



**Special City Council Work Session
Tuesday, July 11, 2023 at 6:00 PM
Council Chambers**

AGENDA

- 1. Call to Order**
- 2. Items for Discussion**
 - A. Legislative Update (Sen. Jasinski/Rep. Daniels)
- 3. Future Discussion**
- 4. Adjournment**

Please contact the City Administrator's Office if you need special accommodations while attending this meeting



Council Work Session Memorandum

TO: Mayor and City Council
THROUGH:
FROM: Tim Murray, City Administrator
MEETING DATE: July 11, 2023
SUBJECT: Legislative Update (Sen. Jasinski/Rep. Daniels)

Discussion:

Senator John Jasinski and Representative Brian Daniels are scheduled to attend this Tuesday's Special Work Session to provide a Legislative Update. A session overview prepared by the League of Minnesota Cities is attached.

Attachments:

1. 2023-LMC-legislative-recap-v5A-single-pgs



2023 Legislative Session Overview

The 2023 Legislative Session will be remembered for its brisk pace driven by the Democratic-Farmer-Labor (DFL) Party's single-party control, and for the consequential policy, spending, and taxing measures passed.

Throughout the session, the League advocated for city priorities and interests in numerous ways — by testifying at committee hearings, meeting with legislators, working closely with other stakeholders, writing letters, engaging with the media, and more. LMC members were also very engaged this session, with many city leaders coming to St. Paul to lobby or testify on behalf of their communities and cities across the state.

As effective dates of new laws approach, the League is here to analyze the implications for cities. Detailed information about new laws will be provided in the annual law summaries, available on the LMC website at lmc.org/lawsummaries2023. City-by-city runs of revenues for local government aid, public safety aid, housing, and transportation will be made available on the LMC website as we receive them.

2023 SESSION BY THE NUMBERS

- **\$17.5B** general fund surplus at the start of session
- **6,705** bills introduced (a record!)
- **211** LMC members attended City Day on the Hill to lobby on behalf of city issues
- **163** times LMC Intergovernmental Relations (IGR) staff testified in legislative committees
- **67** news stories about legislative issues that quoted LMC staff or mentioned LMC
- **\$2.6B** capital investment package passed
- **75** new chapters of law adopted
- **1** bill vetoed (Gov. Walz's first since taking office in 2018)



Key Outcomes for Cities (in alphabetical order by topic)

BONDING: \$1.5B BONDING/\$850M CASH

- **Economic Development: \$443M, including:**
 - \$10M for the Business Development Public Infrastructure (BDPI) grant program (additional money for BDPI was also included in the jobs bill)
 - \$1.5M for the Innovative Business Development Infrastructure program
 - \$189M earmarked for local projects
 - \$224M earmarked for grants to non-profits
- **Environment: \$59.7M, including:**
 - \$10M for local tree planting
 - \$49.7M for flood hazard mitigation
- **Housing: \$75M, including:**
 - \$41.9M bond/\$30.1M cash for rehab to preserve public housing stock
 - \$3M for Greater Minnesota Housing Infrastructure
- **Transportation: \$402M, including:**
 - \$85M for the Local Road Improvement Program
 - \$67M for the Local Bridge Replacement Program
 - \$12M for the Local Road Wetland Replacement Program
- **Water/Wastewater: \$513.5M, including:**
 - \$41M to leverage federal revolving loan funds
 - \$87.2M for Water Infrastructure Grants (\$32.5M drinking water/\$52M clean water)
 - \$80M for Point Source Implementation Grants
 - \$12M for metro-area inflow/infiltration
 - \$293M earmarked for local/regional projects

CANNABIS

- **Legalizes and regulates:** The adult-use cannabis law legalizes and decriminalizes cannabis and establishes a regulatory framework for seed to sale oversight.
- **Local regulation:** The law requires cities to register certain cannabis retail businesses, conduct compliance checks, and temporarily suspend registrations if needed.
- **Zoning authority:** The law provides local zoning authority for cannabis businesses, including the authority to limit the number of retailers to one per every 12,500 population.
- **Local revenue:** 20% of the gross receipts tax revenue from cannabis products is dedicated to local governments, to be shared equally between cities and counties.

COMPENSATION CAP REPEAL

- The local government compensation cap was fully repealed effective May 25, 2023. Under the cap, salaries of local government employees of cities, counties, towns, metropolitan and regional agencies, and other (but not all, such as school districts) political subdivisions were not permitted to be greater than 110% of the salary of the governor.

EARNED SICK AND SAFE TIME

- The new law requires employers provide employees with one hour of paid sick and safe time for every 30 hours worked for up to 48 hours the first year and 80 hours in ongoing years.
- The law applies to all employees, including part-time and seasonal employees, and has no impact on existing paid leave policies that meet or exceed these requirements.

ECONOMIC DEVELOPMENT

- **Local Economic Support:**
 - \$10M in one-time funding for Local Community Child Care Grants
 - \$10M for Community Energy Transition Grants
- **Business and Workforce Development:**
 - \$2.287M in FY 24 and FY 25 for the Business Development Public Infrastructure grant program (in addition to the \$10M included in the bonding bill)
 - \$4.246M in FY 24 and FY 25 for the Redevelopment Program and \$2.246M in FY 26 and each year after
 - Creation of \$400M Minnesota Forward Fund to create and retain permanent private-sector jobs, increase local tax base, improve economic opportunity, and provide grants to local units of government for infrastructure to support local economic growth.
 - \$8M for the Minnesota Investment Fund
 - \$12.37M for the Minnesota Job Creation Fund

ELECTIONS

- **Early voting:** The state and local government omnibus bill establishes early voting for the 18 days leading up to Election Day, replacing the current in-person absentee ballot, or “direct balloting,” process.
- **Automatic Voter Registration:** A new law creates a process where eligible voters will automatically be registered to vote when applying for a driver’s license or other government documents.
- **Elections administration updates:** The state and local governments bill contains many elections administration provisions, including updates to mail voting, sample ballot publication, write-in votes, annual funding for cities and counties for administration, and more.

