

Municipal Legislative Commission

2015 Session

Minnesota Legislative Report

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Contents

2015 Legislative Session Summary	- 3 -
2015 MLC Legislative Program Results	- 5 -
Taxes	- 7 -
OMNIBUS TAXES BILL	- 7 -
OMNIBUS EDUCATION BILL	- 8 -
Local Government	- 9 -
OMNIBUS STATE GOVERNMENT FINANCE BILL	- 9 -
OMNIBUS LIQUOR BILL.....	- 9 -
OMNIBUS ELECTIONS BILL	- 10 -
Economic Development	- 11 -
OMNIBUS JOBS BILL	- 11 -
Environment	- 12 -
OMNIBUS AGRICULTURE, ENVIRONMENT AND NATURAL RESOURCES BILL	- 12 -
Transportation & Met Council	- 13 -
OMNIBUS TRANSPORTATION BILL	- 13 -
MET COUNCIL LEGISLATION.....	- 14 -
Public Safety	- 15 -
LICENSE PLATE READERS	- 15 -
Capital Investment	- 16 -
BONDING BILL	- 16 -
Misc. Bills That Failed to Pass in 2015	- 17 -
APPENDIX	- 18 -
OMNIBUS K-12 BILL	- 19 -
OMNIBUS STATE GOVERNMENT FINANCE BILL	- 19 -

OMNIBUS LIQUOR BILL..... - 20 -

OMNIBUS JOBS BILL - 23 -

OMNIBUS AGRICULTURE, ENVIRONMENT AND NATURAL RESOURCES BILL..... - 25 -

OMNIBUS TRANSPORTATION BILL - 27 -

LICENSE PLATE READERS - 33 -

2015 Session Letters..... - 38 -

2015 LEGISLATIVE SESSION SUMMARY

The 89th Legislature convened on January 6, 2015 with a newly elected GOP House majority working with a DFL Senate and Governor. After 10 years of budget deficits, a nearly \$2 billion surplus led to hopes of tax breaks, more money for education, and funding to repair to the state's roads and bridges. Legislative leaders made their priorities known early on, but when the House and Senate adjourned the 2015 Legislative Session, many of these priorities were left on the table.

After weeks of negotiations, the Legislature made a frenzied dash to complete their work on time, passing eight of the ten major appropriations bills on the last day. However, the debate over a few key pieces of legislation is not over. While leaders struck a deal on a number of appropriations bills, Governor Dayton has vetoed a \$17 billion Omnibus K-12 Education Bill that passed both bodies, because it does not provide enough new money to cover his top priority, expanded prekindergarten courses at public schools. He has also vetoed the Omnibus Environment and Agriculture Bill, as well as the Omnibus Jobs and Energy bill. This means that the legislature will be heading towards a Special Session to resolve these three bills and potentially others.

All that being said, the House and Senate did pass a completed budget before the clock ran out on the 2015 session. Below is a brief overview of these major pieces of legislation passed by the legislature:

Health Care

The Omnibus Health and Human Services bill provides \$12.54 billion, about \$302 million under base. The bill included a few substantive changes made to MNsure as well as provisions to cut down on waste and fraud in the system. Additionally, \$138 million will be directed toward the state's nursing homes. Despite efforts by House Republicans to eliminate MinnesotaCare, this change was not included in the final bill. Instead a task force was set up to look into the future of the program.

Education

The vetoed Omnibus Education Bill would have added \$400 million in new spending to increase the per-pupil funding formula 1.5 percent in 2016 and 2 percent in 2017. The bill also puts \$30 million into the state's School Readiness program, and another \$30 million into Early Learning Scholarships.

Higher Education

The Omnibus Higher Education Bill included an additional \$166 million on higher education over the next two years, but not enough to freeze tuition. The University of Minnesota will get about \$53 million in the bill, and MnSCU will get \$100 million.

Environment

The Omnibus Environment, Natural Resources and Agriculture Policy and Finance Bill included more than \$860 million in biennial appropriations. The bill provides funding for avian influenza response activities. It provides the framework for a pilot project to study industrial hemp. It also includes two controversial provisions: an initiative to reduce pollution by increasing buffers along waters around the state and a provision that would eliminate the Pollution Control Agency's Citizen's Board. This bill was vetoed by Governor Dayton.

Public Safety

The Omnibus Public Safety Bill adds \$111 million to courts, prisons and public safety funding over the next two years. The bill includes a few policy provisions on guns, including language that would legalize

firearm suppressors, also known as silencers. Notably absent from the bill was a push to restore voting rights for ex-felons on probation or parole.

Jobs and Energy

The Legislature managed to pass an Omnibus Jobs and Energy Bill in less than 90 seconds and just moments before the midnight deadline. The bill was described as an “enhanced lights on” funding bill, providing appropriations to Department of Employment and Economic Development (including \$15 million for Minnesota Investment Fund and \$12.5 million for the Job Creation Fund), MN Housing Finance Agency, Explore MN Tourism, Department of Labor and Industry, and the Department of Commerce at the basic levels. It also included \$10.588 million for broadband grants and base funding for the Office of Broadband and \$4 million for the workforce housing grant program at DEED. The bill was vetoed by Governor Dayton

Transportation and Taxes

The Legislature and the Governor found themselves at an impasse when it came to taxes and transportation this session. House and Senate leaders said they abandoned these two priority issues in order to reach an overall budget agreement and finish the 2015 session on time. Ultimately, lawmakers were forced to settle for a status quo bill to keep the Minnesota Department of Transportation and the Met Council running, but no tax bill was passed.

A few other bills were also left uncompleted. A \$540 million Omnibus Legacy Bill was passed by the House in the last minutes, leaving no time for it to get through the Senate. And the Senate passed a small Bonding Bill at 12:02 A.M., too late for the House to act on it. Additionally, a bill giving the Officer of the Revisor of Statutes permission to do cleanup language was not acted upon by either body.

With a number of items to complete and Session adjourned until March 8, 2016, it will be up to the governor to call a Special Session to complete the budget – likely taking place prior to June 30. However, the Capitol is now closed for substantial repairs over the next 10 months and desks have been moved off the House and Senate floor to complete renovations. As such, the House and Senate members will be required to meet in the committee rooms located in the State Office Building for a special session.

Sincerely,

The Government Affairs Team
Messerli & Kramer, P.A.

2015 MLC LEGISLATIVE PROGRAM RESULTS

I. Promote accountability and transparency in the State/local fiscal relationship

A. Support individual property tax relief through the circuit breaker program.

- *There was no tax bill passed this session. However, the Senate version of the Omnibus Tax Bill included a modification to the homestead “targeting” refund program that would have decreased the percentage increase required for property taxes from one year to the next from 12% to 10%.*

B. Do not support automatic inflationary increases in LGA.

- *There was no automatic inflationary increase proposal that moved forward.*
- *There was support for 2016-2017 inflation increases in LGA to increase aid to \$540,940,079 for aids payable in 2016, and \$564,982,145 for aids payable in 2017 and thereafter.*

C. Support policies that help promote a more equitable property tax burden as a percentage of income (Voss Database).

- *There was no tax bill passed this session.*
- *The Department of Revenues’ budget appropriation, if approved by the Governor, would continue funding of this program.*

D. Support preliminary levy date change for all special taxing districts (EDAs, HRAs, etc.) from September 15th to September 30th.

- *The House and Senate versions of the Omnibus Tax Bill, which was passed off the floor and was sent to conference, included this change. The conference committee adopted the provision. However, no agreement was reached on the overarching bill and no tax bill was ultimately passed this session.*

E. Support allowing a sales tax exemption for local government purchases of snowplows and road construction vehicles and fixing the construction materials sales tax exemption for local units of government.

- *There was no tax bill passed this session.*
- *The House version of the Omnibus Tax Bill, which was passed off the floor and sent to conference, included a provision to provide this exemption.*

F. Support increased transparency and prudent reform in the State’s “Fiscal Disparities” program.

- *Rep. Peppin introduced a bill that would provide that any municipality that owns and operates its own municipal wastewater treatment plant cannot be required to contribute more than 10 percent of its net tax capacity to the area wide tax base.*

G. Oppose fiscal limitations on local units of government.

- *No levy limits legislation was introduced or discussed this session.*

II. Invest in job retention and growth

- A. Support a broad based transportation funding package that promotes economic development and growth in the region and keeps Minnesota competitive.
 - *No comprehensive transportation package was passed this session. Lawmakers were forced to settle for a status quo bill to keep the Minnesota Department of Transportation and the Met Council running.*
- B. Support providing DEED with the tools and incentives necessary to attract and retain businesses.
 - *DEED received mostly status quo funding in the Jobs Bill, including \$15 million each year for Minnesota Investment Fund and \$12.5 million each year for the Job Creation Fund.*
- C. Support flexibility in Tax Increment Financing (TIF) policies.
 - *There was no tax bill passed this session. However, League-sponsored TIF changes were included in both the House and Senate versions of the Omnibus bill.*
- D. Support for a corporate income tax rate in Minnesota that is more closely aligned with the corporate income tax effective rate.
 - *There was no tax bill passed this session.*

III. Support local government policies that promote fairness and equity

- A. Support Street Improvement Districts.
 - *No comprehensive transportation package was passed this session.*
 - *A proposal for Municipal Street Improvement Districts was heard in the Senate and included in one of the original versions of the Senate Transportation bill. However, the issue was once again met with resistance.*
- B. Concerns with mandates relating to expenditure-type reporting.
 - *There was no discussion on this issue during session.*
 - *Rep. Roz Peterson did introduce a bill that would have required counties and cities to report additional budgetary information. The bill was introduced late in session and did not receive a hearing.*
- C. Reduce and better align agency oversight of Water Resource Management.
 - *The Omnibus Environment and Natural Resources bill makes changes to increase city involvement in the Metropolitan Area Water Supply Advisory Committee of the Met Council and to make permanent a Technical Advisory group that was temporarily formed last summer at the request of the League, Metro Cities, the City Engineers Association of Minnesota, the Minnesota Public Works Directors, and the Minnesota chapter of the American Water Works Association.*
- D. Opposition to state takeover of cable franchising.
 - *No legislation was introduced or discussion this session.*

OMNIBUS TAXES BILL

H.F. 848

Representative Greg Davids & Senator Rod Skoe

Effective various dates

After weeks of negotiations, the Legislature and Governor Dayton found themselves at an impasse when it came to taxes this session. Ultimately, the House and Senate leaders abandoned the issue in order to reach an overall budget agreement and finish the 2015 session on time. As a result, no tax bill was passed, leaving behind many initiatives that the MLC was following this session. Below is a list of items that were included in the House and Senate tax bills that will not become law:

Good Provisions:

- A House and Senate supported change to the preliminary levy date for special taxing districts from September 15 to September 30.
- A House and Senate proposed set of changes to TIF statutes that would have:
 - Allowed interfund loan resolutions to be adopted before or after the adoption of the TIF plan or the creation of the district, and required the resolutions be adopted up to 60 days after the funds have been transferred or spent.
 - Clarified that the terms of the interfund loans or transfers may be amended or modified before the decertification of the district.
 - Clarified that interfund loans may be structured as draw-down or line-of-credit obligations.
- A House-proposed simplification of the sales tax exemption for purchases of construction materials made by a contractor, subcontractor, or builder under a lump sum contract for buildings and facilities used directly by local governments.
- A Senate proposed clarification that local lodging taxes apply to the entire amount paid by a consumer for lodging, including accommodation intermediary charges.

