it strives for geographic balance but requires flexibility to respond to unique or specific financing opportunities.

Senate policy language requires Minnesota Housing to give priority to projects in communities with lower infrastructure costs. How this would be determined is not defined in the bill. The bill also appropriates \$500,000 for a pilot program to provide grants to municipalities for up to 50 percent of the costs of infrastructure that would otherwise be required to be paid by the developer for new homeowner-owned housing developments that are affordable to households with an income of up to 130 percent of area median income. The grants would be limited to 16 housing units in the municipality and a maximum of \$10,000 per housing unit.

Manufactured housing would now be eligible, under the Senate bill, to receive Challenge Program funds and housing infrastructure bond funds. The Senate also funds \$2.5 million for manufactured home park infrastructure grants, a new grant program.

The House tax bill includes a 4d property tax classification affordable housing report. It would require the Department of Revenue to consult with the Minnesota Housing Finance Agency and the Department of Human Services to produce a report on 4d property tax classification. Metro Cities’ policies support the 4d tax program to preserve and increase affordable housing.

The House bonding bill includes \$30 million in general obligation bonds to preserve and rehab existing publicly owned housing as well as \$120 million in housing infrastructure bonds/appropriations bonds to fund new construction and preservation of privately-owned housing.

A proposal to establish a new state tax credit to spur private contributions to local housing needs has been considered in the Senate and House. Metro Cities supports this initiative.

The Senate State Government bill includes language establishing a new Legislative Commission on Housing Affordability. With a recently completed housing task force and plethora of regional and statewide conversations on a wide range of housing issues, including housing that's affordable for a range of Minnesotans, Metro Cities does not believe a new commission is necessary.

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

### **Economic Development and Workforce Development Bills**

Three key economic development programs actively supported by Metro Cities are funded at various levels in the House and Senate Jobs bills. The Minnesota Investment Fund (MIF) is funded at \$25 million in Senate, with direct appropriations totaling \$3.1 million coming from that amount. The House funds MIF at \$13.9 million with one \$2 million direct appropriation coming from that amount. The Job Creation Fund (JCF) is funded by the Senate at \$16 million and \$13.5 million in the House. The Governor funds MIF at \$25 million and JCF at \$16 million. Metro Cities supported legislation that funded MIF and JCF at \$21 million each, totaling the \$42 million appropriated to the collective funds in FY18-19. The Senate Jobs bill is [SF 2611](#)–Pratt and House Jobs bill is [HF 2208](#)–Mahoney.

The Redevelopment Grant and Demolition Loan Program, also supported by Metro Cities, does not have a line item in any proposal. The Senate bill includes language permitting DEED to transfer funds from any MIF balance to the redevelopment grant program. Metro Cities supported legislation funding the redevelopment grant program at \$12 million.

The Angel Investor Tax Credit is funded in the House tax bill at \$20 million in FY20-21. The tax credit had sunset and needed new authorization and funding to continue. The Senate tax committee heard the angel tax credit bill and it may be included in the Senate's omnibus tax bill, released later in April.

The Senate funds the statewide border-to-border broadband grant program at \$30 million, the House funds it at \$70 million and Governor Walz at \$70 million for FY20-21. Governor Walz issued an [executive order](#) authorizing the Governor's Broadband Task Force. It will be made up of 15 members, meet at least ten times per year, and issue an annual report.

The House and Senate bills also fund several workforce development programs, including the Job Skills Partnership and targeted programs to meet emerging workers. Workforce programs are funded through two accounts, both the general fund and workforce development fund which is paid directly by employers.

Metro Cities has advocated for the DEED program funding and provided testimony to this effect at multiple committee hearings.

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

## Private Consultant/City Contract Bill

[SF 998](#)–Kiffmeyer, which prescribes a process for applicants to receive an estimate of costs from a city contractor was heard in the Senate Rules committee April 11. The committee stop was procedural as the bill was considered a “late bill” in not having met the policy committee deadline. The bill was passed out of the Senate Rules Committee and was sent to the floor. The House companion bill is identical and awaits action on the House floor. Proponents have argued that the bill provides needed transparency in these processes. 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, and has communicated this position to legislators.

## Elections

An elections omnibus bill ([HF 1603](#)-Dehn) was heard in the House State Government Finance Committee last Wednesday and is now part of the State Government Finance Committee’s omnibus bill ([HF 1935](#)-Nelson).

