



## **Municipal Legislative Commission**

### 2020 Regular Legislative Session Report

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## **2020 Regular Legislative Session Summary**

### ***Before COVID***

The 2020 legislative session began on February 11th with legislators discussing their goals and plans for the next four months, none of which included a state-wide shutdown due to a pandemic. Before COVID-19 arrived in Minnesota, legislators had 3 main goals for this session: to highlight campaign issues for the November election, to pass a bonding bill, and to take advantage of the \$1.5 billion surplus.

Since 2020 is an election year with every member of the House and Senate on the ballot, legislators were planning to use this session to advocate for and position their priorities in preparation of summer and fall campaigning. The pressure of being in an election year signaled that this would be a tense year of negotiations, with members vying for political power and changes occurring in leadership.

The most significant leadership change came two weeks before session began, with DFL Senator Susan Kent ousting Senator Tom Bakk as the Senate Minority Leader. Senator Bakk, who represents Northeastern Minnesota, had served as the leader of the Senate DFL caucus since 2011. Senator Kent's upset was a surprise to many, and some speculated that her victory symbolized the DFL's growing focus on the metro area. Senator Kent is the first woman to lead the Senate DFL Caucus.

The session began with an intended focus on policy bills, budget surpluses and attention to a bonding bill, which is the premiere piece of legislation during even-numbered years. Governor Walz started the volley when he released a \$2 billion package of projects that he wanted funded, containing more than 350 public works projects. The Democrats were expected to create a larger proposal, perhaps upwards of \$3 billion dollars, while the Republicans who are typically hesitant to craft a bill for over \$1 billion suggested a bill between \$1 billion and \$1.5 billion was more prudent.

Early legislative dialog also centered around what they were going to prioritize with the \$1.5 billion surplus that the state had accumulated over the last year. Ideas for these funds varied wildly by party; Republicans wanted to focus on tax relief and use the surplus to repeal the provider tax and offset social security income tax, while Democrats wanted to use the surplus to provide a boost to early education funding.

As session continued into early March, business seemed to be proceeding as usual: rallies were taking place in the Capitol for driver's licenses for undocumented immigrants, and gun laws like expanded background checks and red flag laws. Democrats planned to focus on paid family medical leave, climate protections, criminal justice reform, and grants for schools to hire additional counselors and social workers. Republicans were lining up their priorities as well: school vouchers, gun rights, voter ID requirements, and repealing the Social Security Income Tax. Both sides were in agreement that they wanted to pass an insulin protection bill and increase legislative oversight over the Department of Human Services. Little did they know that the next four months would lead to a statewide stay at home order, remote committee hearings, and the disappearance of the billion-dollar surplus.

## **COVID-19 Begins**

On Friday, March 6th, Minnesota confirmed their first positive coronavirus case. The individual had been on a Grand Princess Cruise ship and self-quarantined when they returned home. Two days later, a second positive case appeared, and on Monday March 9th, the legislature passed their first coronavirus relief package, which the Governor promptly signed into law.

### ***1st Coronavirus Package (3/9) SF 3813 (Relph)/HF 4275 (Liebling), Chapter 66***

The first coronavirus package appropriated almost \$21 million to an emergency account for public health with the qualification that the money be used only for the coronavirus outbreak. The Department of Health used the funds for purchasing PPE, expanding testing, and to cover the costs for additional staff. The bill passed both the House and Senate unanimously.

During the following seven days, the state began to shut down. The University of Minnesota announced that it would suspend in-person classes, the Mall of America closed, and Governor Walz declared a peacetime emergency on March 13th. At that time, there were 9 positive coronavirus cases in the state. Later that week, the Governor declared that all schools would move online and not return to class until at least March 27th. All restaurants and bars were asked to shut down in advance of St. Patrick's Day with the exception of delivery and pickup orders.

## **Minnesota Shuts Down**

Early in the morning on March 17th, the Legislature passed their second coronavirus package of \$200 million. Leadership decided to meet remotely for at least the next 30 days. By this time, 60 cases had been identified in the state.

### ***2nd Coronavirus Package (3/17) SF 4334 (Benson)/HF3980 (Liebling), Chapter 70***

This package totaled \$200 million, with \$50 million going into a health care contingency account and \$150 million in DHS grants to health care providers, with a caveat that providers could not bill uninsured patients for the cost of COVID-19 screening, testing, or care. These funds could be used to expand telemedicine, create additional capacity, and isolate positive cases.

The week of March 17th included many more shutdowns, including facilities like spas, salons, tattoo parlors, as well as an executive order stopping elective surgeries, effective beginning March 23rd. The Governor also created a special 30-day enrollment period for health insurance to increase health care access during the pandemic. It was also during this week that he announced he would begin daily press conferences with the Department of Health to keep Minnesotans updated. By the end of the week, positive tests had reached triple digits and the Governor authorized the National Guard to help with the response.

On Wednesday, March 25th, Governor Walz signed the Stay at Home order, with an end date of April 10th. He was met with resistance from Republicans in the Legislature, with Senate Majority Leader Gazelka stating that he had "grave concerns" about such a bold action. The same day, he also announced that he was continuing to keep places of public accommodation closed until May 1st, and schools would continue distance learning until May 4th.

The following day on March 26th, the House and Senate passed their third coronavirus support package in 19 days - this bill appropriated \$330 million in COVID-19 aid to small businesses and individuals.

**3rd Coronavirus package (3/26) SF 4451 (Gazelka)/HF4351 (Winkler), Chapter 74**

This bill added \$200 million to the COVID Minnesota Fund, \$72.5 million to the Department of Human Services to support the exacerbated areas of homelessness, emergency childcare grants, and food assistance, \$57.7 million to the Department of Human Services to preserve access to the Department's programs, and \$10 million for the Small Business Loan Guarantee Program. The bill passed unanimously in the Senate, but in the House, the four members that comprise the New Republican Caucus voted against the bill.

**The Shutdown Continues**

On April 1st, Sen. Paul Gazelka announced the creation of a COVID-19 Response Working Group. This group of Senators met daily for a few weeks, hearing presentations from agencies, businesses, and individuals to aid their decision-making for future coronavirus legislation. By this time, all committee meetings and floor sessions had begun meeting remotely to follow social distancing guidelines, with members joining official meetings via Zoom and voting electronically - a first in Minnesota's legislative history.

On April 7th, both bodies passed the Worker's Compensation bill for first responders that tested positive for coronavirus. The following day, the Governor extended the Stay at Home Order and the closure of places of public accommodation.

**Worker's Compensation Bill (4/7): SF 4458 (Howe)/HF4537 (Wolgamott), Chapter 72**

The Worker's Comp bill stated that if a first responder contracted the coronavirus, it could be presumed for them to have gotten it on the job, which would then qualify them for worker's comp. The burden of proof then falls on the employer to prove that an employee did not contract COVID-19 from working.

On April 14th, the Legislature passed their fourth coronavirus package - this bill mostly contained small policy tweaks for agencies and health care providers. By this time, 79 deaths had been recorded in Minnesota.

**4th Coronavirus Package (4/14) HF 4556 (Winkler)/SF 4462 (Gazelka), Chapter 74**

This bill contained several small provisions to fine-tune the state's COVID response, including language that allowed marriage licenses to be obtained remotely instead of in person, as well as covering some testing costs, expanding telemedicine, extending certain deadlines and expiration dates, and updating the open meeting law to allow for remote participation from members.

On April 15th, to show solidarity with the many Minnesotans who were out of work, Gov. Walz signed an executive order that reduced his own salary, the salary of his Chief of Staff, and the salaries of all State Commissioners by 10%. Two days later, he signed into law a bill passed by the House and Senate that allowed for takeout beer and wine sales during the shutdown under certain conditions.

**Takeout Wine and Beer Bill (4/17) SF 4489 (Housley)/HF4562 (Halverson) Chapter 75**

The Takeout Wine and Beer bill was contested by some stakeholders and a first for Minnesota- it allowed the sale of the equivalent of a six-pack of beer OR the equivalent of one bottle of wine to be sold with a takeout order from restaurants. The law contains many caveats: The person picking up the order must be over 21, the order cannot subsist of only alcohol, and only one six pack or one bottle of wine can be sold at a time.