Bad Provisions:

- A House proposed provision that would have allowed citizens to retroactively challenge a city council's decision on the property tax levy through a reverse referendum process.
- A House proposed set of changes that would have moved all city, county, and school district referendum elections to the general election.
- A House provision that would have reduced the metro area sales tax for transit base by excluding sales tax on electricity and utility purchases.

OMNIBUS EDUCATION BILL

H.F. 844 – [Vetoed](#)

Representative Jennifer Loon & Senator Chuck Wiger

Effective various dates

Very late in the conference committee process a tax provision was added to the Omnibus Education Bill that would have delayed the effective date for the extension of the general sales tax exemption for joint powers entities and special taxing districts by one year. The effective date is currently January 1, 2016.

This bill was part of an agreement struck by House Speaker Daudt and Senate Majority Leader Bakk and contained \$17 billion in education funding bill. However, Governor Dayton was not a part of this deal and vetoed the bill because it did not provide enough new money to cover his top priority, expanded prekindergarten courses at public schools.

While the bill has been vetoed, this tax issue may resurface during special session. As such, the League and Metro Cities put together a joint letter, which MLC has signed, asking the governor to oppose this change. A copy of that letter can be found in the Appendix.

LOCAL GOVERNMENT

OMNIBUS STATE GOVERNMENT FINANCE BILL

S.F. 888 – [Chapter 77](#)

Representative Sarah Anderson & Senator Tom Saxhaug

Effective various dates

Based on an agreement between House and Senate leaders, the Omnibus State Government Finance bill included nearly \$974 million in funding for state agency and board operations. The agreement calls for a 1.8 percent compensation operating adjustment for many executive branch offices and state boards, including the governor's office, Campaign Finance and Public Disclosure Board, Minnesota Management & Budget, Revenue and Administration departments and the state's four ethnic councils.

The agreement also calls for a two-year repeal of the state's political contribution fund — including the ability for individuals to get a \$50 refund for specific political contributions. It would require the legislative auditor to submit to the Legislative Audit Commission a list of three to five general economic development incentive programs proposed for review each year. And it requires the Commissioner of Administration to use the same room numbers to identify certain rooms after the Capitol renovation is complete.

Additionally, the bill includes a controversial provision that would allow a county, beginning Aug. 1, 2016, to have its annual financial audit performed by the state auditor's office or a private CPA firm. The State Auditor Rebecca Otto has spoken passionately against this provision and has reached out to the Governor, asking him to veto the bill. The Governor has asked that this provision be renegotiated in special session.

The bill was passed by the House on a vote of 71-61 and the Senate on a vote of 44-21. Governor Dayton signed the bill into law on May 23, 2015.

OMNIBUS LIQUOR BILL

S.F. 1238 – [Chapter 9](#)

Representative Tim Sanders & Senator Jim Metzen

Effective various dates

An omnibus liquor bill was passed this session, making a number of changes to Minnesota's liquor laws. However, despite attempts to repeal the ban on Sunday liquor sales and the ban on Sunday off-sale liquor purchases, these changes were not included in the final bill. Among other things, this legislation would:

- authorize a microdistillery to sell at off-sale one 375 milliliter bottle per customer per day of its product;

- allow growlers to be sold at off-sale on Sundays at small brewers and brewpubs;
- allow a microdistillery to be issued a temporary license for on-sale of intoxicating liquor in connection with a social event sponsored by the microdistillery;
- allow Sunday on-sale to begin at 8:00 am; and
- ban the manufacture or sale of powdered alcohol until June 1, 2016, calling for the director of the Public Safety Department's Division of Alcohol and Gambling Enforcement to research current laws to learn if the product could be adequately enforced.

The bill was passed by the House on a vote of 127-4 and the Senate on a vote of 56-8. It was then signed into law by Governor Dayton on May 1, 2015.

OMNIBUS ELECTIONS BILL

S.F. 455 – [Chapter 70](#)

Representative Tim Sanders & Senator Katie Sieben

Effective various dates

An Omnibus Elections Bill was passed this year. This non-controversial piece of legislation made several updates to current elections law, including language to allow statutory cities to raise filing fees for local elected officials (an authority currently granted to charter cities) and language to allow absentee voters to return their own ballot, in person, on Election Day. Notably absent from the bill were two controversial provisions - early voting and the restoration of felon voter rights.

The bill was passed by the House on a vote of 126-0 and the Senate on a vote of 65-0. Governor Dayton signed this bill into law on May 22, 2015.

ECONOMIC DEVELOPMENT

OMNIBUS JOBS BILL

H.F. 1437 - [Vetoed](#)

Representative Pat Garofalo & Senator David Tomassoni

Effective various dates

Despite efforts to negotiate a larger and more robust bill, in the final minutes of the 2015 Legislative Session, lawmakers rushed to adopt H.F. 1437. This bill, described as an “enhanced lights on” funding bill, provides appropriations to Department of Employment and Economic Development, MN Housing Finance Agency, Explore MN Tourism, Department of Labor and Industry, and the Department of Commerce at the basic levels.

The bill includes \$15 million per year for Minnesota Investment Fund, with \$4 million set aside in the first year for a loan to construction an aircraft manufacturing facility. There is \$12.5 million per year for the Job Creation Fund. The bill also includes:

- \$1.425 million each year for the business development competitive grant program
- \$4.195 million each year for the Minnesota job skills partnership program
- A one-time appropriation of \$10.588 million for a broadband grant program and \$250,000 each year in funding for the Office of Broadband Development at DEED
- \$2.292 million per year for the Trade Office
- \$1.972 million per year for contaminated site cleanup and development grants
- \$3.5 million in FY16 and \$1.5 million in FY17 for the Minnesota Film and TV Board for the film production jobs program
- \$1.373 million in FY16 for a Workforce Housing Pilot Program
- \$2 million per year for the Workforce Housing Grant Program (the bill includes policy language creating this program)
- \$1.9 million in FY16 and \$11.3 million in FY17 for greater Minnesota business development public infrastructure grant program
- \$4.143 million for the adult workforce development competitive grant program
- \$4.05 million from the workforce development fund for the Minnesota youth program.
- \$3.348 million from the workforce development fund for the “Youth at Work” youth workforce development competitive grant program

The bill was passed by the House on a vote of 75-9 and the Senate on a vote of 34-29. However, the bill was vetoed by Governor Dayton on May 23, 2015. The governor told legislative leaders that the bill failed to include adequate funding for a number of agencies and programs.

ENVIRONMENT

OMNIBUS AGRICULTURE, ENVIRONMENT AND NATURAL RESOURCES BILL

H.F. 846 - [Vetoed](#)

Representative Denny McNamara & Senator David Tomassoni

Effective various dates

This bill, which was held open until the last night to reach a compromise on new buffer requirements pushed by Governor Dayton, included over \$860 million in biennial appropriations.

No new surcharges or permit fee increases to cities were included in the final language. However, it did include numerous policy provisions of interest, such as:

- Requires independent peer review of Minnesota Pollution Control Agency (MPCA) water quality standards costing more than \$50 million to implement over the first five years they are in effect.
- Creates a new MPCA competitive grant to local governments outside the metro area to develop curbside recycling programs.
- Makes corrections needed to keep the MPCA electronics recycling program financially viable.
- Requires a third-party cost analysis for a specified list of recent and anticipated new or amended MPCA water quality standards.
- Sets 2025 as the earliest date Red River of the North water discharges would need to meet a 1 mg/l phosphorus limit unless North Dakota does the same on a faster timeline.
- Delays new infrastructure requirements related to sulfate levels for wild rice protection from being added to water discharge permits until the state completes work on a new rule addressing that issue. Sulfate minimization plans can, however, be required in permits.
- Abolishes the MPCA Citizen Board.
- Changes to increase city involvement in the Metropolitan Area Water Supply Advisory Committee of the Met Council and to make permanent a Technical Advisory group that was temporarily formed last summer at the request of the League, Metro Cities, the City Engineers Association of Minnesota, the Minnesota Public Works Directors, and the Minnesota chapter of the American Water Works Association.
- Studies potential impacts and benefits of the state assuming administration of the federal Clean Water Act Section 404 permitting program from the U.S. Army Corps of Engineers.

While the Omnibus Environment and Natural Resources bill passed the House by a vote of 83-50 and the Senate by a vote of 35-30, Governor Dayton vetoed this legislation on May 23, 2015. The governor told legislators that he vetoed the bill due to concerns that certain provisions would have undermined decades of environmental protections.

TRANSPORTATION & MET COUNCIL

OMNIBUS TRANSPORTATION BILL

S.F. 1647 – [Chapter 75](#)

Representative Tim Kelly & Senator Scott Dibble

Effective various dates

Unable to reach an agreement over how to fund Minnesota's transportation infrastructure, the House and Senate passed a "lights on" transportation bill as part of a global agreement to complete the budget before the end of the 2015 Legislative Session. The bill provided \$30 million over the base level for transportation funding. This increase in general fund dollars included:

- \$12.5 million for small cities' roads and bridges
- \$5 million for Greater Minnesota transit
- \$5 million for rail grade crossing safety
- \$3.14 million Capitol security
- \$3 million for port development assistance
- \$900,000 for St. Cloud and Duluth emergency response teams
- \$353,000 for Department of Public Safety (DPS) operations
- \$145,000 for emergency railroad track repair in Hugo
- \$117,000 for state plane purchase (matching appropriation below)
- \$32,000 for Roosevelt Tower

Other appropriations in the bill included:

- Airport Fund:
 - \$11 million for airports development assistance from the airport fund
- Trunk Highway Fund:
 - \$49 million in purchasing power increase for the Minnesota Department of Transportation (MnDOT)
 - \$7.925 million for DPS purchasing power increase
 - \$2 million for environmental management
 - \$858,000 for state plane purchase (matching appropriation above)
- Metropolitan Transit:
 - The bill cancels \$29.7 million in previous appropriations to the Met Council (SWLRT) to give them additional resources for transit system operations.
 - \$2 million for Suburban Transit demonstration project
 - \$200,000 for transportation management organizations
 - \$27.8 million in unencumbered funds from previous appropriation in previous budget bill

Additionally, although not new money, the bill continues to fund the TED program at \$10 million per year from the Trunk Highway Fund.

This legislation also contained a number of policy provisions including:

- Traffic signal timing optimization
- CSAH formula changed to 68/32 split between apportionment sum and excess sum
- Texting while driving fine for subsequent offenses
- Volunteer firefighter dependent health insurance
- Suburban opt-out representative on Transportation Advisory Board
- Concrete diamond grinding slurry consultation
- Portable toilet truck weight exemption
- Roadway design standards
- Three-year trailer registration—modified with triple filing fee
- MnDOT software proceeds deposited in trunk highway fund
- Eminent domain/minimum damage acquisitions
- Field application of manure road users
- MnDOT land management statutory appropriation broadened
- Targeted group business/DBE good faith requirement
- Towed recreational vehicle three-year registration
- Drive away/in-transit license plates
- Safe Routes to School grants require adoption of Complete Streets ordinance
- Over-dimensional load escort certification by DPS
- Mini-truck sunset repeal
- Turnbacks in Ottertail and Lac qui Parle counties
- MnDOT local cost participation policy review
- Report on PCA motor vehicle title transfer fee
- Dedicated funds report for Legislature
- Capitol complex interagency agreements repeal

The bill was passed by the House on a vote of 76-58 and the Senate on a vote of 65-0. It was signed into law by Governor Dayton on May 22, 2015.

