



## **Second Week of Session Concludes; Budget Forecast Next Week**

The 2020 legislative session is concluding its second week, and activity is robust, with full committee schedules and bill hearings. Specific legislative updates on items of interest to metropolitan cities are included below.

The February Budget Revenue forecast will be released by the Office of MN Management and Budget (MMB) next Thursday, February 27. Governor Walz will issue his State of the State address on March 23.

## **Local Option Sales Tax Bills Receive Consideration in House**

The House Property and Local Tax Division heard bills from four local governments seeking authorization for a local sales tax this week. Before the bills were heard, House Research staff provided the committee with an overview of laws governing local option sales taxes, including new law changes passed by the 2019 Legislature. Click [here](#) to view the presentation.

In 2011, the legislature began requiring that a local referendum to establish a local sales tax be held before the local government approached the legislature for authorization. In 2018, there were a record number of sales tax referenda on ballots and 16 out of 22 passed. Statutory changes in 2019 require local governments to bring a local sales tax proposal to the legislature for authorization prior to taking the question of a sales tax to the voters. State law also limits the use of local sales tax revenue to projects that provide regional benefit. Regional benefit is not specifically defined in state law.

Cities are now required to submit proposals to the legislature by January 31 for consideration in that legislative session. Twenty cities and two counties met the deadline for the 2020 session. Finally, some changes were made to how projects can be bundled together and how they appear on the ballot. Specifically, no more than five projects can be bundled into the same local sales tax proposal and each project must be voted on separately by residents. This allows voters to approve one component of a proposal and not others.

Projects that would be funded by the four proposals heard this week included a civic center, county jail, water treatment facility, and facilities for public works and police. For each bill testifiers were asked about the cost of projects, their ability to raise the revenue using a sales tax, and the regional benefits of projects. Bills were laid over for possible consideration in an omnibus bill.

On Monday, February 24, the Property Tax Division will hear additional local option sales tax bills, including for the cities of Edina, Moorhead, St Peter, Breckenridge, Bemidji, and Itasca County.

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

## **Street Improvement Districts Bill Passes House Subcommittee**

The House Subcommittee on Local Government passed [HF 1095](#) - Elkins, that allows cities to create street improvement districts and to collect fees from property owners within an established

district to fund municipal street maintenance, construction, reconstruction, and facility upgrades. The bill, which is permissive, is an initiative of the League of MN Cities and supported by Metro Cities and is intended to provide cities with an additional tool to build and maintain city streets. Metro Cities testified in support of the legislation at the hearing on Wednesday, along with LMC and the City Engineers Association. The MN Automobile Dealers Association and the Jewish Community Relations Council spoke in opposition to the bill. The bill passed on a 4-2 vote and was re-referred to the Government Operations Committee. It has not yet been scheduled for a hearing in that committee.

Questions? Please contact Steven Huser at [steven@metrocitiesmn.org](mailto:steven@metrocitiesmn.org) or 651-215-4003.

### **City Employee Salary Cap Expansion Bill Passes Senate Committee**

A bill that would raise the political subdivision compensation limit to \$200,000 was re-passed by the Senate Local Government committee on February 18. (The bill was also considered in 2019). The bill also caps the severance pay provided a “highly compensated employee leaving employment” to three months’ pay. Senator Dan Hall, who chairs the committee, is the chief author of [SF 1651](#). It awaits a hearing in the Senate State Government committee.

A House companion bill, [HF 753](#) – Masin, that repeals the compensation limit and does not contain the \$200,000 cap received its second reading in the House on February 13 and awaits a floor vote.

Metro Cities’ policy supports a repeal of the salary cap. Please contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org) with any questions.

### **House Housing Committee Hears \$500 Million Bonding Bill, Tax Credit Bill**

The House Housing Finance and Policy Division held its first hearing of the session this week. Committee chair Rep. Alice Hausman presented her proposal for \$400 million in housing infrastructure bonds (HIB) and \$100 million in general obligation bonds. Rep. Hausman’s proposal also includes a one-time use of HIBs for emergency shelters for people experiencing homelessness. Another bill, [HF 3358](#) - Hassan, provides \$50 million to the Minnesota Housing Finance Agency (MHFA) to pay for the construction, acquisition, and rehabilitation of short-term housing facilities for individuals and families without a permanent residence. \$25 million would be provided from housing infrastructure bond proceeds authorized in the bill, and \$25 million would be appropriated from the general fund.