## **Restrictions Begin to Loosen**

April 17th was the first date that official action took place to begin loosening restrictions placed on Minnesotans. Governor Walz signed an executive order that allowed for certain outdoor recreational activities such as hunting, fishing, trapping, boating, hiking, biking, and golfing, as long as social distancing measures were kept up. On Thursday the 23rd, the Governor allowed workers in certain non-critical sectors to begin returning to their workplaces if necessary and only if the workplaces submitted an approved COVID-19 Preparedness Plan to the state.

At the same time, the Governor announced a joint venture between the University of Minnesota, the Mayo Clinic, and the state to reach a goal of testing 5,000 Minnesotans per day, with the intention of being able to test all symptomatic individuals and then isolate and trace those that had been in contact with positive cases.

On April 30th and May 1st, Gov. Walz also allowed for additional non-critical sector workers to be able to go back to work if their employer had an approved preparedness plan, and allowed for food trucks to operate at highway rest areas. The Governor allowed elective surgeries to begin again on May 5th, with facilities using specific safety measures to keep their patients safe.

On May 7th, the House passed the COVID-19 Economic Security Act, which provided \$208 million in grants for small business loans, personal care assistants, housing, broadband, and telemedicine. The bill was met with a lot of contention from the House Republicans, who made several unsuccessful attempts to use the bill as a carrier for an amendment to end the Governor's emergency powers. As of May 14th, the Senate had not yet heard the bill on the floor.

## **The Beginning of the End?**

The following week, the Governor extended the peacetime emergency to remain in effect until June 12. This was met with concern from Republicans, who felt that the Governor's continued extensions were doing more harm than good. With the economy shut down for nearly two months, Minnesota's unemployment rate was well into the double digits and many feared the aftermath of a 60-day closure of businesses. Republicans in the House had been repeatedly offering bills to circumvent the Governor's authority and end his emergency powers. However, on Wednesday May 13th, the Governor declared that he would allow his stay at home order to expire on May 18th. At that time, retail shops would be allowed to open up at 50% capacity, Churches with up to 10 people at a time, and on June 1st, salons, bars, and restaurants could begin opening with restrictions.

Although many felt that the Governor's announcement on May 14th was too little action too late, the Legislature did agree that the Governor's initial actions taken back in March were wise and gave Minnesota the time that it needed to get PPE, ventilators, and additional hospital capacity in place before the peak of the pandemic. Minnesota has had one of the lowest infection rates in the country thus far, although 80% of the state's deaths from COVID-19 stem from long-term-care facilities. Continued work and investigations are taking place to try to identify and solve the problems that nursing homes are facing with COVID-19.

## **End of Session**

In the final days of session, the House and Senate began meeting 4-6 hours at a time to find agreements on their priority projects before the adjournment deadline of midnight on Sunday evening. Although the Legislature had worked well together earlier in session to pass much-needed language related to the pandemic, it appeared that their ability to collaborate had waned. On May 5th, the Office of Minnesota Management and Budget had released the updated budget projection for the state due to COVID-19, and the results of that forecast caused a divide in how the state's finance should be handled going forward. The projection stated that the \$1.5 billion surplus that the state had had just 3 months earlier had evaporated into a staggering \$2.42 billion deficit - a \$4 billion turnaround in just 10 weeks. This almost unimaginable financial loss, coupled with disagreements regarding the Governor's actions and other partisan conflicts, took the wind out of the sails of negotiations, and the session ended at midnight with a mediocre thud.

The Legislature failed to pass many of their leading pieces of legislation - including the bonding bill, which would have funded hundreds of new jobs and projects. The day before the end of session, the Senate Republicans proposed bonding package that was over \$1 billion less than the Governor's and House's proposal. The distance between the approaches was too great to overcome, and no compromise was reached.

# **MLC 2020 Legislative Priorities**

## **Building Permit Fees**

No legislation changing building permit fees was passed in the 2020 regular session. There were a number of bills introduced and heard in committee that proposed significant changes to building permit and park dedication fees:

**SF 3793 (Koran)**- Municipal construction permit fees cost per square foot basis requirement

**SF 3794 (Draheim)**- Caps park fees at 5%; record keeping mandate

**SF 3795 (Draheim)**- Revises DLI form for municipal fee revenue and expense report

**SF 3816 (Koran) /HF 4019 (Stephenson)** - Municipal construction permit fees cost per square foot basis requirement; local fee preemption, sets square foot basis instead of valuation, DLI sets regional fee cap,

**SF 4064 (Draheim)/HF 4015 (Elkins)**- Changes to comp plan controls, limits regulation on residential development, 5% cap on park fees, no conflicting zoning....

There was an effort to trade Housing Infrastructure bonds for reduced regulations (not fees) in the housing construction area, however no agreement was reached in the regular session.

## **Affordable Housing Tools**

No significant provisions passed in Regular Session. COVID-19 brought housing issues to the forefront with the House and Senate both putting plans forward. Proposals included:

- A House bill (HF 1507 – Stephenson) provided \$100 million in financial assistance to renters, homeowners, and manufactured home owners to pay for housing costs if they have lost income due to COVID-19. The bill also limited landlords from assessing late fees and terminating leases and prevented foreclosures from being started during a peacetime emergency related to COVID-19.
- A Senate bill (SF 4495 – Westrom) provided a 60-day moratorium on evictions starting on March 24, 2020 (the date of the Governor’s Executive Order related to evictions). The bill allowed the Governor to extend the moratorium for up to 30 additional days. The Senate bill included \$30 million for emergency housing assistance grants for individuals in need. The bill moved through committee to the Floor but was never passed off the Senate Floor
- On the last night of session, the Senate amended a bill (HF2542 - Weber) on the Floor to add funding for \$100 million in homelessness prevention aid and \$100 million for Housing Infrastructure Bonds. The bill tied this funding to several provisions pushed by developers that gutted local control over housing construction regulations. The bill passed the Senate on a mostly party-line vote of 35-32; however, the House did not take up the bill

## **Sales Tax Exemption on Construction Materials**

This provision did not pass. This session, several stakeholders who support the sales tax exemption on construction materials met regularly and created a coordinated strategy. Groups involved included MLC, the League of Minnesota Cities, Metro Cities, Association of Minnesota Counties, school districts, and general contractors. The groups met with Commissioner Bauerly, the tax chairs and other key legislators. MLC highlighted the importance of this provision as a way to assist cities that do not receive LGA. When the budget surplus turned into

a budget deficit after COVID-19 hit, this provision faced a steep uphill battle and it was not passed in Regular Session.

### **Investment in the TED Program**

No funding passed because no Bonding or Transportation funding bill passed. Both the House and Senate Bonding Bill included funding for TED. The House Bill included \$3 million in TED funding and the Senate bill included \$1.5 million in TED funding.

### **Salary Cap Repeal**

No legislation was passed in the 2020 session to repeal or amend the salary cap for local government employees. There was however significant progress made moving this issue forward. The House passed HF 753 (Masin), a full salary cap repeal through all necessary committees and sent the bill to the floor. The bill was not taken up for a full House vote. The Senate bill, SF 1651 (Hall), did not repeal the salary cap but instead increased the threshold to \$200,000, however, the Committee amended the bill to include a severance limitation. The amended bill heard and passed out of the Local Government Committee and was sent to the Senate State Government Finance Committee where it did not get a hearing.

### **Increased Funding for Corridors of Commerce**

No funding passed during Regular Session. The House and Senate bills both contained significant transportation investments but mostly aimed at specific projects rather than general pots of funding.