MET COUNCIL LEGISLATION

Even though numerous bills were introduced this session in an attempt to make changes to the structure and governance of the Met Council, the session ended without any significant legislation on this issue. The only item of note that passed was language adding a suburban opt-out provider to the TAB board (as mentioned above).

LICENSE PLATE READERS

S.F. 86 – [Chapter 67](#)

Representative Tony Cornish & Senator Ron Latz

Effective August 1, 2015

After extended conversations on how to resolve the issue of license plate readers, the House and Senate have passed compromise language in a bill regulating license plate readers (LPR) data. Under the bill, police have a 60-day retention period for keeping the LPR data, splitting the difference between the Senate proposed language of 90 days and the House proposed language of 30 days. The conference committee also settled on a requirement for biennial audits. The House bill would have required annual audits, while the Senate bill would have mandated audits every three years. The bill contains extensive language regulating the use of the equipment and puts in place guard rails to avoid misuse of the data.

Additionally, while the Senate bill heading into conference included language regulating the use of body cameras, these provisions were removed from the final bill.

The bill, as amended by conference, was passed by the Senate on a vote of 55-11 and by the House on a vote of 96-35. Governor Dayton signed the bill into law on May 23, 2015.

CAPITAL INVESTMENT

BONDING BILL

H.F. 748

Representative Tony Albright & Senator Tom Bakk

At 12:02 A.M. on the final day of session, the Senate passed a \$107 million bonding bill, too late for the House to act on it.

The bill would have provided \$96.553M in GO Bonds, spent as follows:

- \$8.529 million for the U of M Poultry Labs
- \$10 to the DNR for flood hazard mitigation at Little McDonald Lake
- \$1 million to BWSR for Area II Minnesota River Basin
- \$33.924 million for Capitol Restoration
- \$6.2 million for Capitol Parking lots/security
- \$8 million for Local Bridge Fund
- \$6.7 million for Local Road Fund
- \$1 million for Minnesota Valley Regional Rail
- \$4.7 million for the Highway Rail Grade Separation in Plymouth
- \$1.2 million for the Northeast Regional Correctional Facility
- \$10 million for the PFA Wastewater Infrastructure Fund
- \$5.3 million for the MHFA Public Housing Rehab program

The Back of the Bill language includes several items, most notably:

- Cottage Grove HERO Center fix
- Lake Elmo water supply fix
- Hennepin County Center for the Arts fix

Additionally, the bill would provided \$21.115 million in disaster relief from last year's storms and \$140 million in Trunk Highway Bonds (to be used for Hwy 53).

Like a number of other pieces of legislation, many will be interested to see if a bonding bill will be addressed during special session.

MISC. BILLS THAT FAILED TO PASS IN 2015

- Comprehensive transportation funding package
- Omnibus tax bill
- Local approval of gubernatorial appointees to the Metropolitan Council required
- Metropolitan Council member staggered terms provided
- Metropolitan Council member appointment by cities and towns provided, Transportation Advisory Board eliminated, and Grant Evaluation and Ranking System repealed
- Task force to make recommendations on metropolitan governance established
- Metropolitan Council required to consult with the Transportation Accessibility Advisory Committee on procurements
- Legislative approval of housing incentives and allocations by the Metropolitan Council required
- Blue Ribbon Commission established to study and make recommendations on metropolitan governance, and money appropriated
- Metropolitan council nominating committee membership modification
- Metropolitan council abolishment
- Sunday off-sale intoxicating liquor sales authorization
- Municipalities authorized to allow off-sale intoxicating liquor sales on Sundays
- Law enforcement body camera data classified
- Mandatory fire sprinkler installation prohibition
- Early voting authorization and procedure establishment and appropriation
- Counties and cities required to have written procedures available to the public and to provide notice of availability to the public
- Home rule charter city authority to assess for garbage collection clarified
- Mayors authorized to perform civil marriages
- Local government alternative Web site publication requirement
- Ten-day notice and public hearing required before a moratorium on residential development takes effect
- Cities civil penalties and fees collections as special assessment authorization
- Data practices training and technical assistance to local governments appropriation

APPENDIX

OMNIBUS K-12 BILL

160.26 (d) For purposes of the exemption granted under this subdivision, "local
160.27 governments" has the following meaning:
160.28 (1) for the period prior to January 1, ~~2016~~ 2017, local governments means statutory
160.29 or home rule charter cities, counties, and townships; and
160.30 (2) for the period of January 1, 2016, to December 31, 2016, local governments
160.31 means statutory or home rule charter cities, counties, and townships; special districts as
160.32 defined under section 6.465, except for the Metropolitan Council under sections 473.123
160.33 to 473.549; any instrumentality of a statutory or home rule charter city, county, or
160.34 township as defined in section 471.59; and any joint powers board or organization created
160.35 under section 471.59; and
161.1 ~~(3)~~ (2) beginning January 1, 2017, local governments means statutory or home rule
161.2 charter cities, counties, and townships; special districts as defined under section 6.465; any
161.3 instrumentality of a statutory or home rule charter city, county, or township as defined in
161.4 section 471.59; and any joint powers board or organization created under section 471.59.

OMNIBUS STATE GOVERNMENT FINANCE BILL

Sec. 2. [3.9735] EVALUATION OF ECONOMIC DEVELOPMENT INCENTIVE 23.2 PROGRAMS.

23.3 Subdivision 1. Definitions. For purposes of this section, the terms defined in this
23.4 section have the meanings given them.
23.5 (a) "General incentive" means a state program, statutory provision, or tax expenditure,
23.6 including tax credits, tax exemptions, tax deductions, grants, or loans, that is intended to
23.7 encourage businesses to locate, expand, invest, or remain in Minnesota or to hire or retain
23.8 employees in Minnesota. To be a general incentive, a state program, statutory provision,
23.9 or tax expenditure must be funded by an appropriation from the general fund, and be
23.10 available to multiple entities, projects, or associated projects or include eligibility criteria
23.11 with the intent that it will be available to multiple entities, projects, or associated projects.
23.12 (b) "Exclusive incentive" means a state program, statutory provision, tax
23.13 expenditure, or section of a general incentive, including tax credits, tax exemptions, tax
23.14 deductions, grants, or loans, that is intended to encourage a single specific entity, project,
23.15 or associated projects to locate, expand, invest, or remain in Minnesota or to hire or retain
23.16 employees in Minnesota.
23.17 Subd. 2. Selection of general incentives for review; schedule for evaluation;
23.18 report. Annually, the legislative auditor shall submit to the Legislative Audit Commission
23.19 a list of three to five general incentives proposed for review. In selecting general
23.20 incentives to include on this list, the legislative auditor may consider what the incentive
23.21 will cost state and local governments in actual spending and foregone revenue currently or
23.22 projected into the future, the legislature's need for information about a general incentive
23.23 that has an upcoming expiration date, and the legislature's need for regular information on
23.24 the results of all major general incentives. Annually, the Legislative Audit Commission
23.25 will select at least one general incentive for the legislative auditor's evaluation. The
23.26 legislative auditor will evaluate the selected general incentive or incentives, prepared

23.27 according to the evaluation plan established under subdivision 4, and submit a written
23.28 report to the Legislative Audit Commission.
23.29 Subd. 3. **Exclusive incentive schedule.** The legislative auditor's schedule shall
23.30 ensure that at least once every four years the legislative auditor will complete an analysis
23.31 of best practices for exclusive incentives.
23.32 Subd. 4. **Evaluation plans.** By February 1, 2016, the Legislative Audit Commission
23.33 shall establish evaluation plans that identify elements that the legislative auditor must
23.34 include in evaluations of a general incentive and an exclusive incentive. The Legislative
23.35 Audit Commission may modify the evaluation plans as needed.

Sec. 79. **CAPITOL ROOM NUMBERS.**

70.31 After the Capitol renovation has been completed, the commissioner of administration
70.32 must use the same room numbers on signage to identify legacy rooms that were used to
70.33 identify the rooms before the Capitol renovation. For purposes of this section, "Capitol
71.1 renovation" means the construction project for which funds were appropriated in Laws
71.2 2013, chapter 136, section 3; "legacy rooms" means any room in the Capitol after Capitol
71.3 renovation that has dimensions and a location that are substantially similar to a room
71.4 within the Capitol that existed before renovation; and "signage" means any posting on any
71.5 surface in the Capitol building.

OMNIBUS LIQUOR BILL

Sec. 4. **[340A.26] BREWER TAPROOMS.**

3.27 Subdivision 1. **Brewer taproom license.** (a) A municipality, including a city with a
3.28 municipal liquor store, may issue the holder of a brewer's license under section 340A.301,
3.29 subdivision 6, clause (c), (i), or (j), a brewer taproom license. A brewer taproom license
3.30 authorizes on-sale of malt liquor produced by the brewer for consumption on the premises
3.31 of or adjacent to one brewery location owned by the brewer. Nothing in this subdivision
3.32 precludes the holder of a brewer taproom license from also holding a license to operate
3.33 a restaurant at the brewery. Section 340A.409 shall apply to a license issued under this
3.34 subdivision. All provisions of this chapter that apply to a retail liquor license shall apply
4.1 to a license issued under this subdivision unless the provision is explicitly inconsistent
4.2 with this subdivision.
4.3 (b) A brewer may only have one taproom license under this subdivision, and may
4.4 not have an ownership interest in a brew pub.
4.5 Subd. 2. **Prohibition.** A municipality may not issue a brewer taproom license to a
4.6 brewer if the brewer seeking the license, or any person having an economic interest in the
4.7 brewer seeking the license or exercising control over the brewer seeking the license, is
4.8 a brewer that brews more than 250,000 barrels of malt liquor annually or a winery that
4.9 produces more than 250,000 gallons of wine annually.
4.10 Subd. 3. **Fee.** The municipality shall impose a licensing fee on a brewer holding a
4.11 brewer taproom license under this subdivision, subject to limitations applicable to license
4.12 fees under section 340A.408, subdivision 2, paragraph (a).
4.13 Subd. 4. **Municipality to inform commissioner.** A municipality shall, within ten
4.14 days of the issuance of a license under this subdivision, inform the commissioner of the

4.15licensee's name and address and trade name, and the effective date and expiration date of
4.16the license. The municipality shall also inform the commissioner of a license transfer,
4.17cancellation, suspension, or revocation during the license period.
4.18 Subd. 5. **Sunday on-sale.** Notwithstanding section 340A.504, subdivision 3, a
4.19taproom may be open and may conduct on-sale business on Sundays if authorized by the
4.20municipality.

Sec. 5. **[340A.28] SMALL BREWER OFF-SALE.**

4.22 Subdivision 1. **License; limitations.** A brewer licensed under section 340A.301,
4.23subdivision 6, clause (c), (i), or (j), may be issued a license by a municipality for off-sale
4.24of malt liquor at its licensed premises that has been produced and packaged by the brewer.
4.25The license must be approved by the commissioner. A brewer may only have one license
4.26under this subdivision. The amount of malt liquor sold at off-sale may not exceed 500
4.27barrels annually. Off-sale of malt liquor shall be limited to the legal hours for off-sale at
4.28exclusive liquor stores in the jurisdiction in which the brewer is located, and the malt
4.29liquor sold off-sale must be removed from the premises before the applicable off-sale
4.30closing time at exclusive liquor stores. Packaging of malt liquor for off-sale under this
4.31subdivision must comply with section 340A.285.

