

## **State Budget Negotiations; 10 Days Until Adjournment**

After today, there are 10 days remaining in the 2019 regular legislative session before the Legislature must adjourn *sine die*. Conference committees on omnibus bills are appointed and meeting. Legislative leaders and Governor Walz have also had several meetings as they work to negotiate the parameters of a state budget framework and spending and revenues across all state budget jurisdictions.

Negotiating a state budget is never an easy task and is usually marked by fits and starts, long and short meetings, intermittent press conferences, and this year, a new Governor and House Speaker. There are also vast differences in what is being recommended among the Governor, House and Senate for the state's budget priorities over the next biennium. Governor Walz is recommending \$1.5 billion in new general fund revenues and \$1.9 billion in new general fund spending for the FY2020-21 budget. The House recommends \$2.0 billion in new general fund revenues and recommends \$2.4 billion in new general fund spending in FY 2020-21. The Senate reduces general fund revenue by \$642 million and increases general fund spending by \$642 million in FY 2020-21. There are also major differences in policy initiatives across jurisdictions (Jobs, E-12, Higher Ed, Judiciary, Taxes, Environment, et al).

The first task is for legislative leaders and the Governor to negotiate an overall spending and revenues framework. Once overall revenue and spending targets are agreed to, conference committees receive committee spending targets, and the individual omnibus bills can be reconciled.

Governor Walz has invited legislative leaders to the Governor's fishing opener on Saturday, and leaders are expected to meet again on Sunday evening.

## **Transportation: Action Alert**

Metro Cities is encouraging city officials to contact your local legislators and members of the Transportation Conference Committee to support funding for transportation, including funding to assist improvements on city streets. Metro Cities sent out a legislative action alert by email on Thursday.

Metro Cities' policies support funding for a multi-modal system, including roads, bridges and transit. Metro Cities' policies do not specify revenue sources. Metro Cities also supports Municipal Street Aid (MSA), funding for the Small Cities Assistance Account that assists local street needs not covered under the MSA formula, and creation of a Large Cities Account.

Metro Cities is encouraging city officials to thank legislators for their work in the area of transportation, and to stress the importance of adequate, ongoing funding to support a multi-modal transportation system. The MN Department of Transportation (MnDOT) has identified a need for an additional \$6 billion over current spending levels to support expanding and improving the state's roads and bridges over the next 10 years. There is also a \$400 million identified need for improvements on city street infrastructure. The metro transit system faces a \$200 million deficit over the next decade.

As legislative leaders and the Governor work to determine spending levels across budget jurisdictions, we encourage you to contact legislators and express support for a comprehensive transportation funding package that includes support for local street infrastructure needs.

### Conference Committee

#### *Chairs:*

Rep. Frank Hornstein [rep.frank.hornstein@house.mn](mailto:rep.frank.hornstein@house.mn)

Sen. Scott J. Newman [sen.scott.newman@senate.mn](mailto:sen.scott.newman@senate.mn)

#### *House Conferees:*

Rep. Erin Koegel [rep.erin.koegel@house.mn](mailto:rep.erin.koegel@house.mn)

Rep. Brad Tabke [rep.brad.tabke@house.mn](mailto:rep.brad.tabke@house.mn)

Rep. Ruth Richardson [rep.ruth.richardson@house.mn](mailto:rep.ruth.richardson@house.mn)

Rep. Paul Torkelson [rep.paul.torkelson@house.mn](mailto:rep.paul.torkelson@house.mn)

#### *Senate Conferees:*

Sen. John Jasinski [https://www.senate.mn/members/member\\_email\\_form.php?member\\_id=1227](https://www.senate.mn/members/member_email_form.php?member_id=1227)

Sen. Dan Hall [https://www.senate.mn/members/member\\_email\\_form.php?member\\_id=1182](https://www.senate.mn/members/member_email_form.php?member_id=1182)

Sen. Jason Rarick [https://www.senate.mn/members/member\\_email\\_form.php?member\\_id=1240](https://www.senate.mn/members/member_email_form.php?member_id=1240)

Sen. Scott Dibble [https://www.senate.mn/members/member\\_email\\_form.php?member\\_id=1010](https://www.senate.mn/members/member_email_form.php?member_id=1010)

## **Transportation Conference Committee**

The conference committee for HF 1555 met twice this week. The committee invited testimony from MnDOT, the Metropolitan Council, Department of Public Safety, LMC, MN Townships Association and the Farmers Union. Agency heads discussed provisions not supported by the Governor's transportation budget. The committee this week adopted some provisions identical in both bills including a provision to maintain a .35 percent funding floor for suburban transit providers for the regional allocation of transit funding from the Motor Vehicle Sales Tax by removing a 2019 sunset date.