### **Infrastructure Fees**

The Infrastructure Fee legislation did not pass in the 2020 session, but it did receive considerable attention. The Infrastructure Fee bill (HF 2296 (Tabke)/SF2442 (Pratt)) was heard in the Local Government Committee. Despite opposition from Housing First and Builders Association (and a letter of opposition from Mn Beverage Assoc., BOMA, NFIB, Mn Chamber, Mn Grocers Assoc., NIOP and Jewish Community Relations Council) the bill passed and was sent to the Government Operations Committee. There was also significant activity in the Senate with a number of amendments that were drafted to accommodate member concerns in an effort to find language that could be supported. Unfortunately with the COVID-19 pandemic there was no opportunity to get this legislation addressed in either the House or Senate. Finally, a number of cities submitted resolutions of support for Infrastructure Accountability.

# MLC Legislation of Interest That Did Not Pass

## Summary of MLC Legislation of Interest that Did Not Pass:

- Senate COVID-19 Federal Funding Oversight Bill - *HF 4683 (Garofalo)/SF 4564 (Rosen)*
- House DFL Elections Omnibus Bill – *HF 1603 (Dehn)*
- Omnibus Tax Bill - *SF 3843 (Chamberlain)/HF 3389 (Marquart)*
- Capital Investment (Bonding) Bill - *HF3389 (Marquart)/SF3843 (Chamberlain)*
- Bonds for rental assistance and rules and regulations: - *HF 2542 (Hausman)/(Weber)*
- Transportation Finance Bill
- Funding for the Workers' Compensation COVID-19 Presumption
- Housing Policy Language (*Senate Amendment*)
- Housing and Development bills (*Housing First*)
- House COVID-19 Economic Security Act – *HF 1507 (Stephenson)/SF 1579 (Hoffman)*

## **Senate COVID-19 Federal Funding Oversight Bill**

[HF 4683](#) Rep. Pat Garofalo/[SF 4564](#) Sen. Julie Rosen

*This bill did not pass.*

This bill would have allowed the legislature to create formulas for the distribution of funds the State received from the federal government that are related to the COVID-19 pandemic, also known as the CARES ACT. This would have defined how Hennepin and Ramsey County had to distribute the money that they received directly from the federal government. This bill also created timelines for when money received must be distributed, expended, and reallocated. This bill passed the Senate on a vote of 45-22. The House did not take any action on the bill. Had this bill passed it would have taken immediate effect and allowed the legislature to have legislative oversight over funds that they would have otherwise not had access to.

## **House DFL-Elections Omnibus Bill**

[HF1603](#) Rep. Raymond Dehn

*The bill did not pass*

During this year's legislative session and the COVID-19 outbreak, Wisconsinites took to the polls for the State's presidential primary and Supreme Court election, thousands waited hours in long lines outside crowded polling stations. Absentee ballot requests overwhelmed offices, and many Wisconsin residents did not receive ballots in time. Polling locations could not open due to lack of polling officiants, and the National Guard needed to assist. It was by all accounts, a fiasco. **Minnesota Secretary of State Steve Simon** wanted to avoid such a scene for Minnesota's August state primary and November general election and held a press conference with DFL House and Senate elections leaders that would, among other changes, let his office mail ballots to all registered voters and reduce the number of polling places on Election Day.

Approved by the House State Government Finance Division on a mostly party-line vote, HF1603 would have allowed all Minnesota voters to vote by mail in the 2020 primary and general elections. It also would have restored voting rights of persons with felony convictions, authorized automatic

absentee ballot delivery and authorized ranked-choice voting. There was a provision for the National Popular Vote Interstate Compact, and some new reporting requirements were added in the bill for electioneering communications.

## **Omnibus Tax Bill**

[HF3389](#) Rep. Paul Marquart/[SF3843](#) Sen. Roger Chamberlain

View the bill summaries here: [House](#) and [Senate](#).

*This bill did not pass.*

The tax bill ended up being tied in with the final negotiations on the bonding bill and was not passed. The Senate passed a tax bill in April, the House tax bill never advanced from the Tax Committee. Taxes could be revisited during a special session.

### *House Tax Bill*

Without a target from leadership, Chair Marquart unveiled legislation that would provide \$667 million in the bill for local governments. Additional provisions include making the student loan credit refundable, increasing deductions for charitable giving, and providing partial conformity to federal law on Section 179 expensing for like-kind exchanges; a big issue for farmers who were hit with large tax bills when they upgraded equipment.

Notable provisions of the bill are:

- Retroactively allows full section 179 expensing on like-kind exchanges for tax years 2018 and 2019;
- Makes the student loan credit refundable;
- Decrease revenue for the state's General Fund by \$30.9 million for the 2020-21 biennium and \$13.7 million for the 2022-23 biennium;
- Creates a classification for short-term rental property;
- Allows counties to choose a second settlement date for first-half property tax payments;
- Sales tax exemptions for construction of public safety facilities in specific cities;
- Provides a refundable sales tax exemption and a grant related to the recovery from a fire in Alexandria;
- Provides flexibility to the Minnesota State High School League in how to use up to \$500,000 of revenues equivalent to forgone sales tax revenues from state tournaments for school years 2019-2020 and 2020-2021;
- Adds the availability of loans to the workforce and affordable homeownership development program;
- Modifies the statutory local lodging tax authority to include accommodations intermediaries in the tax base and allow changes in remittance dates;
- Provides temporary flexibility in the use of unencumbered tax increment financing revenues and the use of revenues from most local sales taxes;
- Extends the five-year tax increment financing rule to 10 years for redevelopment districts in Greater Minnesota; and
- Establishes a local sales tax working group to make recommendations regarding types of capital projects to be funded with local sales taxes and criteria for judging a project's regional significance.

The bill would establish a C-option tax whereby a pass-through business could elect to file and pay the corporate franchise tax. Under the bill, state tax law would conform to most of the federal changes made in the Further Consolidated Appropriations Act, the Families First Coronavirus

Response Act, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. But according to Representative Marquart, conforming to the Cares Act on net operating losses, excess income loss and income tax limitation would cost the state \$600 million dollars – so that was not included.

### *Property Tax Bill Article*

When the final report from the House Property and Local Tax Division was finally unveiled, view the bill summary [here](#), a key element was a two-year moratorium on new proposals for local option sales taxes (or LOST). But, before the division's final report was approved and that moratorium on LOST was lost. Representative Carlson announced they would not be recommending any new local sales taxes. The division was also presented with new numbers from nonpartisan House fiscal staff about how state tax refunds, aids and credits will be affected by the new budget projections released Tuesday. The only difference was an additional \$11 million in tribal nations grants that were part of COVID-19-related legislation passed earlier this session.

In wrapping up the division's work for the session, Representatives stated that many came into session with hopes of reducing property taxes, but everything was dismantled by COVID-19. This Article was adopted into the House Tax Bill.

### *Senate Tax Bill*

Minnesota Senate passed legislation designed to help struggling businesses by extending tax deadlines, with a \$327 million dollar measure to assist with recovery and rehabilitation. Under the bill, the deadline for paying the statewide business property tax would be pushed back 60 days. Estimated tax payment installments and accelerated sales tax payments are delayed, as are payments for S-Corporations, partnerships and C-corporations.

The bill also provides some tax breaks for families with school-age children, farmers, and people who make charitable donations. Low property wealth school districts would also benefit. Some democrats felt it was too soon to discuss with the deficit inevitable and finances insecure. Inevitably with the Bonding bill dead at the end of Sunday night, the Tax bills also died.

Notable provisions of the bill are:

- Increases the equalization factors for tier 1 and tier 2 referendum equalization levies.
- Sets the class rate for all class 4d properties (qualifying low-income rental property) at 0.25%. Under current law, the class rate is 0.75% on the first tier of value (first \$162,000 for assessment year 2020) and 0.25% of the value exceeding the first tier amount for each unit.
- Provides a 60-day extension of the due date for the first-half payment of the state general tax for taxes payable in 2020 only. With the extension, the first-half tax payment must be paid on or before July 15, 2020.
- Moratorium on changes in assessment; short-term rental properties.
- Removes the sunset on the angel investment credit so that the current \$10 million allocation would be ongoing.
- Expands the subtraction allowed under current law for taxpayers who do not itemize.
- Under current law, the K-12 credit phases out for claimants with household income over \$33,500. Household income is defined as adjusted gross income (AGI) with a number of nontaxable and other income sources added back.
- Codifies the commissioner's extension of the filing and payment deadline for individual income taxpayers to July 15, 2020.
- Suspends the first two installments of estimated tax payments made in 2020.
- Provides that the accelerated payment of June liabilities due June 20, 2020, may be

remitted on July 20, 2020.