4.32 Subd. 2. **Prohibition.** A municipality may not issue a license under this section to a
4.33brewer if the brewer seeking the license, or any person having an economic interest in the
4.34brewer seeking the license or exercising control over the brewer seeking the license, is a
5.1brewer that brews more than 20,000 barrels of its own brands of malt liquor annually or a
5.2winery that produces more than 250,000 gallons of wine annually.

5.3 Subd. 3. **Fee.** The municipality shall impose a licensing fee on a brewer holding a
5.4license under this subdivision, subject to limitations applicable to license fees under
5.5section 340A.408, subdivision 3, paragraph (a).

Sec. 3. Minnesota Statutes 2014, section 340A.301, subdivision 7, is amended to read:

15.31 Subd. 7. **Interest in other business.** (a) Except as provided in this subdivision,
15.32a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have
15.33any ownership, in whole or in part, in a business holding a retail intoxicating liquor or
15.343.2 percent malt liquor license. The commissioner may not issue a license under this
15.35section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating
16.1liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler.
16.2A manufacturer or wholesaler of intoxicating liquor may use or have property rented
16.3for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the
16.4property continuously since November 1, 1933. A retailer of intoxicating liquor may not
16.5use or have property rented for the manufacture or wholesaling of intoxicating liquor.
16.6 (b) A brewer licensed under subdivision 6, clause (d), may be issued an on-sale
16.7intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant
16.8operated in the place of manufacture. Notwithstanding section 340A.405, a brewer who
16.9holds an on-sale license issued pursuant to this paragraph may, with the approval of the
16.10commissioner, be issued a license by a municipality for off-sale of malt liquor produced
16.11and packaged on the licensed premises. Off-sale of malt liquor shall be limited to the
16.12legal hours for off-sale at exclusive liquor stores in the jurisdiction in which the brewer
16.13is located, and the malt liquor sold off-sale must be removed from the premises before
16.14the applicable off-sale closing time at exclusive liquor stores, except that malt liquor in
16.15growlers only may be sold at off-sale on Sundays. Sunday sales must be approved by

16.16the licensing jurisdiction and hours may be established by those jurisdictions. The malt
16.17liquor shall be packaged in 64-ounce containers commonly known as "growlers" or in 750
16.18milliliter bottles. The containers or bottles shall bear a twist-type closure, cork, stopper, or
16.19plug. At the time of the sale, a paper or plastic adhesive band, strip, or sleeve shall be
16.20applied to the container or bottle and extend over the top of the twist-type closure, cork,
16.21stopper, or plug forming a seal that must be broken upon opening of the container or bottle.
16.22The adhesive band, strip, or sleeve shall bear the name and address of the brewer. The
16.23containers or bottles shall be identified as malt liquor, contain the name of the malt liquor,
16.24bear the name and address of the brewer selling the malt liquor, and shall be considered
16.25intoxicating liquor unless the alcoholic content is labeled as otherwise in accordance with
16.26the provisions of Minnesota Rules, part 7515.1100. A brewer may, but is not required
16.27to, refill any growler with malt liquor for off-sale at the request of a customer. A brewer
16.28refilling a growler must do so at its licensed premises and the growler must be filled at the
16.29tap at the time of sale. A growler refilled under this paragraph must be sealed and labeled
in
16.30the manner described in this paragraph. A brewer's total retail sales at on- or off-sale under
16.31this paragraph may not exceed 3,500 barrels per year, provided that off-sales may not total
16.32more than 500 barrels. A brewer licensed under subdivision 6, clause (d), may hold or have
16.33an interest in other retail on-sale licenses, but may not have an ownership interest in whole
16.34or in part, or be an officer, director, agent, or employee of, any other manufacturer, brewer,
16.35importer, or wholesaler, or be an affiliate thereof whether the affiliation is corporate or by
16.36management, direction, or control. Notwithstanding this prohibition, a brewer licensed
17.1under subdivision 6, clause (d), may be an affiliate or subsidiary company of a brewer
17.2licensed in Minnesota or elsewhere if that brewer's only manufacture of malt liquor is:
17.3 (i) manufacture licensed under subdivision 6, clause (d);
17.4 (ii) manufacture in another state for consumption exclusively in a restaurant located
17.5in the place of manufacture; or
17.6 (iii) manufacture in another state for consumption primarily in a restaurant located
17.7in or immediately adjacent to the place of manufacture if the brewer was licensed under
17.8subdivision 6, clause (d), on January 1, 1995.
17.9 (c) Except as provided in subdivision 7a, no brewer as defined in subdivision 7a or
17.10importer may have any interest, in whole or in part, directly or indirectly, in the license,
17.11business, assets, or corporate stock of a licensed malt liquor wholesaler.
17.12**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2014, section 340A.504, subdivision 3, is amended to read:

21.1 Subd. 3. **Intoxicating liquor; Sunday sales; on-sale.** (a) A restaurant, club,
21.2bowling center, or hotel with a seating capacity for at least 30 persons and which holds
21.3an on-sale intoxicating liquor license may sell intoxicating liquor for consumption on
21.4the premises in conjunction with the sale of food between the hours of ~~10:00~~ 8:00 a.m.
21.5on Sundays and 2:00 a.m. on Mondays.
21.6(b) An establishment serving intoxicating liquor on Sundays must obtain a Sunday
21.7license. The license must be issued by the governing body of the municipality for a period
21.8of one year, and the fee for the license may not exceed \$200.
21.9(c) A city may issue a Sunday intoxicating liquor license only if authorized to do
21.10so by the voters of the city voting on the question at a general or special election. A
21.11county may issue a Sunday intoxicating liquor license in a town only if authorized to do

21.12so by the voters of the town as provided in paragraph (d). A county may issue a Sunday
 21.13intoxicating liquor license in unorganized territory only if authorized to do so by the
 21.14voters of the election precinct that contains the licensed premises, voting on the question
 21.15at a general or special election.
 21.16(d) An election conducted in a town on the question of the issuance by the county of
 21.17Sunday sales licenses to establishments located in the town must be held on the day of the
 21.18annual election of town officers.
 21.19(e) Voter approval is not required for licenses issued by the Metropolitan Airports
 21.20Commission or common carrier licenses issued by the commissioner. Common carriers
 21.21serving intoxicating liquor on Sunday must obtain a Sunday license from the commissioner
 21.22at an annual fee of \$75, plus \$30 for each duplicate.
 21.23EFFECTIVE DATE.This section is effective the day following final enactment.

Sec. 10. **SPECIAL LICENSE; INVER GROVE HEIGHTS.**

22.12Notwithstanding any law or ordinance to the contrary, the city of Inver Grove
 22.13Heights may issue an on-sale intoxicating liquor license for the Inver Wood Golf Course
 22.14that is located at 1850 70th Street and is owned by the city. The provisions of Minnesota
 22.15Statutes, chapter 340A, not inconsistent with this section, apply to the license issued under
 22.16this section. The city of Inver Grove Heights is deemed the licensee under this section,
 22.17and the provisions of Minnesota Statutes, sections 340A.603 and 340A.604, apply to the
 22.18license as if the establishment were a municipal liquor store.
 22.19EFFECTIVE DATE.This section is effective upon approval by the Inver Grove
 22.20Heights City Council and compliance with Minnesota Statutes, section 645.021.

OMNIBUS JOBS BILL

2.10 Sec. 2. **DEPARTMENT OF EMPLOYMENT**
 2.11 **AND ECONOMIC DEVELOPMENT**

2.22 **Subd. 2. Business and Community**
 2.23 **Development**

2.24 Appropriations by Fund

2.25	<u>General</u>	<u>48,694,000</u>	<u>44,286,000</u>
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2.26	<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
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2.27 (a)(1) \$15,000,000 each year is for the
 2.28 Minnesota investment fund under Minnesota
 2.29 Statutes, section 116J.8731. Of this amount,
 2.30 the commissioner may use up to three percent
 2.31 for administrative expenses and technology
 2.32 upgrades. This appropriation is available
 2.33 until expended.
 3.16 (b) \$12,500,000 each year is for the

3.17 Minnesota job creation fund under Minnesota
 3.18 Statutes, section 116J.8748. Of this amount,
 3.19 the commissioner may use up to three
 3.20 percent for administrative expenses. This
 3.21 appropriation is available until expended.

3.33 (e) \$1,425,000 each year is from the
 3.34 general fund for the business development
 3.35 competitive grant program. Of this amount,
 4.1 up to five percent is for administration and
 4.2 monitoring of the business development
 4.3 competitive grant program. All grant awards
 4.4 shall be for two consecutive years. Grants
 4.5 shall be awarded in the first year.
 4.6 (f) \$4,195,000 each year is from the general
 4.7 fund for the Minnesota job skills partnership
 4.8 program under Minnesota Statutes, sections
 4.9 116L.01 to 116L.17. If the appropriation for
 4.10 either year is insufficient, the appropriation
 4.11 for the other year is available. This
 4.12 appropriation is available until expended.

15.19	<u>Subd. 8. Broadband Development</u>	<u>10,838,000</u>	<u>250,000</u>
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15.20 (a) \$250,000 each year is for the Broadband
 15.21 Development Office.
 15.22 (b)(1) \$10,588,000 in fiscal year 2016 is for
 15.23 deposit in the border-to-border broadband
 15.24 fund account created under Minnesota
 15.25 Statutes, section 116J.396, and may be used
 15.26 for the purposes provided in Minnesota
 15.27 Statutes, section 116J.395. This is a onetime
 15.28 appropriation and is available until June 30,
 15.29 2017.
 15.30 (2) Of the appropriation in clause (1), up
 15.31 to three percent of this amount is for costs
 15.32 incurred by the commissioner to administer
 15.33 Minnesota Statutes, section 116J.395.
 15.34 Administrative costs may include the
 16.1 following activities related to measuring
 16.2 progress toward the state's broadband goals
 16.3 established in Minnesota Statutes, section
 16.4 237.012:
 16.5 (i) collecting broadband deployment data
 16.6 from Minnesota providers, verifying its
 16.7 accuracy through on-the-ground testing, and
 16.8 creating state and county maps available
 16.9 to the public showing the availability of
 16.10 broadband service at various upload and
 16.11 download speeds throughout Minnesota;
 16.12 (ii) analyzing the deployment data collected
 16.13 to help inform future investments in
 16.14 broadband infrastructure; and
 16.15 (iii) conducting business and residential
 16.16 surveys that measure broadband adoption
 16.17 and use in the state.

- 16.18 (3) Data provided by a broadband provider
 16.19 under this paragraph is nonpublic data
 16.20 under Minnesota Statutes, section 13.02,
 16.21 subdivision 9. Maps produced under this
 16.22 paragraph are public data under Minnesota
 16.23 Statutes, section 13.03.
 16.24 (c)(1) Of the amount appropriated under
 16.25 paragraph (b), \$2,000,000 in fiscal year
 16.26 2016 is for grants to cities for broadband
 16.27 infrastructure and other eligible expenses,
 16.28 as identified in Minnesota Statutes, section
 16.29 116J.395, subdivision 2, for a wire-line
 16.30 broadband infrastructure demonstration
 16.31 project that is part of a public-private
 16.32 partnership.
 16.33 (2) In order to be awarded the broadband
 16.34 infrastructure grant under clause (1), a city
 16.35 must demonstrate:
 17.1 (i) funding from nonstate sources that
 17.2 matches the amount appropriated in clause
 17.3 (1);
 17.4 (ii) broadband service outages of 12 hours or
 17.5 more in the area within its jurisdiction;
 17.6 (iii) a decline in the number of businesses in
 17.7 the area within its jurisdiction, as a result of
 17.8 adequate broadband service; and
 17.9 (iv) an agreement that the city will own
 17.10 the broadband infrastructure as part of the
 17.11 public-private partnership.
 17.12 (3) The commissioner of employment and
 17.13 economic development must award the
 17.14 broadband infrastructure grant under clause
 17.15 (1) before September 1, 2015.