Article 4 of the bill contains [15 new elections and voting provisions](#), including automatic voter registration; restoring voting rights for felons upon release from incarceration; ensuring access to a voter’s political party choice at the presidential primary is not made publicly available; and appropriating federal money for the Help America Vote Act. The House version of the bill provides a credit to the Secretary of State for the 2018 HAVA Election Security Funds State Match, while the Senate version does not.

The bill also has several provisions related to local government. It authorizes all local governments the option to elect local officials using ranked-choice voting and establishes uniform procedures and requirements for the conduct of these elections, extends the period for conducting a special election and reimburses local governments for the subsequent costs, and allows cities with fewer than 400 registered voters to use mail balloting. The bill also provides free transit on election day, but at this time it is unclear how this service will be funded.

The House version was referred to Ways and Means. The Senate State Government Finance omnibus bill ([SF 2227](#)-Kiffmeyer) was heard in committee Tuesday. The bill was referred to the Senate Finance Committee.

## Environment

The House Environment and Natural Resources Division released its omnibus bill last week ([HF 2209](#)-Hansen). The bill contains \$2 million for emerald ash borer (EAB) mitigation. The division approved an amendment last Thursday that clarifies \$1 million of EAB funding is for grants to local units of government to develop community ash management plans. The grants cover up to 75% of costs and cannot exceed \$500,000.

The bill was heard in Ways in Means Wednesday and sent to the House floor. The bill was amended to include the omnibus environment and natural resources policy bill ([HF 1656](#)-Persell). The two omnibus bills will be heard as one on the House Floor.

The Senate omnibus environment bill ([SF 2314](#), Ingebrigtsen) was heard Tuesday. The Senate Environment bill provides \$199,000 in FY 2020 to the commissioner of natural resources for an agreement with the Mississippi Park Connection to work with Conservation Corps MN, local

communities, and volunteers to address the loss of trees due to EAB, by planting 15,000 trees. These are not grants to cities and are limited to areas covered by the Mississippi Park Connection.

## **Legacy Finance Bill**

The House Legacy Finance Division passed an omnibus bill Wednesday. The bill ([HF 653](#)-Lillie) would grant \$629.98 million over the biennium to the Clean Water, Parks and Trails, Arts and Cultural Heritage and the Outdoor Heritage funds. These dollars are constitutionally dedicated by the [Legacy Amendment](#).

Of interest to and supported by Metro Cities, the bill includes \$1.39 million in FY 2020 to the Metropolitan Council for metro area inflow and infiltration grants for private property owners. The bill also includes \$3 million to the Metropolitan Council for water management. \$2 million is appropriated to the Metropolitan Council's Water Supply Sustainability Program and \$1 million is appropriated to the Water Demand Reduction Grant program for grants to local governments. The House Legacy bill will be heard in Ways and Means on Wednesday, April 24.

The Senate Environment and Natural Resources Policy and Legacy Finance Committee heard the Senate's omnibus Legacy bill ([SF 836](#), Ruud) Wednesday. The Senate proposal does not include funding from the Clean Water fund for inflow infiltration mitigation. The bill does provide \$2 million to the Metropolitan Council's Water Supply Sustainability program and \$500,000 to the Water Demand Reduction Grant program for grants to local governments.

## **Capital Investment**

The House Capital Investment Division released and adopted [a \\$1.5 billion funding package](#), a [delete-all amendment](#) to ([HF 2529](#), Murphy) Tuesday. The Senate has not released an omnibus capital investment bill.

The bill includes \$8 million for metro area inflow and infiltration (I/I) mitigation assistance to local governments for public infrastructure, an initiative of Metro Cities. The bill also includes a \$2 million appropriation to the city of Newport for I/I mitigation improvements.

The bill includes \$100 million for the Local Road Improvement program, and \$100 million for the Local Bridge Replacement program, \$30 million in general obligation bonds to preserve and rehab existing publicly owned housing as well as \$120 million in housing infrastructure bonds/appropriations bonds to fund new construction and preservation of privately-owned housing. Metro Cities supports these provisions.

The House Bonding bill will be heard in Ways and Means on Wednesday, April 24.

## **Regional Solicitation Applicant Notice**

Metro Cities received a notice from the Metropolitan Council for Regional Solicitation Applicants, provided below. The Metropolitan Council anticipates issuing its next Regional Solicitation package in February 2020. This notice was sent to alert applicants of three actions that may need to be completed to prepare for the Regional Solicitation.