- Requires that, for purposes of calculating net income, taxpayers must not claim the benefit of both the exclusion from gross income of paycheck protection loans under the CARES Act and deductions ordinarily claimed for employee expenses used to reduce tax liability.

### **Capital Investment Bills**

*Governor Walz Bill [HF 4558/SF 4597](#)*

*House Bonding Bill [HF 2529](#) Senator*

*Senate Bonding Bill [SF 3463](#)*

*View the House bill summary [here](#).*

*View the Senate bill summary [here](#).*

No Bonding Bill passed during the Regular Session, though both the House and the Senate took Floor votes on their bonding bills over the last weekend of the Regular Session. The House Bill, HF2529 (Murphy) would have appropriated nearly \$2.03 billion in general obligation bonds, and \$495.9 million in additional appropriations, for a total of \$2.52 billion. The bill failed on a party-line vote of 75-58 on the second to last day of session. The bill needed a super-majority of 81 votes to pass but all GOP members voted no. Republican House Leader Daudt stated he will not put up votes for a bonding bill until the peacetime emergency ends.

The Senate unveiled their bill (SF 3463 - Senjem) on Saturday with less than 48 hours left in session. The bill was heard and brought to the Floor on the last night of session. The bill included \$783 million in GO Bonds and \$998 million in General Fund supported debt. The Senate Bill did not include cash appropriations. The bill failed to pass on a vote of 38-29, with three DFLers (Tomassoni, Newton, and Hoffman) joining Republicans in voting Yes. Forty-one votes are needed to pass a bonding bill in the Senate.

#### **Highlights from the House and Senate Bonding Bill**

- Several suburban projects were included in the House or Senate Bonding Bills:
  - House Bill included projects for Apple Valley, Edina, Maple Grove, Golden Valley, Shakopee, Lakeville, and Plymouth.
  - Senate Bill included projects for Lakeville, Chanhassen, Maple Grove, and Plymouth.
- The House Bonding Bill included \$3 million for Transportation Economic Development (TED), the Senate Bill included \$1.5 million for TED.
- The House Bonding Bill included \$55 million for Met Council for Busway Capital Improvement Bus Rapid Transit. The Senate did not include transit funding.
- Neither the House nor Senate included Corridors of Commerce Funding.
- The House Bill contained \$452 million for MnDOT and the Senate bill contained \$688 million, both included funding for mostly targeted projects not general funding.
- The House Bill contained \$10 million for metro regional parks and trails, the Senate bill contained \$4 million.
- The House Bill contained \$9.5 million for Inflow and Infiltration, the Senate Bill contained \$5 million

## **Transportation Finance Bill**

*No transportation finance bill was passed*

Getting agreement on a Transportation Finance Bill was already an uphill battle at the Capitol and COVID-19 and economic uncertainty made it even more so. In the end, no Transportation Finance Bill was passed. Both the House and Senate Bonding Bills contained substantial investments in specific transportation projects but the Bonding Bills couldn't get the needed minority votes to pass either chamber.

## **House COVID-19 Economic Security Act**

*[HF 1507](#) Rep. Zack Stephenson/[SF 1579](#) Sen. John Hoffman*

*This bill did not pass.*

The bill would have provided a series of different loans and means for financial relief to Minnesotans during the COVID-19 pandemic. This would have extended the State's small business emergency loans program. It would have provided broadband grants to school districts and charter schools that are doing online learning. It would have provided grants to health care providers to support telemedicine technology. It would have allowed for financial aid for housing costs if the homeowner/tenant has lost income due to the pandemic and kept landlords from charging late fees during the peacetime emergency. It would also have temporarily increase the rates that personal care attendants in a medical assistance program can receive and the number of hours they can work due to COVID-19.

The House passed this bill on May 7<sup>th</sup> with a vote of 75-58. The Senate gave the bill a second reading but did not pursue any further action on the bill.

# MLC Legislation of Interest That Passed

## Summary of MLC legislation of interest that passed:

- Increased the minimum age to buy tobacco and e-cigarette products to 21 - *HF 331 (Edelson)/SF463 (Chamberlain)*
  - Raises the age for Minnesotans to purchase tobacco, tobacco products, electronic delivery devices, and other nicotine products to 21.
- Data Practices Omnibus Bill – *SF 3072 (Limmer)/HF 3012 (Lesch)*
  - Contains five policy provisions: regulation of drones by law enforcement through a warrant requirement; clarify the requirement of a search warrant for electronic communication information; clarify statute regulating warrants for location-tracking devices; expand the scope for when a warrant is required for location tracking; and changes to publication criteria for court of appeals opinions.
- Judiciary and Civil Law Omnibus Bill – *HF 3012 (Lesch)/SF 3072 (Limmer)*
  - Contains four policy provisions related to civil law: modernize Minnesota Guardianship Law to create a more person-centered approach in statute; update to Uniform Transfers to Minors Act; amend the Common Interest Ownership Statute in homeowner association voting procedures; and amend the statutory formula that determines the percentage of wages that are able to be garnished.
- City Charter Commissions – *HF 3483 (Sauke)/SF 3298 (Senjem)*
  - Existing law allows city councils for charter cities to appoint new members to those cities' Charter Commissions if the chief judge of the district court in which the city is situated fails to make an appointment within 30 days. This bill removes that authority for city councils, so that the chief judge of the district court has responsibility for appointments and reappointments.
- Electronic signatures accepted by local governments - *HF 4605 (Freiberg)/SF4525 (Kiffmeyer)*
- Omnibus Elections Bill, \$17 million in election security funds - *HF 3429 (Nelson, M)/SF 3494 (Kiffmeyer)*
- Omnibus Transportation Policy Bill: Extended grace period for drivers whose license expire during the pandemic - *HF 462 (Hornstein)/SF 1041 (Newman)*
- Pension Bill – *HF 3903 (Murphy)/SF 3808 (Rosen)*

## **Omnibus Elections Bill**

[HF 3429](#) Rep. Mike Nelson/ [SF 3494](#) Sen. Mary Kiffmeyer

Chapter 77

Effective Dates: Various

The focus of this year's omnibus election bill was to provide measures that will allow for elections to be safely and securely held in August and November. It would also appropriate two waves of federal election security funding, known as the Help America Vote Act (HAVA), which were made available to the State by Congress in its December 2019 budget consolidation bill and its March 2020 COVID-19 response bill. The required State match is included in this legislation. The funds — which would be appropriated to the Secretary of State's office — could be used for things like

additional training of local elections officials, strengthening cybersecurity efforts, and helping local jurisdictions offset costs they may face after rigorous testing of their voting infrastructure.

The Senate ratified a deal that had been worked out among Secretary of State Steve Simon and DFL and GOP lawmakers on the House subcommittee on elections. Democrats gave up on -vote-by-mail measures and Republicans backed off attempts to tie the federal HAVA appropriation to two measures that their counterparts adamantly oppose: requiring voters to show a photo ID to vote and the creation of a provisional balloting system for those whose voter registration is questioned.

The bill authorizes local governments to adopt special procedures for use at the 2020 state primary and state general elections to respond to the COVID-19 pandemic. It also requires local governments to begin processing ballots 14 days before Election Day, and authorizes candidates to file certain election-related documents electronically.

Local governments also have the option under the bill to adopt the following practices:

- designate new polling places until July 1;
- allow employees of health care facilities and hospitals to administer absentee ballots to residents or patients in their facilities; and
- extend the period during which absentee ballots can be processed — to up to 3 days after the election — to give election officials more time to deal with what is expected to be an increase in absentee voting.
- Provides ability to move polling places, if needed

The bill alters deadlines for parties to submit the names of candidates to be nominated as presidential electors for the 2020 election. Current law states those names must be submitted no later than 71 days before Election Day; this change requires they be submitted by 67 days to better accommodate the dates of the major party national conventions this fall that have been pushed back due to the COVID-19 pandemic.

