

## **Legislative Preview**

The 2020 legislative session begins today, Tuesday, February 11, with noon sessions in both chambers. It is the second half of the legislative biennium, and a non-budget setting year. Typically, capital investment (bonding) bills are the focus of even numbered sessions, although in recent years, the Legislature has passed capital investment bills in budget as well as non-budget sessions.

The Senate has a Republican 35-32 majority and the House has a DFL 75-59 majority. Capital investment bills require a three-fifths majority of the bodies - 41 votes in the Senate and 81 votes in the House.

Although it is not a budget setting year, legislators may consider a supplemental budget. The November budget forecast projected a \$1.3 billion surplus in FY 2020-21 and a \$1.9 billion surplus for FY 2022-23. This surplus will inform the opening stages of discussion in the Legislature, and the February budget forecast that will be released on February 28<sup>th</sup> will set the parameters for any final budget actions. With surpluses of this magnitude, it is reasonable to anticipate that legislators may discuss a \$491.4 million subtraction taken from the reserve in 2019 to balance the budget for FY 2022-23. Depending on the February forecast, legislators may also consider other budgetary actions.

## **Session Priorities for Legislature and Governor**

Legislative leaders in the House and Senate outlined their goals for the 2020 session last week.

House Speaker Melissa Hortman said her caucus will focus on early childhood learning, insulin legislation, gun violence prevention, and paid family and medical leave as well as climate change. She also indicated support for 'the largest responsible bonding bill possible' while maintaining the state's AAA bond rating.

Senate Majority Leader Paul Gazelka stated that session priorities for his caucus would include making Social Security income tax exempt, increasing safety on public transit, and increasing transparency in pharmaceutical pricing. He suggested that the Senate would support a lower capital investment bill than proposed by the House. For additional information click here:

<https://www.house.leg.state.mn.us/members/profile/news/12266/26524>

and <https://www.mnsenaterepublicans.com/2020-vision/>

Governor Walz released his capital investment recommendations, which total over \$2 billion. His recommendations were included in Metro Cities [January 10](#) and [January 17](#) newsletters. The Governor is likely to release any supplemental budget recommendations later in February after the budget forecast is released.

## **Legislative Deadlines and Timelines**

In each session, the House and Senate leaders set deadlines for considering bills. This year, the following dates have been agreed to for committee deadlines:

- First Deadline: Friday, March 13 (Bills must be acted on favorably in their house of origin)
- Second Deadline: Friday, March 20 (bills or bill companions must be acted on favorably that met first deadline in the other body)
- Third Deadline: Friday, April 3 (committees must act favorably on finance and appropriations bills)

The Legislature will recess for Easter/Passover from April 3-14, 2020. The Legislature must adjourn *sine die* by May 18, 2020.

## **Metro Cities' 2020 Session Priorities**

[Legislative policies](#) are adopted each year by the Metro Cities Board of Directors and members and these guide the work of the association at the State Capitol and Metropolitan Council. Policies cover issues of importance to metropolitan cities including local aids and revenues, local authority and decision making, transportation infrastructure and funding, housing, economic development and redevelopment, funding to assist cities with infrastructure needs, and others. The policies also cover the scope of activities at the Metropolitan Council.

The Metro Cities Board of Directors also adopts legislative priorities each year. 2020 session priorities include:

### *Inflow-Infiltration Assistance for Metropolitan Cities*

Metro Cities is requesting a \$9.5 million appropriation to assist cities in the metropolitan area with mitigation of I/I on local public infrastructure. Funding appropriated from the 2017-18 capital investment bills for I/I was fully subscribed, and recently distributed as grants to eligible cities across the metropolitan area.

### *Aids and Revenues*

Metro Cities supports streamlining the process for the sales tax exemption for construction materials for local governments. The local government sales tax exemption was reinstated by the Legislature in 2013, but processes for accessing the exemption for construction materials are highly cumbersome. Metro Cities also supports extending the PERA aid to local governments that is due to sunset this year. Metro Cities supports the Local Government Aid program and opposes restrictions in the distribution of aids. Metro Cities will also be monitoring legislation related to local option sales taxes this year.