The next meeting of the committee has not yet been scheduled but is likely to be early next week. To view the committee side-by-side comparisons, click [here](#).

## **Conference Committee Updates**

Below are updates on conference committees and provisions in bills of interest to Metro Cities.

### Taxes

The Taxes Conference Committee has been meeting, with staff conducting a side-by-side walk through of the Senate and House tax bill versions of HF 2125, and the committee discussing various subject areas in the bills. The committee spent its Wednesday meeting discussing local option sales tax and tax increment financing (TIF) proposals in the bills. It was noted that local option sales tax proposals for the cities of West Saint Paul and Excelsior are the first local sales taxes to be considered for suburban communities. The committee also discussed new proposed requirements for local sales taxes. The committee did not act on any proposals and has not acted on any items to date. The conference committee is scheduled to meet Friday afternoon; a weekend schedule is not certain at this point.

### Environment

The conference committee for SF 2314, the Omnibus Environment Bill, held three hearings this week and heard extensive public testimony. Metro Cities staff testified in support of funding for grants to cities to mitigate the effects of the emerald ash borer infestation included in the House version of the bill. The committee has begun discussions of policy sections of the bills and has adopted some non-controversial sections that were identical in both bills.

The next meeting of the committee has not yet been scheduled but will likely be early next week. To view the committee side-by-side comparisons of spending provisions, click [here](#).

### *Jobs and Workforce Development*

The Jobs, Energy and Commerce conference committee began meeting May 3. To date, nonpartisan staff explained the [competing budget proposals](#) and compared [policy language differences](#). The committee has taken testimony from the DEED, Commerce and Labor & Industry commissioners and adopted several sections of energy policy. The committee has also heard testimony on climate change and the House proposals on earned sick and safe time, family medical leave, and House and Senate wage theft proposals.

Metro Cities is supporting base funding for the Minnesota Investment Fund, Job Creation Fund and Redevelopment Grant Program. There are several policy changes included in the bills related to these programs, including increased wage requirements and increasing the MIF award cap from \$1 million to \$2 million. Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### *Housing*

The Agriculture and Housing conference committee met three times this week. On Tuesday legislative staff explained the [competing budget proposals](#) and [policy language differences](#). On Wednesday, the committee heard from Minnesota Housing Commissioner Jennifer Ho and on Friday the committee discussed the agriculture provisions in the omnibus bills.

Wednesday's discussions focused on the Challenge Program, one of Minnesota Housing's most flexible funding sources, responsive to locally identified housing needs. The Senate bill includes policy changes with new definitions and requirements around "locally identified housing needs", "housing needs of the local workforce," and cuts the Challenge Program by \$3.5 million in FY2020-21. The House does not include programmatic changes and increases Challenge funding by \$7 million in FY2020-21. Contact Charlie Vander Aarde at 651-215-4001 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### *State Government*

The State Government Conference Committee held meetings this week, with staff conducting a side-by-side walk through of the Senate and House proposals. Of interest to and supported by Metro Cities is the local government compensation cap removal at the end of the House version of the bill in [Article 2](#). Metro Cities is also tracking the elections pieces found in the House version of the bill, [Article 4](#).

The conference committee heard from several testifiers on Tuesday and discussed same and similar language Thursday. On Friday, the chairs of the two committees and legislative research staff met to analyze same and similar language. They will meet as a full committee Monday to adopt agreed upon same and similar provisions.

**Your Feedback is Needed: Metro Cities' License & Permit Fee Survey**

Metro Cities has provided a License and Permit Fee Survey biennially for several years, and we're approaching the time when we would normally begin to open the survey for updates. The vendor Metro Cities contracts with has notified us that the survey software needs significant upgrades before it can be updated. Metro Cities will hold on updating the survey to address the necessary upgrades.

This presents a timely opportunity for Metro Cities to examine the survey product and determine member satisfaction levels and future needs. **Metro Cities will form a focus group of city staff** to determine how the survey is utilized, its benefits and challenges, whether the survey should continue, and what a survey should look like going forward. We want to determine whether the survey meets your needs, what could be changed, and how to move forward to ensure that this is a useful product.

**We would like to know - as soon as possible - whether you have an interest in serving on the focus group.** The time commitment is expected to be three to four meetings over the summer and fall. **Your input is invaluable as we examine the survey product.** Regardless of whether or not you serve on the focus group, we invite and encourage you to share any feedback from your experience using the License and Permit Fee Survey or options for the survey that you wish would be available. Please email [kimberly@metrocitiesmn.org](mailto:kimberly@metrocitiesmn.org).