A new state tax credit would be created and funded via [HF 3253](#) – Tabke that was also heard. The tax credit contribution fund would provide a tax credit incentive to individuals or businesses who make qualifying contributions to a housing fund administered by MHFA. The funds could be directed to and used for specific projects in a city or awarded competitively to projects that apply. Earlier tax credit proposals created a dollar-to-dollar credit while the 2020 bill creates a 90-cents to the dollar tax credit.

Metro Cities supports state bond funds for new housing in the metro region, as well as funds to preserve and rehabilitate existing homes. Metro Cities also supports the state tax credit bill as it would spur private investments in housing developments and could be targeted to specific projects that meet locally identified housing needs.

Contact Charlie Vander Aarde at 651-366-7564 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

## **Presidential Primary Bill Heard in Ways and Means**

[HF 3068](#)-Dehn made a stop in the House Ways and Means committee on Wednesday night after being heard in three other committees. The bill restricts access to data collected through the presidential primary election and allows voters the option of being excluded from party preference lists.

Committee members discussed their concerns about the collection and dissemination of party preference information. Some committee members said the bill does not go far enough in ensuring the protection of this data and argued that all party preference information be purged (as opposed to the opt-out feature in HF 3068). The bill passed out of Ways and Means and was sent to the General Register.

## **Transit Ambassador Bill Passes House Transportation Committee**

The House Transportation Committee passed [HF 3085](#) - Tabke, on Thursday. The bill would establish a transit ambassador program, authorize administrative citations for failure to pay fares, and reduce the judicial penalty for non-fare payment from \$175 to between \$35-\$10. The bill also reduces the charge from a misdemeanor to a petty misdemeanor. A delete-all amendment was adopted that restricts the program to LRT lines which reduces the cost of the legislation from an estimated \$6.3 million over the next biennium to \$1 million. The amendment also calls for the program to operate for six months and requires the Metropolitan Council to provide a report to the Legislature on the performance of the program. The bill was referred to the Public Safety Committee.

## **Metropolitan Council Meeting Posting and Recording Requirement Bill Debated**

A bill that would require the Metropolitan Council to post council and advisory board meeting agendas on the council's website at least three days before convening the meeting was heard by the Senate Local Government committee on February 18. A second section of the bill, [SF 2998](#) – Osmek requires the council and advisory board meetings to be recorded by audio or video and posted on the council's website within two working days of the meeting for a period of three years.

Metropolitan Council staff testified that the Council already complies with the bill's requirements and audio and audio/video recordings are made of council and advisory board meetings. Council staff explained current protocol and said they would provide a cost estimate for any technology changes that would need to be made to upgrade Council meeting rooms.

The League of Minnesota Cities commented that recording requirements in the bill, if expanded to cities, could be financially burdensome to smaller cities with limited staff and resources. The bill passed on a voice vote and awaits a floor vote by the Senate.

## **Flushable Wipes Bill Passes House Commerce Committee**

The House Commerce Committee heard [HF 3181](#) - Claflin that would require labeling standards of non-woven disposable wipes labeled as flushable. Non-woven wipes that are not flushable, such as baby wipes, are consequential for sanitary sewer and wastewater infrastructure. Standards to determine what products are flushable are developed by the non-woven fabrics industry. Only products that meet this standard could be labeled as flushable under the bill.

The City of Minnetonka shared the city's experience with the damage caused by non-flushable wipes on the local sanitary sewer system. Metro Cities, the League of MN Cities and MN Pollution Control Agency (MPCA) testified in support, while the MN Chamber of Commerce testified in opposition to the bill. The bill passed and was re-referred to the Environment Policy Committee.

Questions? Please contact Steven Huser at [steven@metrocitiesmn.org](mailto:steven@metrocitiesmn.org) or 651-215-4003.

## **House Taxes Committee Discusses Local Performance Measurement Program**

The House Taxes Committee on Thursday heard from State Auditor Julia Blaha and her staff on the Local Performance Measurement Program (PMP). The PMP is a voluntary program put into state law in 2010. The auditor's office reviewed how the program was developed and trends of participation over time. The program is voluntary. Local governments establish standards and performance measures that are publicly posted. Participating local governments receive 14 cents per capita, with a maximum of \$25,000 and are exempt from levy limits (there are currently not levy limits in state law).

The auditor's office noted that participation has trended downward with 57 cities and counties participating in 2017. The auditor's office noted that feedback from participating local governments noted that the reimbursement is low and sometimes does not keep pace with staffing costs to implement and that citizen responses and input has been low. Chair Marquart noted that he continues to see value in this type of program and that it is a way to establish best practices, and that it may need some maintenance to increase participation. To view information on the presentation click [here](#).