OMNIBUS AGRICULTURE, ENVIRONMENT AND NATURAL RESOURCES BILL

Sec. 129. Minnesota Statutes 2014, section 473.1565, is amended to read:

**178.27473.1565 METROPOLITAN AREA WATER SUPPLY PLANNING
178.28ACTIVITIES; ADVISORY ~~COMMITTEE~~ COMMITTEES.**

178.29 Subdivision 1. Planning activities. (a) The Metropolitan Council must carry out
178.30planning activities addressing the water supply needs of the metropolitan area as defined
178.31in section 473.121, subdivision 2. The planning activities must include, at a minimum:
178.32 (1) development and maintenance of a base of technical information needed for
178.33sound water supply decisions including surface and groundwater availability analyses,
179.1water demand projections, water withdrawal and use impact analyses, modeling, and
179.2similar studies;
179.3 (2) development and periodic update of a metropolitan area master water supply
179.4plan, prepared in cooperation with and subject to the approval of the ~~commissioner of~~
179.5~~natural resources~~ policy advisory committee established in this section, that:

179.6 (i) provides guidance for local water supply systems and future regional investments;

179.7 (ii) emphasizes conservation, interjurisdictional cooperation, and long-term

179.8sustainability; and

179.9 (iii) addresses the reliability, security, and cost-effectiveness of the metropolitan area

179.10water supply system and its local and subregional components;

179.11 (3) recommendations for clarifying the appropriate roles and responsibilities of

179.12local, regional, and state government in metropolitan area water supply;

179.13 (4) recommendations for streamlining and consolidating metropolitan area water

179.14supply decision-making and approval processes; and

179.15 (5) recommendations for the ongoing and long-term funding of metropolitan area

179.16water supply planning activities and capital investments.

179.17 (b) The council must carry out the planning activities in this subdivision in

179.18consultation with the Metropolitan Area Water Supply Policy and Technical Advisory

179.19~~Committee~~ Committees established in ~~subdivision 2~~ this section.

179.20 Subd. 2. **Policy advisory committee.** (a) A Metropolitan Area Water Supply

179.21Policy Advisory Committee is established to assist the council in its planning activities in

179.22subdivision 1. The policy advisory committee has the following membership:

179.23 (1) the commissioner of agriculture or the commissioner's designee;

179.24 (2) the commissioner of health or the commissioner's designee;

179.25 (3) the commissioner of natural resources or the commissioner's designee;

179.26 (4) the commissioner of the Pollution Control Agency or the commissioner's

179.27designee;

179.28 (5) two officials of counties that are located in the metropolitan area, appointed by

179.29the governor, in consultation with the Association of Minnesota Counties;

179.30 (6) five officials of noncounty local governmental units that are located in the

179.31metropolitan area, appointed by the governor, in consultation with the Association of

179.32Metropolitan Municipalities;

179.33 (7) the chair of the Metropolitan Council or the chair's designee, who is chair of the

179.34advisory committee; ~~and~~

180.1(8) one official each from the counties of Chisago, Isanti, Sherburne, and Wright,

180.2appointed by the governor, in consultation with the Association of Minnesota Counties

180.3and the League of Minnesota Cities; and

180.4(9) a representative of the Saint Paul Regional Water Services, appointed by and

180.5serving at the pleasure of the Saint Paul Regional Water Services, and a representative

180.6of the Minneapolis Water Department, appointed by and serving at the pleasure of the

180.7mayor of the city of Minneapolis.

180.8 A local government unit in each of the seven counties in the metropolitan area

180.9and Chisago, Isanti, Sherburne, and Wright Counties must be represented in the 11

180.10appointments made under clauses (5), (6), and (8).

180.11 (b) Members of the advisory committee appointed by the governor serve at the

180.12pleasure of the governor. Members of the advisory committee serve without compensation

180.13but may be reimbursed for their reasonable expenses as determined by the Metropolitan

180.14Council. ~~The advisory committee expires December 31, 2016.~~

180.15 (c) The council must consider the work and recommendations of the policy advisory

180.16committee when the council is preparing its regional development framework.

180.17 Subd. 2a. **Technical advisory committee.** A Metropolitan Area Water Supply

180.18 Technical Advisory Committee is established to inform the policy advisory committee's
 180.19 work by providing scientific and engineering expertise necessary to provide the region
 180.20 an adequate and sustainable water supply. The technical advisory committee consists of
 180.21 15 members appointed by the policy advisory committee, with the majority of members
 180.22 representing single-city and multicity public water supply systems in the metropolitan
 180.23 area and including experts in:
 180.24 (1) water resources analysis and modeling;
 180.25 (2) hydrology; and
 180.26 (3) the engineering, planning, design, and construction of water systems or water
 180.27 systems finance.
 180.28 Members of the technical advisory committee serve at the pleasure of the policy advisory
 180.29 committee, without compensation, but may be reimbursed for their reasonable expenses as
 180.30 determined by the council.
 180.31 **Subd. 3. Reports to legislature.** (a) The council must submit reports to the
 180.32 legislature regarding its findings, recommendations, and continuing planning activities
 180.33 under subdivision 1. These reports shall be included in the "Minnesota Water Plan"
 180.34 required in section 103B.151, and five-year interim reports may be provided as necessary.
 180.35 (b) By February 15, 2017, and at least every five years thereafter, the policy advisory
 180.36 committee shall report to the council, the Legislative Water Commission, and the chairs
 181.1 and ranking minority members of the house of representatives and senate committees and
 181.2 divisions with jurisdiction over environment and natural resources with the information
 181.3 required under this section. The policy advisory committee's report and recommendations
 181.4 must include information provided by the technical advisory committee.
 181.5 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
 181.6 final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey,
 181.7 Scott, and Washington.

OMNIBUS TRANSPORTATION BILL

(e) Freight	13,445,000	5,452,000
4.23 <u>Appropriations by Fund</u>		
4.24	<u>2016</u>	<u>2017</u>
4.25 <u>General</u>	<u>8,401,000</u>	<u>256,000</u>
4.26 <u>Trunk Highway</u>	<u>5,044,000</u>	<u>5,196,000</u>
4.27 <u>\$145,000 in the first year is from the general</u>		
4.28 <u>fund for a grant to the Minnesota Commercial</u>		
4.29 <u>Railway for emergency temporary repairs</u>		
4.30 <u>to approximately 6.5 miles of railroad track</u>		
4.31 <u>described as that portion of the Minnesota</u>		
4.32 <u>Commercial main running lead, between</u>		
4.33 <u>M&D Junction in White Bear Lake and the</u>		
4.34 <u>end of track in Hugo.</u>		

5.1 \$3,000,000 in the first year is from the
 5.2 general fund for port development assistance
 5.3 program grants under Minnesota Statutes,
 5.4 chapter 457A. Any improvements made with
 5.5 the proceeds of these grants must be publicly
 5.6 owned. This is a onetime appropriation and
 5.7 is available in the second year.
 5.8 \$5,000,000 in the first year is from the
 5.9 general fund for rail grade crossing
 5.10 safety improvements. This is a onetime
 5.11 appropriation and is available in the second
 5.12 year.

(c) State Road
Construction

779,664,000

744,166,000

\$10,000,000 in each year is for the
 7.15 transportation economic development
 7.16 program under Minnesota Statutes, section
 7.17 174.12.

(c) Small Cities
Assistance

12,500,000 0

10.22 This appropriation is from the general fund
 10.23 for small cities assistance under Minnesota
 10.24 Statutes, section 162.145.

Sec. 4.

METROPOLITAN
COUNCIL

81,626,000

101,126,000

13.18 This appropriation is from the general fund
 13.19 for transit system operations under Minnesota
 13.20 Statutes, sections 473.371 to 473.449.
 13.21 Of this amount, \$27,300,000 is available
 13.22 through fiscal year 2018.
 13.23 Of this appropriation, \$1,000,000 in
 13.24 each year is for financial assistance to
 13.25 replacement service providers under
 13.26 Minnesota Statutes, section 473.388, to

13.27implement a demonstration project that
13.28provides regular route transit or express
13.29bus service between municipalities in the
13.30metropolitan area, as defined in Minnesota
13.31Statutes, section 473.121, subdivision 2,
13.32excluding cities of the first class. The council
13.33may not retain any portion of funds specified
13.34in this rider. The replacement service
14.1providers shall collectively identify one or
14.2more demonstration projects for financial
14.3assistance and submit a notification of the
14.4allocation to the council. The council shall
14.5allocate the appropriated funds as directed by
14.6the replacement service providers. Criteria
14.7for evaluating and identifying demonstration
14.8projects must include but are not limited to:
14.9(1) scope of service offering improvements;
14.10(2) integration with transit facilities and
14.11major business, retail, or suburban centers;
14.12(3) extent to which a proposed route
14.13complements existing transit service; and
14.14(4) density of employment along a proposed
14.15route. This is a onetime appropriation.
14.16Of this appropriation, \$200,000 in the first
14.17year is for grants payable by July 31, 2016,
14.18to transportation management organizations
14.19that provide services exclusively or primarily
14.20in (1) each city of the first class, as provided
14.21under section 410.01; and (2) the city having
14.22the highest population as of the effective
14.23date of this section located along the marked
14.24Interstate Highway 494 corridor. Permissible
14.25uses include administrative expenses and
14.26programming and service expansion,
14.27including but not limited to staffing,
14.28communications, outreach and education
14.29program development, and operations
14.30management. The council may not retain any
14.31portion of funds under this appropriation.
14.32The base appropriation in each of fiscal years
14.332018 and 2019 is \$89,820,000.

<u>(a) Patrolling</u>	<u>81,516,000</u>	<u>83,121,000</u>
<u>Highways</u>		

16.26	<u>Appropriations by Fund</u>		
16.27		<u>2016</u>	<u>2017</u>
16.28	<u>General</u>	<u>154,000</u>	<u>37,000</u>
16.29	<u>H.U.T.D.</u>	<u>92,000</u>	<u>92,000</u>
16.30	<u>Trunk Highway</u>	<u>81,270,000</u>	<u>82,992,000</u>

16.31 \$858,000 from the trunk highway fund in the
 16.32 first year and \$117,000 from the general fund
 16.33 in the first year is to purchase a single-engine
 16.34 aircraft for the State Patrol.

Sec. 6. **APPROPRIATION CANCELLATION.**

18.15 \$29,700,000 of the appropriation under Laws 2013, chapter 117, article 1, section 4,
 18.16 is canceled to the general fund on the effective date of this section.
 18.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 6. **[160.235] TRAFFIC SIGNAL TIMING OPTIMIZATION.**

22.1 (a) A road authority that has ownership of a traffic signal on a principal arterial
 22.2 roadway or roadway with an average daily traffic greater than 20,000 vehicles per day
 22.3 must complete an inventory of all traffic signals under its ownership and submit it to the
 22.4 Department of Transportation district engineer. The inventory must include age of all
 22.5 signals, control equipment, communications, detection type, timing plans in operation,
 22.6 and date of last timing optimization.
 22.7 (b) Based on the information from the inventory, a road authority subject to
 22.8 paragraph (a) must develop and implement a traffic signal system optimization plan, which
 22.9 must include re-evaluation of traffic signal timing at least once every five years. Each road
 22.10 authority with a traffic signal optimization plan must annually certify compliance with its
 22.11 plan and submit the certification as part of its annual maintenance expenditure report.
 22.12 (c) Upon request of a local road authority, the commissioner shall provide reasonable
 22.13 technical assistance to meet the requirements under this section.
 22.14 **EFFECTIVE DATE.** This section is effective the day following final enactment. The
 22.15 initial inventory under paragraph (a) must be submitted on or before December 30, 2015.