## **Omnibus Transportation Policy Bill**

*[HF462](#) Rep. Frank Hornstein/[SF1014](#) Sen. Scott Newman*

*Chapter 100*

*Effective Date: Various*

The Omnibus Transportation Policy bill passed in the House with a vote of 131-2 and the Senate vote was unanimous. The bill was presented to the Governor to be signed May, 18<sup>th</sup>.

Notable provisions of the bill are:

- Allowing drivers involved in a collision to share their email address rather than their mailing address.
  - Creating an autism spectrum disorder identifier and a mental health identifier that may be issued on driver's licenses.
  - Creating a salary and benefits survey of law enforcement officers in every department to compare salaries of police departments and the State Patrol with the intent of making increases to state troopers' salaries.
  - Requiring the use of warning lights and stop arms on school buses when making deliveries to students.
- Allowing Minnesotans with soon-to-expire driver's licenses extra time to renew them

- Waiving a requirement to take a new photograph and complete a vision test if a driver's license applicant's name, address, signature, or driver's license number hasn't changed, and they aren't seeking a REAL ID or enhanced driver's license.
- Directing MnDOT, the Department of Public Safety and the Metropolitan Council to each report to the Legislature on the use of federal funds appropriated to the state as part of the response to the COVID-19 health crisis
- Setting owner notification requirements in order for a private road to be dedicated as public when it is continuously repaired or maintained as a public road for six years
- The bill did NOT include measures targeted a stemming an increase in crime on Metro Transit – though the issue was heavily debated.

This also bill creates a federal funds reporting requirements for the Commissioner of Transportation, the Commissioner of Public Safety and the Metropolitan Council. By February 15, 2020 they must each provide the legislature stating the total amount of each expenditure, and the purpose of each expenditure.

## **2020 Pension Bill**

[HF 3903](#) Rep. Murphy/[SF 3808](#) Sen. Rosen  
View the Summary [here](#).  
Chapter 108

Resurrected in the final week of session, the pension bill received unanimous support from the House and Senate chambers. The legislation includes ten bills heard by the Commission at hearings in early March, eight bills affecting firefighter relief associations approved at the Commissions sole remote hearing in May and two final amendments.

Notable provisions of the bill are:

Article 1: State Board of Investment Provisions ([HF3272](#)-Albright; [SF4023](#)-Frentz)

Article 2: St. Paul City and School District Contributions to Multiemployer Plans ([HF3788](#)-Nelson M.; [SF3658](#)-Senjem & [HF3789](#)-Nelson M.; [SF3659](#)-Senjem)

Article 3: Phase-out of Enhanced Augmentation under PERA when a Medical Facility Privatizes ([HF4300](#)-Her; [SF4201](#)-Jasinski)

Article 4: Modification to State Auditor Reporting Requirements for Pension Plans ([HF3777](#)-Her; [SF3672](#)-Rosen)

Article 5: Minnesota State Retirement System Administrative Provisions ([HF3903](#)-Murphy; [SF3808](#)-Rosen)

Article 6: PERA Administrative Provisions ([HF4301](#)-Her; [SF4202](#)-Dahms)

Article 7: Administrative Changes to the PERA Statewide Volunteer Firefighter Plan ([HF4297](#)-Freiberg)

Article 8: Administrative Changes to the Teachers Retirement Association ([HF3752](#)-Her; [SF3805](#)-Jasinski)

Article 9: Session Law for One Person/Maplewood Firefighter ([HF2937](#)-Fischer; [SF3087](#)-Wiger)

Article 10: Volunteer Firefighter Relief Associations: Increase in the Maximum Lump-Sum Pension Amount ([HF3921](#)-Nelson, M.; [SF3550](#)-Rosen)

Article 11: Volunteer Firefighter Relief Associations: Allocation of Fire State Aid ([HF3870](#)-Nelson, M.; [SF3547](#)-Rosen)

Article 12: Volunteer Firefighter Relief Associations: Dissolution and Retirement Plan Termination ([HF4107](#)-Nelson, M; [SF4123](#)-Rosen)

Article 13: Brooklyn Park Firefighters' Relief Association: Dissolution of the Relief Association and Plan Termination ([HF3153](#)-Nelson, M.; [SF3900](#)- Hoffman)

Article 14: Ramsey Volunteer Firefighters' Relief Association: Division of the Relief Association ([SF4424](#)-Benson)

Article 15: Volunteer Firefighter Relief Associations: Conversions from Defined Benefit Plan to Defined Contribution Plan ([SF4438](#)-Rosen)

Article 16: Volunteer Firefighter Relief Associations: Legislation recommended by the State Auditor's Volunteer Firefighter Working Group. ([HF3778](#)-Nelson M.; [SF3673](#)-Rosen)

Article 17: MSRS Unclassified Plan: Grandfathering 2016 Factors for Annuities until June 30, 2021. ([SF4067](#)-Rosen)

## **Looking Ahead**

Although much work has been left unfinished thus far, the Legislature is likely to have multiple special sessions over the summer. The Governor is expected to hold the first special session on June 12th, which is also the date that his emergency powers will expire. Talks have already begun on reviving the bonding bill and working on the ratification of state contracts, as well as potentially offering a few other coronavirus relief provisions.

Regarding the state's fiscal health, no one is certain how badly the deficit will affect Minnesota's financial future, although most possibilities are quite grim. One possible measure that the Governor could take would be the "unallotment," or undoing, of current appropriations if the state does not have the money to spend. Senate Majority Leader Paul Gazelka, however, favors across the board cuts of each agency's budget.

The Minnesota House of Representatives will also immediately convene a Select Committee on Minnesota's Pandemic Response and Rebuilding. The Committee will be tasked with reviewing both state and federal responses to the COVID-19 pandemic and how our policies and procedures could be changed for the future. The committee will be made up of Speaker Melissa Hortman, Majority Leader Ryan Winkler, Minority Leader Kurt Daudt, Ways and Means Chair Lyndon Carlson, and Ways and Means Minority Lead Pat Garofalo, along with five rotating members depending on the issue area being discussed. The first topic that the committee will discuss is workplace safety for nurses.