### *Local Authority*

Metro Cities supports local authority and decision-making and will oppose legislation that erodes local authority. This includes legislation that would restrict local budgets, or the ability of cities to set local ordinances, policies and fees. Metro Cities further supports repealing the statutory cap on local government salaries.

### *Residential Development and Infrastructure*

Metro Cities supports legislation that clarifies municipal authority to pay for street infrastructure. Cities establish fee structures for residential development to cover the costs of growth and corresponding needs for public infrastructure. This legislation would provide clarity following Minnesota court decisions that determined cities lacked statutory authority to charge street infrastructure fees near new residential developments.

### *Affordable Housing and Workforce Housing*

Metro Cities supports state programs that help fund locally identified housing needs. These sources include general fund dollars, appropriation bonds and general obligation bonds. Support for specific housing programs include:

- Preserving and increasing challenge program funding. The Economic Development and Housing Challenge Program (EDHC) provides funding for local housing needs and received a \$5 million increase in FY2020 and \$12.925 million in FY21.
- A local housing trust fund match appropriation. A state match would be available to cities or regions that have existing or newly established trust funds. A state match would amplify local public dollars which could be used to fund new construction, rehabilitation, preservation, rental assistance or meet other local housing needs.
- An affordable housing tax credit. The credit would allow an investor to dedicate funds for affordable housing in exchange for a credit on their state taxes. The funds can either be dedicated to a specific project or put into a general housing pool for later access via an MHFA application process.
- Metro Cities supports Housing Infrastructure Bond (HIB) funds for privately owned housing construction and preservation as well as General Obligation Bond funds for public housing preservation. The state funded \$60 million in HIB in 2019.
- Metro Cities supports the state's 4d low-income property tax program that provides a property tax benefit to qualifying low-income rental properties. Under current law, the class rate for 4d property is 0.75 percent on the first-tier value and 0.25 percent of the value exceeding the first-tier amount for each unit. Metro Cities supports evaluating the 4d low-income property tax program to determine how any expansion or other program changes could affect renters, landlords and property taxpayers. A study should include participation and input from metropolitan local government representatives.

### *Transportation*

Metro Cities supports resources for transportation infrastructure, including the use of dedicated taxes and fees and funding for programs such as the Local Road and Local Bridge, Corridors of Commerce and Local Roads Wetland Replacement programs. Metro Cities supports the creation of a new Local Cost Share Assistance Account and supports increasing Municipal Street Aid (MSA).

Metro Cities support legislation that allows cities to create street improvement districts and other resources that assist cities with local street needs that fall outside the MSA formula. Metro Cities supports a sustainable state funding source for the Small Cities Assistance Account, and creation of a Large Cities Assistance Account to assist with road needs that fall outside the MSA formula.

Metro Cities supports a regional transit system that is sufficient to serve the the needs of the metropolitan region and state and regional revenue sources to fund capital and operating expenses for regional transit providers.

### *Economic Development*

Metro Cities will work to preserve appropriations to the Minnesota Investment Fund (\$23.94 million or \$11.97 million each year) and the Job Creation Fund (\$16 million or \$8 million each year).

### *Emerald Ash Borer*

Metro Cities supports state funding to mitigate the effects of the Emerald Ash Borer infestation.

### *Regional Governance*

Metro Cities supports four-year staggered terms for Metropolitan Council members and enhancing local official input into the selection of Metropolitan Council members, and opposition to legislation that would provide for local elected officials serving on the Metropolitan Council.

## Newsletter and Bills of Note

During the legislative session, as part of the online newsletter, Metro Cities will provide a list of introduced bills of interest and significance to metropolitan cities. Stay tuned to the newsletter for regular legislative updates.

Follow Metro Cities on Twitter at [@MetroCitiesMN](https://twitter.com/MetroCitiesMN)

## Legislative Information

To sign up for legislative committee hearing schedules, find your local legislators, and other information, please visit the Minnesota Senate and House websites:

<https://www.senate.mn/>

<https://www.house.leg.state.mn.us/>

## Metro Cities Staff Contacts

Contact information for Metro Cities staff is included below as well as available on the website. Metro Cities is pleased to welcome Michael Lund as a Government Relations Intern for the 2020 session. Mr. Lund is a graduate student at the Hubert Humphrey School of Public Affairs where he is pursuing a Masters' Degree in Public Policy.

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