Sec. 12. Minnesota Statutes 2014, section 162.07, subdivision 1a, is amended to read:

24.16 Subd. 1a. **Apportionment sum and excess sum.** (a) For purposes of this
 24.17 subdivision, "distribution amount" means the amount identified in section 162.06,

24.18 subdivision 1, after the deductions provided for in section 162.06 for administrative costs,
24.19 disaster account, research account, and state park road account.
24.20 (b) The apportionment sum is calculated by ~~subtracting the excess sum, as calculated~~
24.21 ~~in paragraph (c), from~~ as 68 percent of the distribution amount.
24.22 (c) The excess sum is calculated as ~~the sum of revenue within~~ 32 percent of the
24.23 distribution amount;
24.24 (1) ~~attributed to that portion of the gasoline excise tax rate under section 296A.07,~~
24.25 ~~subdivision 3, in excess of 20 cents per gallon, and to that portion of the excise tax rates~~
24.26 ~~in excess of the energy equivalent of a gasoline excise tax rate of 20 cents per gallon~~
24.27 ~~for E85 and M85 under section 296A.07, subdivision 3, and special fuel under section~~
24.28 ~~296A.08, subdivision 2;~~
24.29 (2) ~~attributed to a change in the passenger vehicle registration tax under section~~
24.30 ~~168.013, imposed on or after July 1, 2008, that exceeds (i) the amount collected in fiscal~~
24.31 ~~year 2008, multiplied by (ii) the annual average United States Consumer Price Index for~~
24.32 ~~the calendar year previous to the current calendar year, divided by the annual average~~
24.33 ~~United States Consumer Price Index for calendar year 2007; and~~
25.1 (3) ~~attributed to that portion of the motor vehicle sales tax revenue in excess of the~~
25.2 ~~percentage allocated to the county state-aid highway fund in fiscal year 2007.~~
25.3 (d) ~~For purposes of this subdivision, the United States Consumer Price Index~~
25.4 ~~identified in paragraph (c) is for all urban consumers, United States city average, as~~
25.5 ~~determined by the United States Department of Labor.~~
25.6 **EFFECTIVE DATE.** ~~This section is effective July 1, 2015, for distribution~~
25.7 ~~calculations on or after that date.~~

25.8 Sec. 13. **[162.145] SMALL CITIES ASSISTANCE.**

25.9 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
25.10 have the meanings given them.
25.11 (b) "Eligible city" means a statutory or home rule charter city that does not receive
25.12 municipal state aid under sections 162.09 to 162.14 in the calendar year in which funds
25.13 are distributed under this section.
25.14 (c) "Maximum aid" means 3.5 multiplied by the unweighted average amount of
25.15 assistance to a city in a fiscal year.
25.16 (d) "Population" means the most recent population estimated or established as of 30
25.17 days before the date of an allocation under subdivision 4, of (i) the most recent federal
25.18 census, (ii) a special census conducted under contract with the United States Bureau of
25.19 the Census, (iii) a population estimate made by the Metropolitan Council pursuant to
25.20 section 473.24, or (iv) a population estimate of the state demographer made pursuant to
25.21 section 4A.02.
25.22 (e) "State-aid adjustment factor" means the greater of zero, or:
25.23 (1) 0.005; minus
25.24 (2) the number of lane miles of county state-aid highway in a city, divided by the
25.25 total number of lane miles of county state-aid highway in all eligible cities.
25.26 (f) "Total population" means the sum of populations of all eligible cities.
25.27 **Subd. 2. Small cities assistance account.** A small cities assistance account is
25.28 created in the special revenue fund. The account consists of funds as provided by law,
25.29 and any other money donated, allotted, transferred, or otherwise provided to the account.

25.30 Money in the account may only be expended as provided under this section.
25.31 Subd. 3. **Administration.** (a) Subject to funds made available by law, the
25.32 commissioner shall allocate all funds as provided in subdivision 4 and shall notify the
25.33 commissioner of revenue.
25.34 (b) Following notification from the commissioner of transportation, the
25.35 commissioner of revenue shall distribute the specified funds to cities in the same manner
26.1 as local government aid under chapter 477A. An appropriation to the commissioner of
26.2 transportation under this section is available to the commissioner of revenue for the
26.3 purposes specified in this paragraph.
26.4 (c) Notwithstanding other law to the contrary, in order to receive distributions under
26.5 this section, a city must conform to the standards in section 477A.017, subdivision 2. A
26.6 city that receives funds under this section must make and preserve records necessary to
26.7 show that the funds are spent in compliance with subdivision 4.
26.8 Subd. 4. **Distribution formula.** (a) In each fiscal year in which funds are available
26.9 under this section, the commissioner shall allocate funds to eligible cities.
26.10 (b) The preliminary aid to each city is calculated as follows:
26.11 (1) 5 percent of funds allocated equally among all eligible cities;
26.12 (2) 35 percent of funds allocated proportionally based on each city's share of lane
26.13 miles of municipal streets compared to total lane miles of municipal streets of all eligible
26.14 cities;
26.15 (3) 35 percent of funds allocated proportionally based on each city's share of
26.16 population compared to total population of all eligible cities; and
26.17 (4) 25 percent of funds allocated proportionally based on each city's share of state-aid
26.18 adjustment factor compared to the sum of state-aid adjustment factors of all eligible cities.
26.19 (c) The final aid to each city is calculated as the lesser of:
26.20 (1) the preliminary aid to the city multiplied by an aid factor; or
26.21 (2) the maximum aid.
26.22 (d) The commissioner shall set the aid factor under paragraph (c), which must be the
26.23 same for all eligible cities, so that the total funds allocated under this subdivision equals
26.24 the total amount available for the fiscal year.
26.25 Subd. 5. **Use of funds.** (a) Funds distributed under this section are available only for
26.26 construction and maintenance of roads located within the city, including:
26.27 (1) land acquisition, environmental analysis, design, engineering, construction,
26.28 reconstruction, and maintenance;
26.29 (2) road projects partially located within the city;
26.30 (3) projects on county state-aid highways located within the city; and
26.31 (4) cost participation on road projects under the jurisdiction of another unit of
26.32 government.
26.33 (b) Except for projects under paragraph (a), clause (3), funds distributed under this
26.34 section are not subject to state-aid requirements under this chapter, including but not
26.35 limited to engineering standards adopted by the commissioner in rules.
26.36 **EFFECTIVE DATE.** This section is effective the day following final enactment.

46.25 **Sec. 52. COST PARTICIPATION POLICY.**

46.26 The commissioner of transportation, in consultation with representatives of local
46.27 units of government, shall create and adopt a policy concerning cost participation

46.28for cooperative construction projects and maintenance responsibilities between the
46.29Department of Transportation and local units of government. The policy must minimize
46.30the share of cooperative project costs to be funded by the local units of government, while
46.31complying in all respects with the state constitutional requirements concerning allowable
46.32uses of the trunk highway fund. The policy should provide and include sufficient flexibility
47.1for unique projects and locations if doing so results in a lower total project cost. The
47.2policy must be completed and adopted by the commissioner no later than March 1, 2016.
47.3**EFFECTIVE DATE.**This section is effective the day following final enactment.

LICENSE PLATE READERS

"Section 1. Minnesota Statutes 2014, section 13.82, subdivision 2, is amended to read:
1.18 Subd. 2. **Arrest data.** The following data created or collected by law enforcement
*1.19*agencies which document any actions taken by them to cite, arrest, incarcerate or
*1.20*otherwise substantially deprive an adult individual of liberty shall be public at all times
*1.21*in the originating agency:
1.22(a) time, date and place of the action;
1.23(b) any resistance encountered by the agency;
1.24(c) any pursuit engaged in by the agency;
1.25(d) whether any weapons were used by the agency or other individual;
1.26(e) the charge, arrest or search warrants, or other legal basis for the action;
1.27(f) the identities of the agencies, units within the agencies and individual persons
*1.28*taking the action;
1.29(g) whether and where the individual is being held in custody or is being incarcerated
*1.30*by the agency;
2.1(h) the date, time and legal basis for any transfer of custody and the identity of the
*2.2*agency or person who received custody;
2.3(i) the date, time and legal basis for any release from custody or incarceration;
2.4(j) the name, age, sex and last known address of an adult person or the age and sex
*2.5*of any juvenile person cited, arrested, incarcerated or otherwise substantially deprived
*2.6*of liberty;
2.7(k) whether the agency employed an automated license plate reader, wiretaps or
*2.8*other eavesdropping techniques, unless the release of this specific data would jeopardize
*2.9*an ongoing investigation;
2.10(l) the manner in which the agencies received the information that led to the arrest
*2.11*and the names of individuals who supplied the information unless the identities of those
*2.12*individuals qualify for protection under subdivision 17; and
2.13(m) response or incident report number.

2.14 Sec. 2. Minnesota Statutes 2014, section 13.82, is amended by adding a subdivision to
*2.15*read:
2.16 Subd. 31. **Use of surveillance technology.** Notwithstanding subdivision 25
*2.17*and section 13.37, subdivision 2, the existence of all technology maintained by a
*2.18*law enforcement agency that may be used to electronically capture an audio, video,
*2.19*photographic, or other record of the activities of the general public, or of an individual
*2.20*or group of individuals, for purposes of conducting an investigation, responding to an

2.21 incident or request for service, monitoring or maintaining public order and safety, or
2.22 engaging in any other law enforcement function authorized by law is public data.

2.23 Sec. 3. **[13.824] AUTOMATED LICENSE PLATE READERS.**

2.24 Subdivision 1. **Definition.** As used in this section, "automated license plate reader"

2.25 means an electronic device mounted on a law enforcement vehicle or positioned in a
2.26 stationary location that is capable of recording data on, or taking a photograph of, a
2.27 vehicle or its license plate and comparing the collected data and photographs to existing
2.28 law enforcement databases for investigative purposes. Automated license plate reader
2.29 includes a device that is owned or operated by a person who is not a government entity to
2.30 the extent that data collected by the reader are shared with a law enforcement agency.

2.31 Subd. 2. **Data collection; classification; use restrictions.** (a) Data collected by an
2.32 automated license plate reader must be limited to the following:

2.33 (1) license plate numbers;

2.34 (2) date, time, and location data on vehicles; and

3.1 (3) pictures of license plates, vehicles, and areas surrounding the vehicles.

3.2 Collection of any data not authorized by this paragraph is prohibited.

3.3 (b) All data collected by an automated license plate reader are private data on
3.4 individuals or nonpublic data unless the data are public under section 13.82, subdivision 2,
3.5 3, or 6, or are active criminal investigative data under section 13.82, subdivision 7.

3.6 (c) Data collected by an automated license plate reader may only be matched with
3.7 data in the Minnesota license plate data file, provided that a law enforcement agency
3.8 may use additional sources of data for matching if the additional data relate to an active
3.9 criminal investigation. A central state repository of automated license plate reader data is
3.10 prohibited unless explicitly authorized by law.