# APPENDIX

## CORONAVIRUS RELIEF FUND: LOCAL GOVERNMENT DISTRIBUTION

ITEM	H.F. 4673 - Marquart	S.F. 4564 - Rosen
Fund Creation	None	Creates coronavirus relief federal fund in the state treasury
Definitions	Excludes: cities and towns under 500; Hennepin and Ramsey counties. Defines “emergency financial assistance” and “economic support.”	Excludes Hennepin and Ramsey counties. Contains additional definition of “population” to include 2019 Census Bureau estimate used to calculate aid amounts.
Distribution Formula	Towns over 500: \$25 per cap Cities over 500: \$52 per cap Counties: Variable from \$80 - \$96 per capita by factoring in population of cities and towns under 500.	Towns: \$25 per cap; \$2,500 min. Cities: \$87 per cap; \$5,000 min. Counties: Variable from \$88 - \$148 per capita Requires Hennepin and Ramsey counties to distribute direct federal aid (\$317 million) to cities and towns via state formula.
Distribution Date	All funds by June 15, 2020	All funds by June 15, 2020
Allowable Uses	Requires certification; requires that 18% of aid be used for emergency financial assistance to families or economic support for businesses; Provides for cities and towns under 500 to apply for grants from county.	Requires certification.
Agreements	Allows for local government collaborative agreements.	Allows for local government collaborative agreements.
Time Limits	Oct. 1, 2020: Unencumbered remaining aid must be returned. Dec. 15, 2020: Unencumbered remaining aid that is part of a collaborative agreement must be returned.	Nov. 1, 2020: Unencumbered remaining aid must be returned. Dec. 15, 2020: Unencumbered remaining aid that is part of a collaborative agreement must be returned.
Recoupment	Requires revenue commissioner to recoup funds from local governments if U.S. Treasury requires state to recoup funds.	Requires revenue commissioner to recoup funds from local governments if U.S. Treasury requires state to recoup funds.
Appropriation (Onetime, FY 2020)	\$667.2 million: \$567.1 million via formula (\$255.2 million to cities and towns and \$311.9 million to counties); \$100.1 million via grants by revenue commissioner.	\$667.2 million distributed entirely by formula. If appropriation exceeds amount required for distribution, remaining balance must cancel to the coronavirus relief federal fund. If appropriation is less than amount required for distribution, commissioner must proportionally reduce per capita allowances.
Onetime Grants	Revenue commissioner must accept grant applications from August 1, 2020 – December 1, 2020 for costs incurred from March 1, 2020 – December 30, 2020.	None
Grant Preference	1. Cities, towns or counties with high outbreaks of coronavirus. 2. Cities, towns or counties with new, unanticipated costs from COVID-19. 3. Cities, towns or counties establishing or conducting a recovery project or coordination office related to COVID-19.	None
Effective Date	Day following final enactment	Day following final enactment
Workers’ Compensation Reimbursement Fund	None	Creates workers’ compensation COVID-19 reimbursement fund in the treasury for costs paid in job classifications entitled by Laws 2020, chapter 72, section 1. Fund shall be managed by the State Board of Investment.
Reimbursement Eligibility	None	Providers with annual premiums under \$5 million with COVID-19 claims exceeding \$100,000. Providers with COVID-19 claims exceeding \$1 million.
Reimbursement Submission	None	Providers must submit to the commissioner of labor and industry for reimbursement on a first-come, first-serve basis through December 30, 2020.
Reimbursement Reductions	None	Reimbursement shall be reduced by amounts received from the Workers’ Compensation Reinsurance Association or other third-party sources.
Reports	None	Requires reports to the legislature from the commissioner of labor and industry on August 1, 2020; November 1, 2020; and January 15, 2021.
Appropriation	None	\$375 million from the coronavirus relief federal fund to the MMB commissioner to deposit in the workers’ compensation COVID-19 reimbursement fund. available until December 30, 2020.



April 28, 2020

The Honorable Amy Klobuchar  
United States Senate

The Honorable Tina Smith  
United States Senate

The Honorable Angie Craig  
United States House of Representatives

The Honorable Dean Phillips  
United States House of Representatives

The Honorable Betty McCollum  
United States House of Representatives

The Honorable Ilhan Omar  
United States House of Representatives

The Honorable Tom Emmer  
United States House of Representatives

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives

The Honorable Kevin McCarthy  
Republican Leader  
United States House of Representatives

The Honorable Mitch McConnell  
Majority Leader

The Honorable Charles E. Schumer  
Democratic Leader  
United States Senate

**Dear Minnesota Congressional Delegation,**

**CC: Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer**

**RE: Support for H.R. 6467 – Coronavirus Community Relief Act**

On behalf of Minnesota’s Municipal Legislative Commission, we are writing to strongly urge your support for H.R. 6467, the Coronavirus Community Relief Act. This bill provides \$250 billion in funding for cities with a population under 500,000, which will be a much-needed lifeline for Minnesota’s cities. Under the local government funding in the CARES Act, only 36 cities in Minnesota qualified for aid. However, H.R. 6467 will ensure that the cities who did not qualify for funding under the CARES Act will be able to continue to provide essential services to the community.

Cities are the front lines of fighting this pandemic- we serve the public at the most local level and provide the critical societal infrastructure of public health and safety services. We take our responsibility to the people very seriously as we work to protect our citizens from a new virus while continuing to provide core services. Yet right now, city governments are having to make decisions that include laying off employees, cutting budgets, postponing and canceling events, and reducing services – while at the very same time being called on to help lead the fight against this pandemic.

Because of our key role in protecting society, we are in strong support of H.R. 6467, the Coronavirus Community Relief Act. This bill will greatly assist cities as we try to serve the population with our limited resources. While the CARES Act restricted funds to cover only “necessary expenditures,” H.R. 6467 creates a separate fund for local governments with a population of less than 500,000 to use allocated funds to replace their lost revenue, decreasing tax payments and fees, and unexpected and unbudgeted costs related to the pandemic. These funds will be received directly through the Treasury Department instead of going through the State to apply as a subgrantee, which will ensure that small units of government receive these needed funds much more quickly.

We humbly ask for your support of H.R. 6467. This bill will empower our cities to immediately take the bold steps necessary to protect the American public from the pandemic and recover from the subsequent economic fallout.

Thank you for your leadership during this time of national crisis, and please feel free to reach out to our Director of Legislative Affairs, Tom Poul (tpoul@messerlikramer.com) to discuss this priority request.

Sincerely,



James Hovland  
Chair, MLC Board  
of Directors  
Mayor of Edina



Doug Anderson  
Mayor  
City of Lakeville



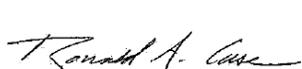
Kirt Briggs  
Mayor  
City of Prior Lake



Anne W. Burt  
Mayor  
City of Woodbury



Tim Busse  
Mayor  
City of Bloomington



Ron Case  
Mayor  
City of Eden Prairie

William Droste  
Mayor  
City of Rosemount

Mary Hamann-Roland  
Mayor  
City of Apple Valley

Shep Harris  
Mayor  
City of Golden Valley

Elizabeth Kautz  
Mayor  
City of Burnsville



Mike Maguire  
Mayor  
City of Eagan



William Mars  
Mayor  
City of Shakopee



Sandra Martin  
Mayor  
City of Shoreview



Elise Ryan  
Mayor  
City of Chanhassen



Mark Steffenson  
Mayor  
City of Maple Grove



George Tourville  
Mayor  
City of Inver Grove Heights



Brad Wiersum  
Mayor  
City of Minnetonka



Janet Williams  
Mayor  
City of Savage



Jeff Wosje  
Mayor  
City of Plymouth



April 30, 2020

Dear Members of the House Property Tax Division,

On behalf of our respective organizations representing cities across Minnesota, we appreciate your efforts to help cities navigate the impacts of the COVID-19 pandemic. We write to support the Author's Amendment to HF 3876 (Petersburg) that will provide additional flexibility to cities in responding to this crisis.

Cities are facing increased costs related to COVID-19, including: purchasing PPE for city workers like firefighters, police officers and inspectors; purchasing equipment to transition to remote work; and paying overtime for critical workers.

At the same time, cities are facing significant revenue declines: lower park and recreation fees, lower local sales tax collections, and lower permit fees. Cities are also anticipating an increase in property tax deferrals and late payments and a likely future shift in burden from C/I property to homeowners in coming years.

The Author's Amendment to HF 3876 gives cities flexibility, over a limited amount of time, to use revenues that originate in their communities to pay for critical needs. Cities can decide how best to deploy resources whether to pay first responders or moderate property tax impacts. The CARES Act will not reimburse cities for revenue loss, making this proposal a small but important step to assist cities with revenue challenges.

We look forward to continuing to work with you as this bill moves forward through the process. Please reach out at any time with questions.

Sincerely,

Gary Carlson  
Director of  
Intergovernmental  
Relations  
League of  
Minnesota Cities

James Hovland  
Chair, MLC Board  
of Directors  
Mayor of Edina

Patricia Nauman  
Executive Director  
Metro Cities



May 4th, 2020

Dear Members of the House Property Tax Division,

On behalf of our respective organizations representing cities across Minnesota, we appreciate your efforts to help cities navigate the impacts of the COVID-19 pandemic. We write to support the Property Tax Division Report (HF 346 - Carlson, A) that will provide additional flexibility to cities in responding to this crisis.

Cities are facing increased costs related to COVID-19, including: purchasing PPE for city workers like firefighters, police officers and inspectors, purchasing equipment to transition to remote work, and paying overtime for critical workers.

At the same time, cities are facing significant revenue declines: lower park and recreation fees, lower local sales tax collections, and lower permit fees. Cities are also anticipating an increase in property tax deferrals and late payments and a likely future shift in burden from C/I property to homeowners in coming years.

