



2024 Legislative Session Summary

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- Advisory council on infrastructure
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What passed

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- Moist snuff taxation
- Funding for tax filing assistance and outreach on credit availability
- New tax forfeited property article and housing support account
- Other provisions

What did not pass

- Allowing cities to bypass legislative approval of local option sales tax proposals for certain projects
- Local sales tax moratorium repeal
- Individual city sales tax provisions
- TIF provisions (no general or city specific provisions)
- Construction materials sales tax exemptions
- Creation of land-value tax districts

Other Legislation of Interest to MLC

What passed

- Paid family and medical leave modifications
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Session Overview

The 2024 legislative session started February 12 due to the Legislature's need to manage their legislative days. Each biennium the Minnesota Legislature is allotted 120 days to meet. During the 2023 session, they used 77 of their 120 legislative days, leaving 43 days to meet on the floor during the 2024 session.

The week before the start of the session, Senate Majority Leader Kari Dziedzic (DFL-Minneapolis) announced her cancer had returned, and she was stepping down from her leadership role to focus on her health. Senator Erin Murphy (DFL-St. Paul) was elected by the Caucus to serve as the new Senate Majority Leader. Senator Murphy served as the Chair of the State and Local Government and Veterans Committee during the 2023 session and named Senator Dziedzic as the new chair of the committee. Vice Chair Nicole Mitchell (DFL-Woodbury) ended up running many of the State and Local Government and Veterans Committee hearings as Senator Dziedzic was forced to participate remotely due to health complications.

The House also dealt with membership changes when former Speaker of the House Representative Kurt Daudt (R-Crown) announced his intent to resign effective February 11, 2024, to take a new job. Representative Daudt's resignation meant his seat was vacant on the first day of the session (February 12) until April 2, 2024. The resignation led the Governor to call for a special election and on March 19, Bryan Lawrence, a cattle farmer, businessperson, and former local politician in Baldwin Township was elected.

Early in the session, the Office of Minnesota Management and Budget (MMB) announced in their February Forecast that the biennium was projected to end with a surplus of \$3.715 billion, and if the legislature did not spend that surplus, the next biennium would end with a surplus of \$2.237 billion. However, MMB cautioned if the legislature spent the entire current surplus, there would be the potential of a \$1.48 billion structural imbalance for FY26-27. Following MMB's caution related to spending, Governor Walz presented supplemental budget recommendations just shy of \$200 million for FY24-25. After Governor Walz released his proposed supplemental budget, leadership in the House and Senate met with the Governor to create global spending targets which were agreed upon and announced on March 22; the agreement proposed spending \$477.5 million of the surplus.

This session committee deadlines were different than previous years. Normally there are three separate deadlines, the first two for policy bills and the third for finance bills. In an unpopular move the first and second deadlines were combined and set for March 22, 2024 with the third committee deadline scheduled for April 19, 2024. Deadlines were not the only thing outside of the norm this year as the session included three legislative breaks. While past sessions saw a one-week break taking place over Easter, this year the legislature took three shorter breaks during Eid, Easter, and Passover.

During the legislative break for Passover, Monday April 22, Senator Nicole Mitchell (DFL-Woodbury) was arrested in Detroit Lakes, Minnesota and booked into the Becker County Jail on first-degree burglary charges. Senator Mitchell returned to the Capitol to the dismay of her colleagues, constituents, and the public. She was ultimately relieved of her committee assignments, ousted from attending Senate DFL Caucus meetings, and was the subject of an

ethics complaint with the Senate Rules Committee's Subcommittee on Ethics. A preliminary hearing was held, and the Subcommittee decided it would reconvene on the issue after Senator Mitchell's next court hearing, scheduled for June 10, 2024.

Senator Mitchell continued to vote with DFL members on the floor for the rest of session. Senate Republicans called for Mitchell's expulsion from the Senate almost daily and made many motions to try to remove the Senate DFL's 34 vote which would have left the Senate tied with 33 Democrats and 33 Republicans serving in the body.

The last week of session was hectic with vehicle bills being added to calendars, conference committees meeting and gaveling in for the first time with behind-the-scenes agreements presented, and all-night floor sessions. The final day and night of session saw an epic meltdown when both the House and Senate leaders made motions to "move the previous question". Under Mason's Manual of Legislative Procedure, that is a non-debatable, non-amendable procedural tool that had not been used in over fifteen years in the Minnesota Senate and five years in the Minnesota House of Representatives. It allows the individual calling the question to close debate, preventing the movement of any amendment or any other subsidiary motion, and demands an immediate vote on the issue before the body. This was how the chambers passed a final tax and catch-all omnibus bill, described below, in seven minutes in the House and ten minutes in the Senate. An attempt was made using the same procedural motions fifteen minutes before midnight to pass an all-cash bonding bill. The bill passed the House but not the Senate.