3.11 (d) Automated license plate readers must not be used to monitor or track an individual
3.12 who is the subject of an active criminal investigation unless authorized by a warrant, issued
3.13 upon probable cause, or exigent circumstances justify the use without obtaining a warrant.

3.14 Subd. 3. **Destruction of data required.** (a) Notwithstanding section 138.17, and
3.15 except as otherwise provided in this subdivision, data collected by an automated license
3.16 plate reader that are not related to an active criminal investigation must be destroyed no
3.17 later than 60 days from the date of collection.

3.18 (b) Upon written request from an individual who is the subject of a pending criminal
3.19 charge or complaint, along with the case or complaint number and a statement that the
3.20 data may be used as exculpatory evidence, data otherwise subject to destruction under
3.21 paragraph (a) must be preserved by the law enforcement agency until the criminal charge
3.22 or complaint is resolved or dismissed.

3.23 (c) Upon written request from a program participant under chapter 5B, automated
3.24 license plate reader data related to the program participant must be destroyed at the
3.25 time of collection or upon receipt of the request, whichever occurs later, unless the data
3.26 are active criminal investigative data. The existence of a request submitted under this
3.27 paragraph is private data on individuals.

3.28 (d) Data that are inactive criminal investigative data are subject to destruction
3.29 according to the retention schedule for the data established under section 138.17.

3.30 Subd. 4. **Sharing among law enforcement agencies.** (a) Automated license plate
3.31 reader data that are not related to an active criminal investigation may only be shared

3.32with, or disseminated to, another law enforcement agency upon meeting the standards
3.33for requesting access to data as provided in subdivision 7.
3.34(b) If data collected by an automated license plate reader are shared with another law
3.35enforcement agency under this subdivision, the agency that receives the data must comply
3.36with all data classification, destruction, and security requirements of this section.
4.1(c) Automated license plate reader data that are not related to an active criminal
4.2investigation may not be shared with, disseminated to, sold to, or traded with any other
4.3individual or entity unless explicitly authorized by this subdivision or other law.
4.4 Subd. 5. **Log of use required.** (a) A law enforcement agency that installs or
4.5uses an automated license plate reader must maintain a public log of its use, including
4.6but not limited to:
4.7(1) specific times of day that the reader actively collected data;
4.8(2) the aggregate number of vehicles or license plates on which data are collected for
4.9each period of active use and a list of all state and federal databases with which the data
4.10were compared, unless the existence of the database itself is not public;
4.11(3) for each period of active use, the number of vehicles or license plates in each of
4.12the following categories where the data identify a vehicle or license plate that has been
4.13stolen, a warrant for the arrest of the owner of the vehicle or an owner with a suspended or
4.14revoked driver's license or similar category, or are active investigative data; and
4.15(4) for a reader at a stationary or fixed location, the location at which the reader
4.16actively collected data and is installed and used.
4.17(b) The law enforcement agency must maintain a list of the current and previous
4.18locations, including dates at those locations, of any fixed stationary automated license
4.19plate readers or other surveillance devices with automated license plate reader capability
4.20used by the agency. The agency's list must be accessible to the public, unless the agency
4.21determines that the data are security information as provided in section 13.37, subdivision
4.22. A determination that these data are security information is subject to in-camera judicial
4.23review as provided in section 13.08, subdivision 4.
4.24 Subd. 6. **Biennial audit.** (a) In addition to the log required under subdivision 5,
4.25the law enforcement agency must maintain records showing the date and time automated
4.26license plate reader data were collected and the applicable classification of the data. The
4.27law enforcement agency shall arrange for an independent, biennial audit of the records
4.28to determine whether data currently in the records are classified, how the data are used,
4.29whether they are destroyed as required under this section, and to verify compliance with
4.30subdivision 7. If the commissioner of administration believes that a law enforcement
4.31agency is not complying with this section or other applicable law, the commissioner may
4.32order a law enforcement agency to arrange for additional independent audits. Data in the
4.33records required under this paragraph are classified as provided in subdivision 2.
4.34(b) The results of the audit are public. The commissioner of administration shall
4.35review the results of the audit. If the commissioner determines that there is a pattern of
4.36substantial noncompliance with this section by the law enforcement agency, the agency
5.1must immediately suspend operation of all automated license plate reader devices until the
5.2commissioner has authorized the agency to reinstate their use. An order of suspension
5.3under this paragraph may be issued by the commissioner, upon review of the results of the
5.4audit, review of the applicable provisions of this chapter, and after providing the agency a
5.5reasonable opportunity to respond to the audit's findings.

5.6(c) A report summarizing the results of each audit must be provided to the
5.7commissioner of administration, to the chair and ranking minority members of the
5.8committees of the house of representatives and the senate with jurisdiction over data
5.9practices and public safety issues, and to the Legislative Commission on Data Practices
5.10and Personal Data Privacy no later than 30 days following completion of the audit.
5.11 **Subd. 7. Authorization to access data.** (a) A law enforcement agency must comply
5.12with sections 13.05, subdivision 5, and 13.055 in the operation of automated license plate
5.13readers, and in maintaining automated license plate reader data.
5.14(b) The responsible authority for a law enforcement agency must establish written
5.15procedures to ensure that law enforcement personnel have access to the data only if
5.16authorized in writing by the chief of police, sheriff, or head of the law enforcement agency,
5.17or their designee, to obtain access to data collected by an automated license plate reader
5.18for a legitimate, specified, and documented law enforcement purpose. Consistent with the
5.19requirements of paragraph (c), each access must be based on a reasonable suspicion that
5.20the data are pertinent to an active criminal investigation and must include a record of the
5.21factual basis for the access and any associated case number, complaint, or incident that is
5.22the basis for the access.
5.23(c) The ability of authorized individuals to enter, update, or access automated license
5.24plate reader data must be limited through the use of role-based access that corresponds
5.25to the official duties or training level of the individual and the statutory authorization
5.26that grants access for that purpose. All queries and responses, and all actions in which
5.27data are entered, updated, accessed, shared, or disseminated, must be recorded in a data
5.28audit trail. Data contained in the audit trail are public, to the extent that the data are
5.29not otherwise classified by law.
5.30 **Subd. 8. Notification to Bureau of Criminal Apprehension.** (a) Within ten days
5.31of the installation or current use of an automated license plate reader or the integration
5.32of automated license plate reader technology into another surveillance device, a law
5.33enforcement agency must notify the Bureau of Criminal Apprehension of that installation
5.34or use and of any fixed location of a stationary automated license plate reader.
5.35(b) The Bureau of Criminal Apprehension must maintain a list of law enforcement
5.36agencies using automated license plate readers or other surveillance devices with
6.1automated license plate reader capability, including locations of any fixed stationary
6.2automated license plate readers or other devices. Except to the extent that the law
6.3enforcement agency determines that the location of a specific reader or other device is
6.4security information, as defined in section 13.37, this list is accessible to the public and
6.5must be available on the bureau's Web site. A determination that the location of a reader
6.6or other device is security information is subject to in-camera judicial review, as provided
6.7in section 13.08, subdivision 4.
6.8 **EFFECTIVE DATE.** This section is effective August 1, 2015. Data collected
6.9before the effective date of this section must be destroyed, if required by this section, no
6.10later than 15 days after the date this section becomes effective.
6.11 **Sec. 4. [626.8472] AUTOMATED LICENSE PLATE READER POLICY.**
6.12 The chief law enforcement officer of every state and local law enforcement agency
6.13 that maintains an automated license plate reader shall establish and enforce a written
6.14 policy governing use of the reader. Use of an automated license plate reader without

6.15 adoption of a written policy under this section is prohibited. At a minimum, the policies
6.16 and procedures must incorporate the requirements of section 13.824, and the employee
6.17 discipline standards for unauthorized access to data contained in section 13.09.
6.18 **EFFECTIVE DATE.** This section is effective August 1, 2015, provided that chief
6.19 law enforcement officers shall adopt the policy required under this section no later than
6.20 January 15, 2016."

2015 SESSION LETTERS


MUNICIPAL LEGISLATIVE
COMMISSION

Member Cities: Apple Valley, Bloomington, Burnsville, Eagan,
Eden Prairie, Edina, Inver Grove Heights, Lakeville, Maple Grove,
Maplewood, Minnetonka, Plymouth, Savage, Shakopee, Shoreview, Woodbury

February 10, 2015

Rep. Chris Swedzinski
491 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St Paul, MN 55155

Re: House File 531

Dear Rep. Swedzinski:

I am writing on behalf of the Municipal Legislative Commission (MLC), an association of sixteen suburban communities. As Chair, I am writing to express MLC's strong support for your bill, H.F. 531.

Although cities were granted an exemption from sales tax in 2013, the process to claim the exemption for construction materials is very cumbersome, resulting in costs for local governments and creating liability issues. Currently, many cities find it makes more sense to forego the tax savings than to meet the requirements imposed by the Department of Revenue.

H.F. 531 makes the necessary changes to streamline the process for cities to claim the sales tax exemption on construction-related purchases made by a contractor, a subcontractor or builder under a contract for buildings and other public infrastructure used directly or owned by local governments. Under this bill, sales tax must be paid at the time the materials are purchased by the contractor, who would then provide proper documentation to the local government, who can then later claim a refund of the tax.

The MLC is very supportive of these changes and thanks you for your work on this piece of legislation.

Sincerely,



James Hovland
Chair, Municipal Legislative Commission
Mayor, City of Edina



Member Cities: Apple Valley, Bloomington, Burnsville, Eagan,
Eden Prairie, Edina, Inver Grove Heights, Lakeville, Maple Grove,
Maplewood, Minnetonka, Plymouth, Savage, Shakopee, Shoreview, Woodbury

Re: Support for Authorization of Municipal Street Improvement Districts

Dear Legislator,

I am writing on behalf of the Municipal Legislative Commission (MLC), an association of sixteen suburban communities. As Chair, I would like to express MLC's strong support of SF778 (Carlson).

This legislation would allow cities to establish street improvement districts and collect fees from property owners within a district to fund municipal street maintenance, construction, reconstruction and facility upgrades. This enabling legislation would give cities the option and outline a process by which to adopt a municipal street improvement district.

Just as the state has fallen behind in making transportation investments, some cities faced with budget challenges have made the difficult decision in recent years to hold off on scheduled street improvement projects. If enacted, this legislation would provide cities with a valuable tool to help build and maintain city streets. Additionally, this tool would allow cities to perform maintenance and reconstruction on a schedule, which is essential to preserving streets and thereby protecting taxpayer investments.

SF778 provides cities with a funding mechanism that is fair, establishing a clear relationship between who pays fees and where projects occur. This tool would allow property owners to fund expensive projects by paying relatively small fees over time and could be used to mitigate or eliminate the need for special assessments.

For the reasons stated above, the MLC asks for your support of SF778 (Carlson). Thank you for your consideration of this request.

Sincerely,

James Hovland
Chair, Municipal Legislative Commission
Mayor, City of Edina



Member Cities: Apple Valley, Bloomington, Burnsville, Eagan,
Eden Prairie, Edina, Inver Grove Heights, Lakeville, Maple Grove,
Maplewood, Minnetonka, Plymouth, Savage, Shakopee, Shoreview, Woodbury

Re: House Property Tax Division Report

Dear Representative Drazkowski,

The Municipal Legislative Commission (MLC) is an association of 16 suburban communities representing over 800,000 residents and more than half a million employees. Our association was founded around the principal of sound fiscal policy and we have spent over thirty years advocating at the legislature for initiatives that further these interests.