HOUSING

The omnibus housing bill includes \$1 billion to support construction, acquisition, and preservation of housing, including nearly \$300M in direct appropriations to cities and new and existing grant opportunities for cities to support local housing efforts, including:

- **Workforce Housing:**
 - \$95M one-time increase to the Economic Development & Challenge Fund Grant Program (for a total of \$120.85M for FY 24-25)
 - \$35M one-time increase to the Greater Minnesota Workforce Housing Development Program
 - Additional \$20M for the Workforce Homeownership Program (in addition to \$40M for the program authorized in the omnibus tax bill, for a total of \$60.25M)
- **Preservation and Rehabilitation:**
 - \$50M for public housing rehabilitation
 - \$90M in community stabilization funding for naturally occurring affordable housing
- **Direct Local Housing Aid:**
 - 0.25% metro sales tax to be distributed via formula to metro-area cities over 10,000 in population
 - \$4.5M formula housing aid distribution to greater Minnesota cities authorized in omnibus tax bill

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

- The transportation bill provides \$216 million for matching grants and creates a program within the Minnesota Department of Transportation for technical assistance grants for local units of government.
- Establishment of \$115M state competitiveness fund for federal matching funds, grant development assistance, and technical assistance for IIJA/IRA-funded energy projects.
- \$240M to replace private and public lead service line drinking water connections.
- Passage of required matching funds for state access to IIJA federal resources supporting roads and bridges, transit, water, cybersecurity, energy, and transportation.

JUNETEENTH

- Juneteenth was officially added as a state holiday to recognize the date on which slavery was ended in the United States.
- On June 19, 2023, and on June 19 each year after, public business cannot be conducted in observance of the holiday.

LOCAL GOVERNMENT AID (LGA)

- \$80M annual increase
- Formula updates will help make more cities eligible for LGA and replaces antiquated variables with more intuitive factors.

OPEN MEETING LAW

- The state and local government bill authorizes officials to participate in a meeting via interactive technology from a nonpublic location up to three times a year if advised by a health care professional against being in a public place for personal or family medical reasons.

PAID FAMILY & MEDICAL LEAVE

- The new law creates a state-administered paid family and medical leave insurance program beginning Jan. 1, 2026 that all employers will be required to participate in.
- All employers will pay into an insurance program established under DEED, in which employees can apply for up to 12 weeks of paid medical or family leave, or up to 20 weeks combined, annually.

PENSIONS

- \$170M in one-time direct state aid to the PERA General Employees Retirement Plan
- \$19.4M to the PERA Police and Fire Retirement Plan

PUBLIC SAFETY

- \$210M in one-time public safety aid to all cities. The aid can be spent on fire, police, emergency medical, or other public safety needs.
- The public safety duty disability bill contains mental injury prevention and treatment measures and provides \$104 million to pay for related costs. The bill also provides full reimbursement to employers for the continued health insurance requirement for disabled employees.
- A new law imposes criminal penalties for possession of a used catalytic converter that is not attached to a vehicle and prohibits a scrap metal dealer from purchasing a catalytic converter that is not attached to a vehicle unless the seller can document proof of ownership.
- The omnibus public safety bill contains provisions pertaining to youth intervention, carjacking, body camera footage release, police accountability, and law enforcement job recruitment.

TAXES

- Two-year moratorium on local sales taxes, with a task force slated to report to the Legislature in January 2024 with recommendations for possible changes to the approval process.
- 20% one-time increase to property tax refunds for both homeowners and renters.
- Conversion of the renters credit from a separate property tax refund to an income tax credit.
- Establishes an electric generation transition aid for cities that lose tax base when an electric generation plant retires.
- Eight-year extension of the Historic Structure Rehabilitation Tax Credit.

TRANSPORTATION

- The transportation bill provides ongoing funding for the Small Cities Assistance Account and establishes and funds the Larger Cities Assistance Account. Both are funded by a new 50-cent retail delivery fee on purchases over \$100 and dedication of the sales tax on auto repair parts.
- \$18 million for the Local Road Improvement Program.
- \$18 million for the Local Bridge Replacement Program.
- Increases in license tab fees, the motor vehicle sales tax, and the gas tax (indexed for inflation), which will fund the Highway User Tax Distribution Fund resulting in a \$40 million increase to Municipal State Aid over the previous biennium.
- Three-fourths of a percent increase in the sales tax in the metro area for transit and county roads.

FURTHER READING/RESOURCES

Webinars, including a full 2023 legislative recap, are available to members through the LMC website:

- lmc.org/webinars

Members can find a full breakdown of bills passed into law with the League's 2023 Law Summaries and Focus on New Laws, which will be updated throughout the summer:

- lmc.org/lawsummaries2023
- lmc.org/foni

For bi-weekly updates outside of legislative session and weekly updates during session, subscribe to the LMC Cities Bulletin e-newsletter:

- lmc.org/citiesbulletin

Interested in getting involved in legislative issues? Sign up for League's Policy Committees and Task Forces. Starting in July, join fellow city officials in working on issues that impact cities across Minnesota. Read more and sign up for policy committees here:

- lmc.org/policy-committees