At 9:45 pm on the final day of the session, the Tax Conference Committee met to adopt a delete-everything (DE) amendment and the A24 amendment. The DE amendment was nearly 1,500 pages, and included all the language found in the following omnibus bills that had yet to pass both the House and Senate:

- [HF5242](#): Transportation, Housing, and Labor Finance and Policy
- [HF4247](#): Health Scope of Practice Bill
- [HF4024](#): Higher Education Finance and Policy
- [HF2609](#): Increased Penalties for Firearm Straw Purchases and a Ban on Binary Triggers
- [SF4942](#): Energy and Agriculture Finance and Policy
- [SF5335](#): Human Services Finance
- [SF4699](#): Health and Human Services Finance
- [HF5363](#): Paid Family Medical Leave Fix Bill

The final "Tax Conference Committee Report" included twenty-nine pages of tax provisions, which were included in the A24 amendment. The amendments were adopted and the report passed out of the Conference Committee with Senator Weber (R-Luverne) raising concerns about the lack of process and transparency. This final hearing took a total of eight minutes.

Quickly thereafter the Tax Conference Committee Report was brought to the House Floor. Majority Leader Long (DFL-Minneapolis) announced a brief overview of the contents of the report and Speaker Hortman (DFL-Champlain) made a motion to bypass debate by calling the question. Hard copies of the bill were not available to members and while it appeared to be

posted online for the public to see, it was almost impossible to download and review. With fifteen hands raised to second the Speaker's motion and many Republican members speaking to gain the Speaker's attention, the House floor erupted in pandemonium. Members of the Republican Caucus were yelling about process, offering motions, and shouting other frustrations, with one voice referring to the bill as: Grand Theft Omnibus. The bill passed despite the vocal objections of the minority. After the final vote on the report, Majority Leader Long moved a recess of the House.

A few minutes following the House's recess a remarkably similar series of events followed on the Senate Floor. In the Senate, the members of the GOP Caucus began trying to get the attention of President Bobby Joe Champion (DFL-Minneapolis). Senator Rest (DFL-Golden Valley) made a motion to present the Tax Conference Committee Report and Senate DFL Leadership called the question. President Champion was not able to gavel the Senate to recess after the Tax Conference Committee Report passed due to significant yelling, motion making, and chanting to prevent him from taking control and allowing other bills to reach the Senate Floor. The yelling lasted for thirty minutes.

The House returned from its recess and passed a \$71 million all-cash bonding bill in the final minutes of session. The process to pass the cash bonding bill was remarkably like the rapid processing of the Tax Conference Committee Report. The Majority Leader quickly called the question, Republicans yelled their concerns and made motions that were ignored, and the bill passed and was sent to the Senate. There were only minutes left on the clock for the Senate to process the bill. Senate Republicans made motions to adjourn and points of parliamentary inquiry that were not recognized by the Senate President. Unable to control the motion-making minority, President Champion did not close the roll and secure a final vote on the cash bonding bill before the clock struck midnight—when the legislature can no longer pass bills. Although the Senate DFL had the votes, the bill did not pass.

Despite the hectic end to session, there were a number of items that passed, including a law to protect Transportation Network Company drivers and preempt the Minneapolis City Council's policy that would have forced Uber and Lyft out of the Twin Cities and surrounding areas. They also passed laws providing emergency funding for Emergency Medical Service providers, banning junk fees, establishing energy infrastructure permitting reforms, and increasing penalties for firearm straw purchasers.

Looking Ahead

It is an election year with a 2024 presidential election rematch between Republican presidential candidate and former President Donald Trump and Democrat presidential candidate and incumbent President Joe Biden. In Minnesota, this year's ballot will also include a U.S. Senate seat, all the United States House of Representatives, the Minnesota State House of Representatives, and Judicial races. Minnesota State Senators are not up for reelection until 2026. Candidate filings open May 21, and close June 4, at 5 pm. The primary election is Tuesday, August 13 and the general election is on November 5.

Senator Kelly Morrison, DFL-Deephaven, is running for Minnesota's Third Congressional District. This seat is currently held by U.S. Representative Dean Philips, who ran for the Democratic Nomination for President earlier this year. Senator Morrison's Senate term ends in 2026, and she will need to step down from her state Senate seat if she wins the Congressional seat. A special election will decide her replacement. She is expected to resign from the Minnesota Senate this summer to allow the Senate District 45 seat to be on the general election ballot this November.

All 134 Minnesota State House of Representative seats are up for re-election this year. To have a majority, a party needs 68 seats. Currently, the DFL holds the majority by a margin of 70-64. Twenty sitting members have announced they are not seeking re-election.

The 2025 legislative session begins January 14, 2025, and the legislature will need to adopt a budget for the upcoming biennium.