As your committee discusses the Property Tax Division Report (HF 984), the MLC would like to highlight areas of significant importance to our communities.

On behalf of our members, the MLC has taken the following positions on provisions included in this bill:

Preliminary Levy Date Change

The MLC strongly supports the provision to extend the preliminary levy date change to include special taxing districts (EDAs, HRAs, etc.). Last year, the MLC requested legislation to move the date by which cities and counties are required to set their preliminary levies from September 15th to September 30th. The legislature and the Governor approved that change. This provision is a continuation of that effort to create more uniformity for cities in their budgeting.

The change implemented last year allowing cities to re-set their preliminary levy deadline to September 30 of each year was a major help to communities and enabled them to set their budgets based on the best information available. That said, logistically, many communities set all of their preliminary levies in a single budgetary meeting. Having the identical preliminary levy date for special taxing districts as well as for other preliminary levies will create consistency in the setting of all preliminary levies for local governments, leading to better overall budgeting practices for every municipality in the state.

Tax Increment Financing Changes

The bill contains provisions to clarify several components of the tax increment financing statutes. The MLC strongly supports these changes. The Development Finance Task Force worked closely with the state auditor's office and nonpartisan legislative staff to draft legislation that addressed city concerns in a way that retained public transparency and allowed the auditor to continue to audit TIF districts in an effective manner.

This bill would expand the definition of "administrative expenses" in the TIF statutes to allow taxing authorities to use tax increment to pay for usual and customary maintenance costs necessary for the preservation of property acquired or constructed with TIF. Under the state auditor's interpretation of current law, taxing authorities are not allowed to do this. As an allowable administrative expense, these costs could be paid for using tax increment funds subject to existing law that restricts the amount of all administrative expenses to 10 percent of the total estimated tax increment expenditures.

Interfund Loans

The MLC also supports language in the bill that clarifies when, and in what manner, interfund loans must be approved by taxing authorities. Under current law, the loan terms must be set before the loan is made and must be set by a resolution that is passed by the governing body. This bill would give cities more flexibility by allowing loans to be made up to 60 days after the money has already been transferred or

spent. It would also allow the development authority the ability to delegate a staff person to set the terms and conditions of the loan.

Additionally, under current law, it is unclear whether the resolution can authorize interfund loans for TIF districts that have not yet been created. This bill would authorize the passage of the resolution before the TIF plan is approved, allowing cities a bit more flexibility in their economic development planning.

Elections on City, County, and School District Referenda Questions

The MLC opposes the reverse referendum provisions included in the bill. Particularly problematic is the provision stating that if a county or city increases its property tax levy in any year, the citizens may, through a reverse referendum, petition to vote on the levy increase for the following year at the general election. It is unclear how this would work from a practical standpoint, and it could have the effect of creating levy limits that are not realistic to meet the needs of growing and changing communities. Additionally, this change would make it very difficult for cities to plan for long term projects or commitments and could end up resulting in downgraded bond ratings.

Also of concern is the provision that requires elections on city, county, and school district referenda questions related to spending be conducted on the first Tuesday after the first Monday in November, to coincide with the annual general election date. While the provision is intended to simplify and streamline the special election process for voters, this change could have a number of unintended consequences for cities seeking voter approval for projects or levies. Moving voter approval to November could significantly delay approval and construction of important municipal infrastructure projects.

Finally, we want to thank you for not adjusting the deadlines to accomplish an October mailing schedule for truth-in-taxation statements. This proposal would have made it extremely difficult for cities to thoughtfully set their budgets before mailing the truth-in-taxation statements. We appreciate that you took the time to listen to cities concerns on this issue.

Thank you for considering the legislative priorities of the MLC as you move forward with your work. Please feel free to contact us if you have any follow-up questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jim Hovland', written over a horizontal line.

Jim Hovland
Chair, MLC Board of Directors
Mayor of Edina



Member Cities: Apple Valley, Bloomington, Burnsville, Eagan,
Eden Prairie, Edina, Inver Grove Heights, Lakeville, Maple Grove,
Maplewood, Minnetonka, Plymouth, Savage, Shakopee, Shoreview, Woodbury

Re: Omnibus Tax Bill

Dear Conferees,

The Municipal Legislative Commission (MLC) is an association of 16 suburban communities representing over 800,000 residents and more than half a million employees. Our association was founded around the principle of sound fiscal policy and we have spent over thirty years advocating at the legislature for initiatives that further these interests.

As your conference committee discusses the Omnibus Tax Bill, the MLC would like to highlight areas of significant importance to our communities. On behalf of our members, the MLC has taken the following positions on provisions included in the bill:

Preliminary Levy Date Change for Special Taxing Districts – Adopted by Conference Committee

The MLC wants to thank the conference committee for voting to adopt the provision to extend the preliminary levy date from September 15th to September 30th for special taxing districts (EDAs, HRAs, etc.). This provision is a continuation of our effort to create more uniformity for cities in their budgeting. A legislative change implemented last year allowing cities to re-set their preliminary levy deadline to September 30 of each year was a major help to communities and enabled them to set their budgets based on the best information available. That said, logistically, many communities set all of their preliminary levies in a single budgetary meeting. Having the identical preliminary levy date for special taxing districts as well as for other preliminary levies will create consistency in the setting of all preliminary levies for local governments, leading to better overall budgeting practices for every municipality in the state.

Tax Increment Financing Changes – House Position

The MLC supports provisions sponsored by the League of Minnesota Cities that clarify several components of the tax increment financing statutes. The League's Development Finance Task Force worked closely with the state auditor's office and nonpartisan legislative staff to draft legislation that addressed city concerns in a way that retained public transparency and allowed the auditor to continue to audit TIF districts in an effective manner.

One of the changes requested would expand the definition of "administrative expenses" in the TIF statutes to allow taxing authorities to use tax increment to pay for usual and customary maintenance costs necessary for the preservation of property acquired or constructed with TIF funds. Under the state auditor's interpretation of current law, taxing authorities are not allowed to do this. As an allowable administrative expense, these costs could be paid for using tax increment funds subject to existing law that restricts the amount of all administrative expenses to 10 percent of the total estimated tax increment expenditures. This change was included as a provision in the House bill. We support this provision and ask for you to accept the House language on this proposed change.

The League-sponsored changes also included language that clarifies when, and in what manner, interfund loans must be approved by taxing authorities. Under current law, the loan terms must be set before the loan is made and must be set by a resolution that is passed by the governing body. The changes requested by the League would give cities more flexibility by allowing loans to be made up to 60 days after the money has already been transferred or spent. We thank both bodies for including this language, and ask for your continued support of this provision.

Additionally, the House bill includes language that would allow the development authority the ability to delegate a staff person to set the terms and conditions of the loan. Moreover, it would authorize the passage of the resolution before the TIF plan is approved, allowing cities a bit more flexibility in their economic development planning. Under current law, it is unclear whether the resolution can authorize interfund loans for TIF districts that have not yet been created. We support these provisions and ask you to include this House language in the conference committee report.

Sales Tax Exemption on Construction Materials – House Position

The MLC strongly supports the House provision that makes changes to the sales tax exemption on constructed related purchases. Although cities were granted an exemption from sales tax in 2013, the process to claim the exemption for construction materials is very cumbersome, resulting in costs for local governments and creating liability issues. Currently, many cities find it makes more sense to forego the tax savings than to meet the requirements imposed by the Department of Revenue.

The House bill makes necessary changes to streamline the process for cities to claim the sales tax exemption on construction-related purchases made by a contractor, a subcontractor, or builder under a contract for buildings and other public infrastructure used directly or owned by local governments. Under the bill, sales tax must be paid at the time the materials are purchased by the contractor, who would then provide proper documentation to the local government, which can then later claim a refund of the tax. This change would greatly benefit our cities and we strongly encourage your support for its inclusion.

Elections on City, County, and School District Referenda Questions – Senate Position

The MLC opposes the reverse referendum provisions included in the House version of the omnibus tax bill. Particularly problematic is the provision stating that if a county or city increases its property tax levy in any year, the citizens may, through a reverse referendum, petition to vote on the levy increase for the following year at the general election. It is unclear how this would work from a practical standpoint, and it could have the effect of creating levy limits that are not realistic to meet the needs of growing and changing communities. Additionally, this change would make it very difficult for cities to plan for long term projects or commitments and could end up resulting in downgraded bond ratings.

Also of concern is the provision that requires elections on city, county, and school district referenda questions related to spending be conducted on the first Tuesday after the first Monday in November to coincide with the annual general election date. While the provision is intended to simplify and streamline the special election process for voters, this change could have a number of unintended consequences for cities seeking voter approval for projects or levies. Moving voter approval to November could significantly delay approval and construction of important municipal infrastructure projects.

As such, we support the Senate's position to not make these changes going forward.

Thank you for considering the legislative priorities of the MLC as you move forward with your work. Please feel free to contact us if you have any follow-up questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Hovland", written over a horizontal line.

Jim Hovland
Chair, MLC Board of Directors
Mayor of Edina



May 21, 2015

Honorable Governor Mark Dayton
Office of Governor Dayton
116 Veterans Service Building
20 W 12th Street
St. Paul, MN 55155

Dear Governor Dayton:

As representatives of the state's local partners in providing services to Minnesotans, the League of Minnesota Cities (LMC), the Association of Minnesota Counties (AMC), the Minnesota Association of Townships (MAT), Metro Cities, the Minnesota Inter-County Association (MICA), and the Municipal Legislative Commission (MLC) wanted to alert you to a tax provision added to the education finance bill very late in the conference committee process that would have delayed the effective date for the extension of the general sales tax exemption for joint powers entities and special taxing districts (*MN Session Laws 2015, Chapter 72, Art. 6, Sect. 7*). We strongly oppose that delay and ask that you oppose the provision should it be offered during the upcoming special session.

The state has long encouraged local units of government to identify and employ efficiencies in service delivery to Minnesotans. The joint powers law, *MN Stat. § 471.59*, has afforded local units of government a tool to structure cooperative service provision. Local units of government have also worked with special districts such as economic development authorities, housing and redevelopment authorities and watershed management entities to stimulate economic development, develop housing opportunities and to manage and protect the state's surface waters.

Applying the sales tax to these entities can be a disincentive to their creation and unnecessarily diverts local resources from these important services to the state's general fund. A city, county, or a town purchasing taxable items on their own would be exempt while a joint powers arrangement between two or more units of local government would not be eligible for the exemption.

In 2014, the legislature passed and you signed into law an extension of the sales tax exemption to these entities originally authored by Representative Mike Freiberg and Senator Ann Rest and included in *Session Laws, 2014, Chapter 308*. We applauded that law change and we encourage you to allow that law to become effective on January 1, 2016 and not let the implementation date be delayed.



Thank you for consideration of this request and again, we encourage you to oppose attempts to delay this important sales tax exemption for joint powers entities and special districts.

Sincerely,

Gary Carlson
League of Minnesota Cities (LMC)

Matt Hilgart
Association of Minnesota Counties (AMC)

Kent Sulem
Minnesota Association of Townships (MAT)

Patty Nauman
Metro Cities

Keith Carlson
Minnesota Inter-County Association (MICA)

Tom Poul
Municipal Legislative Commission (MLC)

cc:
Senator Ann Rest
Representative Mike Freiberg