Please note! The *coordinator* side of the survey where you upload data is currently closed, but existing survey data can be accessed until **Friday, May 31st** through the *member* side. **After that date, the site will be closed.** You can access the link to the login page on our website here: [www.metrocitiesmn.org/external-links](http://www.metrocitiesmn.org/external-links). Select the login link for the Municipal License and Permit Fee Survey. (Your login information should be the same. Please contact Kimberly if you don't have your login information or are having trouble logging in.) You can download the information as an Excel file to maintain access to the survey data after the site closes. You can also contact Kimberly after Friday, May 31st if you wish to access the information.

Questions or comments? Please contact Kimberly at 651-215-4000 or [kimberly@metrocitiesmn.org](mailto:kimberly@metrocitiesmn.org).

## **State Revenues See Uptick in April**

The April 2019 revenue update released by the MN Office of Management and Budget today shows that net general fund revenues are \$489 million, or 17.1% more than what was forecast. Receipts from some taxes exceeded what was forecast, while other revenues were lower than expected. MMB officials noted that monthly revenue updates vary, are preliminary and subject to revision. Click [here](#) to review the revenue update. The next budget forecast will be released in November 2019.

## **Metropolitan Council Makes Advisory Committees Appointments**

The Metropolitan Council appointed residents from across the region to several advisory committees on May 8. Appointments were made to the [Audit Committee](#), [Investment Review Committee](#), [Livable Communities Advisory Committee](#), [TAB](#), [Transportation Accessibility Advisory Committee](#) and [Equity Advisory Committee](#).

## **2019 Metro Cities Policy Committees**

It's time to start thinking about Metro Cities' Policy Committees! Policy Committees meet in July, August, and September and cover four different policy areas: Transportation and General Government, Municipal Revenues, Metropolitan Agencies, Housing and Economic Development. Policy Committees recommend legislative policies for the next legislative session, and those policies serve as a foundation for our work at Metro Cities. Being part of a Policy Committee is a great opportunity for your city to have a voice in the processes for the policies as well as at the legislature.

Policy committees are open to city staff and elected officials and the form to sign-up can be found on our website on the [Policy Committees page](#). Whether you are new or have participated in the past, we welcome your participation on one or more committees in 2019.

*Remember:*

- Committees will meet either Monday, Tuesday, or Wednesday in the morning from 9:00-11:30 am or the afternoon from 1:00-3:30. The committees and dates are listed on our website here, and updates and additional information will be posted on these pages as it becomes available.
- Please actively sign up for the committee(s) you wish to attend, even if you have been on the committee in the past. This will help us keep our rosters current and correct!
- All meetings take place at the Metro Cities/League of MN Cities building at 145 University Avenue West, St. Paul.

We look forward to seeing you this summer! Questions? Contact Kimberly at 651-215-4000 or [kimberly@metrocitiesmn.org](mailto:kimberly@metrocitiesmn.org).

### **Metro Cities Breakfast at the June LMC Annual Conference**

If you're attending the 2019 League of MN Cities' Annual Conference in June in Duluth at the Duluth Entertainment Convention Center (DECC), plan to join your metro colleagues for breakfast on **Thursday, June 27th at 7:30 am**. This is a great chance to mingle with other Metro Cities members and to hear a brief update from Metro Cities staff.

If you're able to join us, please let Kimberly know at 651-215-4000 or [kimberly@metrocitiesmn.org](mailto:kimberly@metrocitiesmn.org) as soon as possible. We hope to see you there!

### **EVENT: Metropolitan Council Environmental Services (MCES) Open House & Budget Workshops**

The Metropolitan Council invites MCES customers to participate in one of two Metropolitan Council Environmental Services (MCES) Open House and Budget Workshops. Topics covered will include proposed 2020 MCES Budget and Municipal Wastewater Charge, MCES Capital Improvement Program, and MCES Customer Survey Results and Customer Portal. Workshop dates, times, and locations are listed below.

#### **Thursday, May 23**

9:00-10:30 am

#### **Minnetonka Community Center**

Banquet Room

14600 Minnetonka Blvd

Minnetonka, MN

**Thursday, June 6**

1:30-3:00 pm

**League of MN Cities**

St. Croix Room

145 University Ave W

St. Paul, MN

Please RSVP by contacting Sara Running at 651-602-1531 or [sara.running@metc.state.mn.us](mailto:sara.running@metc.state.mn.us) by Friday, May 17.

### **Bills of Note**

[HF 2870](#), Huot: Bill relates to local government employment. It limits the length of employment suspension for employment misconduct to no more than 90 days.

[HF 2876](#), Runbeck: Bill requires video cameras to record light rail transit vehicle operators and requires a report on light rail transit safety features.

[HF 2877](#), O'Driscoll: Bill creates a voluntary small employer paid family leave insurance program.

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