The Property Tax Division Report gives cities flexibility, over a limited amount of time, to use revenues that originate in their communities to pay for critical needs. Cities can decide how best to deploy resources: whether to pay first responders or moderate property tax impacts. The CARES Act will not reimburse cities for revenue loss, making this proposal a small but important step to assist cities with revenue challenges.

We look forward to continuing to work with you as this bill moves forward through the process. Our organizations are closely following several provisions in the bill and may weigh in separately on other provisions. Please reach out at any time with questions.

Sincerely,

Gary Carlson  
Director of  
Intergovernmental  
Relations  
League of Minnesota  
Cities

Tom Poul  
Municipal Legislative  
Commission

Patricia Nauman  
Executive Director  
Metro Cities



May 7th, 2020

Dear Members of the House Tax Committee,

On behalf of our respective organizations representing cities across Minnesota, we appreciate your efforts to help cities navigate the impacts of the COVID-19 pandemic. We write to support the House Omnibus Tax Bill (HF 3389 - Marquart) that will provide additional flexibility to cities in responding to this crisis.

Cities are facing increased costs related to COVID-19, including: purchasing PPE for city workers like firefighters, police officers and inspectors, purchasing equipment to transition to remote work, and paying overtime for critical workers.

At the same time, cities are facing significant revenue declines: lower park and recreation fees, lower local sales tax collections, and lower permit fees. Cities are also anticipating an increase in property tax deferrals and late payments and a likely future shift in burden from C/I property to homeowners in coming years.

The tax bill gives cities flexibility, over a limited amount of time, to use revenues that originate in their communities to pay for critical needs. Cities can decide how best to deploy resources: whether to pay first responders or moderate property tax impacts. The CARES Act will not reimburse cities for revenue loss, making this proposal a small but important step to assist cities with revenue challenges.

We look forward to continuing to work with you as this bill moves forward through the process. Our organizations are closely following several provisions in the bill and may weigh in separately on other provisions. Please reach out at any time with questions.

Sincerely,

Gary Carlson  
Director of  
Intergovernmental  
Relations  
League of Minnesota  
Cities

Tom Poul  
Municipal Legislative  
Commission

Patricia Nauman  
Executive Director  
Metro Cities

**LEAGUE OF MINNESOTA CITIES  
ASSOCIATION OF METROPOLITAN MUNICIPALITIES (METRO CITIES)  
COALITION OF GREATER MINNESOTA CITIES  
MN ASSOCIATION OF SMALL CITIES  
MUNICIPAL LEGISLATIVE COMMISSION**

May 9, 2020

Senator Julie Rosen, Chair and Senate Finance Committee

Dear Senator Rosen and Committee Members:

Our respective organizations, representing 853 cities which are home to more than 4.6 million citizens across Minnesota, appreciate the opportunity to comment on Senate File 4564-Rosen, that sets a funding amount and distribution formula for the appropriation of funds to local governments from the state allocation of the Federal Coronavirus Relief Fund. This letter is intended to serve as written testimony as the bill is heard in the Senate Finance Committee on Monday afternoon.

The services provided by municipal governments are essential for public health and safety and are critical during this crisis. First responders and other municipal employees are on the front lines of this crisis and city services are basic for public safety. Citizens rely on city officials to ensure a community's safety and protection, and the operations of cities across the state need to be positioned to address local service needs resulting from the pandemic.

Cities have already experienced unanticipated expenditures for personal protective and public safety equipment, equipment to allow remote work and public meetings, increases in unemployment insurance and health insurance, overtime staffing needs due to illness or quarantines, communications and signage, as well as increased maintenance costs for public buildings and spaces. We expect additional future costs in these areas as well for emerging considerations such as conducting elections.

Specific to the SF4564 the SCS4564A-2 delete-all amendment, our organizations have carefully reviewed legislation and we express our support for the following:

- Allocating \$667 million appropriation included in the bill for this purpose. These funds will be essential to assure cities, counties and townships have the resources to respond to the growing challenges created by the pandemic.
- Using a per capita distribution mechanism to quickly distribution these funds to cities, counties and townships. The allocation of a per capita amount for cities equal to approximately one-half of the initial per capita county distribution to counties is appropriate given the important services to citizens provided by cities and counties. A reimbursement system, as opposed to a direct distribution would be cumbersome and could delay the availability and use of the funding.

- Including a recapture mechanism for the return unexpended funds, to allow funds to be repurposed by other units of government. Although the amendment moves that date to from October 1 to November 1, we would encourage you to consider setting that date as late as possible to allow local units of government to fully utilize the funding.
- Using the federal law and guidance from the U.S. Treasury. Our organizations pledge to work the Minnesota Management and Budget and the Office of the State Auditor to assure the funds are used within the federal law and guidance, and any further provided federal clarification on uses of the funds.
- As a result of the enactment of MN Session Laws 2020, Chapter 72, local units of government are facing increased costs for workers' compensation for our essential workers due to exposure to COVID. We support additional state funding, possibly from other CARES Act funding, to address these added costs.

Again, thank you for your consideration of this letter. We look forward to working with you as this legislation progresses.

Sincerely,



Gary Carlson  
League of Minnesota Cities



Patricia Nauman  
Association of Metropolitan Municipalities (Metro  
(Cities)



Bradley Peterson  
Coalition of Greater MN Cities



Thomas Poul  
Municipal Legislative Commission



Cap O'Rourke  
MN Association of Small Cities

**LEAGUE OF MINNESOTA CITIES  
ASSOCIATION OF METROPOLITAN MUNICIPALITIES (METRO CITIES)  
MUNICIPAL LEGISLATIVE COMMISSION**

May 12, 2020

Rep. Lyndon Carlson, Chair, and Members, House Ways & Means Committee:

Thank you for the opportunity to comment on HF 4673-Marquart, that appropriates \$667 million from the Federal Coronavirus Relief Fund to local governments in Minnesota. We appreciate the allocation of a portion of the state's share of this funding to local governments as they confront challenges in response to the COVID-19 pandemic.

Our respective organizations collectively represent 853 across Minnesota that are home to more than 4.6 million citizens. The services provided by municipal governments are some of the most essential for local public health and safety, and especially during a public health crisis and pandemic. Cities employ more than 8,000 full and part-time police officers, and more than 14,000 full and part time firefighters, with a total public safety payroll of roughly \$800 million per year. Cities also operate ambulance/EMS services, hospitals, assisted living/long-term care facilities in many areas of the state. First responders and other municipal employees across Minnesota are now on the front lines of the COVID-19 crisis, working to protect the communities in which they serve.

Our organizations have reviewed HF 4673 and would like to offer the following comments or your consideration:

- We support the \$667 million appropriation to provide local governments with resources as they respond to the challenges created by the pandemic.
- We generally support the per capita distribution methodology which mirrors the federal law distribution to qualifying cities and counties as well as the bill's definition of eligible expenses consistent with the federal law and guidance. Our organizations pledge to work the Minnesota Management and Budget and the Office of the State Auditor to assure funds are used within the federal law and guidance, and any further federal clarification on fund uses.
- We support a distribution of funds that is generally equitable among all cities, counties and towns similar to the federal distribution of CARES Act distribution methodology without the 500,000-population restriction, and as such, would urge the committee to consider a similar distribution weighting change to HF 4673. Cities, like counties, provide critical public services. They are also incurring many un-anticipated expenses as they respond to the pandemic and comply with Executive Orders, state laws and mandates. A range of municipal pandemic costs are acknowledged in the federal law, and include protective and public safety equipment, equipment to allow remote work and public meetings, increases in unemployment insurance and health insurance, overtime

staffing needs due to illness or quarantines, communications and signage, and increased maintenance costs for public buildings and spaces. Our cities have identified these and other costs, and they expect additional future costs in these areas, as well for emerging considerations such as conducting elections. Workers' compensation costs stand to be some of the most significant for cities and will be ongoing. These costs for many cities will be significant and will strain local budgets, at a time when local revenues are declining, or are anticipated to decline, due to the pandemic. We would appreciate your consideration of these concerns as you consider this legislation.