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

## **Metro Cities Board of Directors Openings**

Due to term completions, there will be an opening on the Metro Cities Board for a term starting on July 1, 2020, and the organization is seeking interested candidates.

The Metro Cities Board of Directors is comprised of 19 city officials, elected and appointed, from throughout the region. The Board is responsible for overseeing Metro Cities' budget, strategic plan and legislative priorities. It also makes appointments to the Metropolitan Council Transportation Advisory Board (TAB), Technical Advisory Committee (TAC) to the TAB, and Geographic Information Systems (GIS) Board. Metro Cities' bylaws require that the slate of Board members be balanced regarding geography and city population.

Candidates are asked to provide a (1) cover letter, (2) résumé and (3) [completed application form](#). Candidates may also provide letters of reference. A Nominating Committee will meet in March to make recommendations on candidates for election by the membership in April.

Applications can be submitted to Kimberly Ciarrocchi at [kimberly@metrocitiesmn.org](mailto:kimberly@metrocitiesmn.org). The deadline for application is **Thursday, February 27**. If you would like additional information, please contact Patricia Nauman at 651-215-4002 or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org).

## **Save the Date for the Metro Cities Annual Meeting!**

Mark your calendars and save the date for the Metro Cities Annual Meeting! This year's event will be held on Thursday, April 16 and will again be held at the Como Park Zoo and Conservatory in

the Bullard Rainforest Auditorium. The evening will start with a social hour, followed by guest speaker Rick King, Chair of the Metropolitan Airports Commission. The evening 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! More information and details will follow.

Questions or wish to RSVP? Contact Kimberly at 651-215-4000 or [kimberly@metrocitiesmn.org](mailto:kimberly@metrocitiesmn.org).

## **Bills of Note**

[HF 3217](#), Scott: Bill prohibits the collection and dissemination of political party preference during the presidential primary.

[HF 3222](#), Becker-Finn: Bill changes State Building Code; requiring the installation of baby diaper changing stations in restrooms accessible to the public.

[HF 3237](#), Freiberg: Bill amends the Minnesota Constitution agreeing to enter into agreement among states to elect the president by popular vote.

[HF 3365](#), Elkins: Bill allows jurisdictions to adopt ranked-choice voting.

[HF 3403](#), Persell/[SF 3346](#), Eichorn: Bill authorizes the city of Bemidji to impose a local sales and use tax.

[HF 3429](#), Dehn: Bill makes several miscellaneous changes to the general laws governing the administration of elections.

[HF 3430](#), Dehn: Bill restricts access to party preference data related to the presidential nomination primary and allows voters to request that their data be excluded from the lists.

[HF 3436](#), Acomb: Bill establishes a grant program to provide financial assistance to cities to address climate change.

[HF 3483](#), Sauke/[SF 3298](#), Senjem: Bill changes the deadline to appoint (or reappoint) charter commission members.

[HF 3511](#), Freiberg: Bill makes it so that a city's LGA amount cannot be lower than its certified aid amount for the previous year, beginning in 2021.

[HF 3546](#), Lien/[SF 3464](#), Eken: Bill authorizes the city of Moorhead to impose a local sales and use tax.

[HF 3560](#), Brand: Bill authorizes the city of St. Peter to impose a local sales and use tax.

[HF 3579](#), Demuth: Bill eliminates local government aid payments for a city with a regional or statewide sports or entertainment facility that fails to detail an adequate number of peace offers to protect visitors to the facility.

[HF 3594](#), Edelson: Bill authorizes the city of Edina to impose a local sales and use tax.

[HF 3602](#), Long: Bill allows write-in votes for the presidential primary election.

[HF 3605](#), Sundin: Bill appropriates money for wetland replacement credits for local government roads.

[HF 3617](#), Backer: Bill authorizes the city of Breckenridge to impose a local sales and use tax.

[HF 3620](#), Howard/[SF 3347](#), Senjem: Bill modifies class 4d property to have a classification rate of 0.25 percent.

[HF 3638](#), Fischer/[SF 3414](#), Ruud: Bill appropriates money to reduce sources of PFAS that are conveyed to municipal wastewater treatment facilities.

[HF 3649](#), Lee: Bill extends an appropriation for grants to address emerald ash borer.

[SF 3250](#), Howe: Bill allows for the delivery of absentee ballots to a veterans home or a shelter for battered women.

[SF 3275](#), Kiffmeyer: Bill creates an account for election technology and cyber security. The bill also requires election day registrants to cast provisional ballots.

[SF 3286](#), Jasinski: Bill requires local governments to publish a notice of any gift or grant 14 days before meeting to decide whether to accept the gift.

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