[Highway Functional Classification Changes - July 1 - Deadline](#)

To qualify, a highway must be classified as either an A-minor Arterial or a principal arterial (non-freeways only) on the TAB-adopted functional classification map. Please refer to the existing functional classification map to determine whether your roadway's classification is correct. The resources for requesting a functional classification change can be found at [Functional Classification Resources](#). Requests for a functional classification change must be submitted to [Rachel Wiken](#) by **July 1**.

#### Regional Bicycle Transportation Network - July 26 - Deadline

Inclusion on the Regional Bicycle Transportation Network is not required for an application to qualify for the Multi-Use Trails and Bicycle Facilities funding category of the Regional Solicitation. However, inclusion on, or connection with, the regional bicycle network is a key scoring element. Applicants wishing to request Regional Bicycle Transportation Network administrative changes should contact [Steve Elmer](#) by **July 26**.

RBTN Administrative Changes are defined as follows:

1. **Alignment designations** within existing RBTN corridors must follow within and along the corridor and run roughly parallel to the corridor centerline.
2. **Minor corridor or alignment extensions** are up to one-half mile long segments that provide missing connections to another alignment or corridor centerline, a regional trail, or an RBTN-included regional destination.
3. **Minor alignment shifts** must run within one-quarter mile of the initial alignment in core cities (Minneapolis & St Paul) or within one-half mile of initial alignment outside core cities; must run approximately parallel to the initial alignment; and continue to serve the destinations served by the initial alignment.

#### Interchange Approval - December 1 - Deadline

Applications for new or expanded interchanges in the 2020 Regional Solicitation will be eligible if the Metropolitan Council/MnDOT highway interchange request is submitted by **Dec. 1**. The preliminary interchange approval process is described in the Transportation Policy Plan [Appendix E](#). Interchange requests should be submitted to [Michael Corbett](#) with MnDOT Metro District.

### **EVENT: Connected Automated Vehicle Planning Workshop**

The Metropolitan Council has invited Metro Cities members to attend a Connected and Automated Vehicle Planning Workshop. The workshop will be Monday, April 29<sup>th</sup> at the Met Council Chambers, 390 Robert Street North, St. Paul MN.

Participants will explore and provide feedback about how CAV and related trends could change transportation and life in Minnesota. The goal of this fast-paced workshop is to collect insight on how different CAV futures may impact people in Minnesota and develop approaches for the benefit of people across the metro and the state.

**To participate, please register at the [MnDOT Metro CAV Scenario Meetings](#) eventbrite page.**

This workshop is targeted toward policy makers in the Twin Cities area. Another workshop for transportation and planning professionals is scheduled. If you cannot attend this workshop on April 29, you are welcome to attend the other workshop at the above registration link.

For questions or more information, please contact Keith Mensah at [keith.mensah@state.mn.us](mailto:keith.mensah@state.mn.us) or Tony Fischer at [tony.fischer@metc.state.mn.us](mailto:tony.fischer@metc.state.mn.us).

The Metropolitan Council periodically issues PlanIt News Blasts that provide resources, updates and answers to FAQs for comprehensive plan reviews and amendments. This month's update included a [podcast](#) discussing environmental reviews and two new free resources (e.g. [Saving Watts and Drops](#) and the [Right Light Guide and App](#)).

The most recent NewsBlast also noted an upcoming event:

**Minnesota Solar Permitting Training Workshop**  
**Wednesday, April 17, 12:30 pm – 3:30 pm**  
**Community Room at the Ramsey County Library**  
3025 Southlawn Dr, Maplewood, MN 55109  
[Register Here](#)

## **Bills of Note**

[HF 2831](#), Xiong, J.: Bill requires voting instructions and sample ballots to be printed in languages other than English.

[HF 2836](#), Hornstein: [Bill establishes a Minnesota Green New Deal.](#)

[HF 2837](#), Torkelson / [SF 2826](#), Jasinski: [Bill appropriates \\$400 million for the corridors of commerce program.](#)

[SF 2798](#), Marty: Bill establishes a family benefit program to provide for family, pregnancy, bonding, and medical leave.

[SF 2807](#), Osmek: Bill modifies the city aid program to provide funding for cities that do not currently receive any funding.

[SF 2809](#), Senjem: Bill appropriates money for public housing rehabilitation and preservation and authorizes housing infrastructure bonds.

[SF 2816](#), Wiger: Bill establishes a rail infrastructure and economic development program.

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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.

If you'd like to sign up to receive Metro Cities News, please email [newsletter@metrocitiesmn.org](mailto:newsletter@metrocitiesmn.org) and provide the following: Name, Title, Employer and Email address. Thank you.

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