- We support the inclusion of a recapture mechanism for the return of any unexpended funds so that they can be repurposed by other units of government. We also acknowledge that the bill allows a portion of the appropriation for one-time grants for specific needs and stand ready to assist you and the Executive Branch as these funds are considered and appropriated. These funds should first be available to cities and counties other than counties that are receiving a direct distribution of funds from the federal government.

Thank you for your consideration of this letter. We look forward to working with you and are happy to provide any additional information.

Sincerely,



Gary Carlson  
League of Minnesota Cities



Patricia Nauman  
Association of Metropolitan Municipalities (Metro  
(Cities)



Tom Poul, Municipal Legislative  
Commission

**LEAGUE OF MINNESOTA CITIES  
ASSOCIATION OF METROPOLITAN MUNICIPALITIES (METRO CITIES)  
COALITION OF GREATER MINNESOTA CITIES  
MN ASSOCIATION OF SMALL CITIES  
MUNICIPAL LEGISLATIVE COMMISSION**

May 15, 2020

Dear Chair Rosen and Chair Marquart:

Our respective organizations have appreciated the opportunity to comment earlier this week on SF 4564-Rosen and HF 4673-Marquart that distribute \$667 million of the state's allocation of the Federal Coronavirus Relief Fund to local governments in Minnesota. We appreciate the careful consideration of pandemic-related local government service needs in your respective proposals, and strongly encourage and support reaching an agreement between the House, Senate and the Executive Branch before the session ends on Sunday night.

As we have expressed, services provided by municipal governments are an especially critical component of governmental response to the COVID-19 pandemic. Cities employ thousands of police officers and firefighters and have total public safety payroll costs of roughly \$800 million per year. Cities also operate ambulance services, hospitals, and assisted living and long-term care facilities in many areas. Municipal operations across the state must be provided to meet service and safety needs resulting from COVID-19. Cities are incurring significant additional costs as they respond to these needs.

We would like to offer the following comments for your consideration as you further consider an appropriation of the federal funding to local governments:

- We support a \$667 million appropriation, which is consistent with the recommendation of the federal law governing the Coronavirus Relief Fund that recommends a 45% share of this funding to be distributed to local governments.
- We support a direct distribution of funds to all cities, and that is generally equitable among cities and counties. This recognizes the critical services that all local governments must provide in response to this crisis and recognizes unexpected costs for both counties and cities to respond to the varied facets of this challenge, and to comply with public health orders.
- We support the use of federal law and guidance to determine eligible local expenses that recognizes the range of local services and costs. Service needs will vary and are not necessarily tied to specific COVID-19 data points, such as the number of cases in a community. Rather, cities are incurring unexpected costs as they work to protect community health and safety across a range of municipally provided services. These include protective public safety equipment, additional technology to improve telework capability, increases in unemployment and paid sick, family and medical leave, overtime

costs to accommodate illness or quarantines, additional communications and signage, and increased disinfection of public spaces. Additional future costs are likely in these areas, and for other issues such as conducting elections. Workers' compensation costs will be significant as a result of the new state law, and we support adequate resources to meet these needs.

- We support a June 15, 2020 date for the distribution of funds so that these funds can be used efficiently under the narrow timeframe provided in federal law for their use.
- We support the distribution of funds to cities, regardless of size, on a per capita basis.
- We support a certification process for the distribution of funds that is included in both bills.
- We support the mechanism included in both bills that provides for the return of any unexpended funds so that funds can be repurposed by other units of government. At this time, expenses are being incurred and are expected to be ongoing, and such, are not yet fully known. A mechanism that can allow for the return of unexpended funds that can be re-allocated to other local governments that demonstrate a need for additional funds above their initial distribution, is appropriate and supported by our organizations.
- Our organizations acknowledge that HF 4673 provides \$100 million for one-time grants for specific needs. We support having as much of the local government appropriation as possible to be distributed directly, to ensure monies can be used efficiently and can be used for allowable local expenses provided by the federal guidance. Any set-aside funds should serve as a source to accommodate extraordinary local costs. A process for grants should provide for an equitable distribution, and in a manner consistent with the initial distribution of funds. To this end, any funds from a one-time grant program should first be available to cities and counties other than the counties receiving a direct distribution of funds from the federal government.

We look forward to working with you as a distribution of funding is further considered.

Thank you for your consideration of this letter.

Sincerely,



Gary Carlson  
League of Minnesota Cities



Patricia Nauman  
Association of Metropolitan Municipalities (Metro  
(Cities)



Bradley Peterson  
Coalition of Greater MN Cities



Thomas Poul  
Municipal Legislative Commission



Cap O'Rourke  
MN Association of Small Cities

Cc: Cynthia Bauerly, Commissioner, Minnesota Department of Revenue  
Hue Nguyen, Deputy Chief of Staff, Policy and Legislative Affairs, Office of Governor  
Walz



May 15, 2020

**Re: Protecting Local Decision-Making Authority – Senate Housing Policy Amendment**

Dear Senator Gazelka, Senator Senjem, Senator Draheim and Senator Weber;

Our respective organizations write today to express our concern regarding housing policy language that we understand may be introduced into discussions on housing assistance and housing infrastructure bond bills this week. The draft language, which we have reviewed, would have significant implications for local communities and the ability of city officials to make decisions that reflect the needs of the local community.

Our concerns are as follows:

**Preempts Local Decision-Making Authority** The proposal would shift the provision of housing to a uniform, one-size-fits-all approach, eliminating local authority in housing and zoning related decisions. Chapter 462 provides municipal authority for city planning, land use and zoning authority, and these laws reflect long-standing municipal roles that ensure staged, orderly development, an adequate provision of public infrastructure, and local health, welfare and safety.

The State Building Code would serve as the lone standard for materials, design, amenities and aesthetic considerations of all projects. The state establishes codes to ensure minimum integrity and safety of buildings. Inspections by qualified municipal building officials ensure that construction meets those standards. The state building code, however, does not and cannot determine local infrastructure sizing, off-street parking needs, durability of materials, or design and contextual considerations in new neighborhoods and redevelopment in existing neighborhoods and commercial districts.

**Inconsistent with Current City Authority** The proposal adds single-family building permits to the 60-day rule in Chapter 15.99 and raises several consistency questions. Under the proposed language, the city would need to cancel a permit in order to avoid automatic approval of the permit even though the city is not holding up the process. As a result, the applicant would need to seek and pay for another permit. Furthermore, we are not aware of single-family building permit delays being an issue in any region of the state.

**Troubling Policy** Many sections in the proposal would reduce flexibility sought by the development community and cities. While the language is not limited to planned unit developments (PUDs), it is important to note PUDs provide developers and builders flexibility from certain standard regulations in order to realize other public benefits such as density, affordable housing, green space and modal connections.

Energy efficiency saves homeowners and renters money. Any prohibition of new energy codes – which has historically been done with robust stakeholder involvement – inhibits these savings. The proposal is contrary to a recent statewide and regional focus on resilient communities and sustainability in design, goals shared by the development community and cities.

Increasing the eligible uses of housing infrastructure bonds would have several effects. Adding additional eligible uses, such as single-family homes, to this finite resource could have the effect of limiting the total units developed. City applications to the state for multifamily housing development is consistently oversubscribed. These are projects that have city support and, in many cases, have public funds approved. The final funding gap

to get these important workforce and affordable projects - that meet locally identified needs – built, are state funds.

The state implemented a robust change to the tax-exempt bonding statute only recently. The proposed changes fail to consider local area characteristics such as soil type and geographic features that may impact the cost of a development. This includes areas with clay soils and large water features. Some of these areas may apply for funds to meet local workforce and affordable housing needs, only to be precluded from accessing competitive state resources due to these external factors.

We have shared our concerns with bill authors and individual legislators throughout the legislative session. Some of these proposals did not have legislative hearings this session, and without a full vetting it is challenging to determine a full scope of consequences.

As the legislative session ends this weekend, we respectfully ask you to oppose including language that has consequential implications for a city's zoning, planning, health, safety, infrastructure and finances.

Thank you for your consideration of these concerns. Please contact any of us with any questions.

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