Budget Targets

Joint Budget Targets 2024 Session

Supplemental Budget

General Fund, Dollars in Thousands

	FY 2024-25	FY 2026-27
6 Agriculture	4,545	2,576
7 Capital Investment	40,000	0
8 Children and Families	34,370	24,780
9 Climate and Energy	1,000	0
10 Commerce	(5,499)	1,738
11 Economic Development	1,000	0
12 Education	43,000	18,050
13 Elections	500	200
14 Environment and Natural Resources	17,000	0
15 Health	4,500	5,000
16 Higher Education	500	0
17 Housing	10,000	1,000
18 Human Services	42,130	14,860
19 Judiciary	36,000	3,000
20 Labor and Industry	1,000	0
21 Legacy	0	0
22 Public Safety	17,900	14,220
23 State and Local Government	2,500	0
24 Tax Aids & Credits	53,000	5,230
25 Transportation	2,000	0
26 Veterans and Military Affairs	0	0
27 Workforce Development	0	(4,000)
28		
29		
30 <i>Other Items</i>		
31 Claims Bill	200	0
32 Educator Pensions	31,458	0
33 Emergency Medical Services	16,000	0
34 Net Operating Loss - HF 3769	14,800	0
35 School Safety Center - Laws 2024, Chapter 78	640	980
36 Tyler Settlement	109,000	(26,727)
37 Inflation Estimate	0	1,836
38		
39		
	Total Spending	477,544
		62,743

Ways and Means Committee
March 25, 2024

Emily Adriaens, House Fiscal
BUDRES04

2023-2024 Legislative Retirements

DISTRICT	BODY	PARTY	NAME	NOTE
01B	House	R	Debra Kiel	R-Lead on Human Services Policy
02A	House	R	Matt Grossell	
08A	House	DFL	Liz Olson	Chair of Ways and Means
16A	House	R	Dean Urdahl	R-Lead on Capital Investment
19A	House	R	Brian Daniels	R-Lead on Children and Families
19B	House	R	John Petersburg	R-Lead on Transportation Finance and Policy
22B	House	R	Brian Pfarr	
26A	House	DFL	Gene Pelowski	Chair of Higher Education
28B	House	R	Anne Neu Brindley	R-Lead on Human Services Finance
35B	House	DFL	Jerry Newton	Chair of Veterans Affairs
38A	House	DFL	Michael Nelson	Chair of Labor and Industry Finance and Policy
40B	House	DFL	Jamie Becker-Finn	Chair of Judiciary and Civil Law
41B	House	R	Shane Hudella	
49A	House	DFL	Laurie Pryor	Chair of Education Policy
58B	House	R	Pat Garofalo	R-Lead on Ways and Means
61A	House	DFL	Frank Hornstein	Chair on Transportation Finance and Policy
62B	House	DFL	Hodan Hassan	Chair on Economic Development Finance and Policy

Legislators Running for Other Offices

DISTRICT	BODY	PARTY	NAME	NOTE
41A	House	R	Mark Wiens	Running for Washinton County Commissioner District 3.
45	Senate	DFL	Kelly Morrison	Running for Minnesota's Third Congressional District (Dean Phillips seat). Note her Senate term does not end until November 2026.
50A	House	DFL	Heather Edelson	Running for Hennepin County Commissioner District 6.

Legislators Who Retired Early

DISTRICT	BODY	PARTY	NAME	NOTE
27B	House	R	Kurt Daudt	Resigned effective February 11. Brian Lawrence was elected to serve the remaining part of Rep. Daudt's term.
52B	House	DFL	Ruth Richardson	Resigned effective September 2023 causing a special election Fall of 2023. Bianca Virnig was elected to complete Rep. Richardson's term.

The Municipal Legislative Commission (MLC) is an association of 19 suburban communities working together to promote public policy decisions that are transparent, accountable, and equitable. We support strategic initiatives that help our cities, businesses, region, and state develop and thrive.

2024 MLC Legislative Priorities



Supporting Safer Communities

MLC supports empowering local elected leaders to effectively manage public safety issues in their communities by:

- Providing local control of Emergency Medical Services (EMS)
- Clarifying School Resource Officer (SRO) authority for use of force in school settings
- Reviewing the criteria used to assess PTSD duty disability claims and fully funding programs to support those injured in the line of duty



Promoting Affordable Housing

Housing is a top priority for MLC cities. We support policies to help increase the production of and access to affordable options across the housing continuum, including:

- Expanding investments in Naturally Occurring Affordable Housing (NOAH)
- Incenting cities' development of "missing middle" housing options
- Encouraging locally led strategies to encourage affordable housing production
- Preserving local authority over land use decisions



Investing in Infrastructure and Transportation

MLC supports greater, regionally balanced investments in transportation and infrastructure and sensible regulatory requirements, including:

- Giving cities the authority to collect street infrastructure fees so the costs of new development are not shifted to existing residents
- Passing a regionally balanced bonding package that includes significant investments in suburban communities
- Providing more flexible application of greenhouse gas emissions and vehicle miles traveled assessment requirements on trunk highway projects



Strengthening the State-Local Fiscal Partnership

MLC supports greater stability and predictability in the fiscal relationship between the state and local units of government. We support:

- Providing for more frequent review of the LGA formula recognizing the growing financial needs of cities in the state
- Simplifying the process for a sales tax exemption on construction materials for local governments
- Eliminating the moratorium on local sales tax authorizations
- Providing direct property tax relief to individuals and renters
- Preserving the integrity of the Fiscal Disparities program



Supporting Safer Communities

New EMS office and emergency EMS funding -- PASSED

HF 4738 (Huot)/SF 4835 (Seeberger)

Effective date: Various (see description for details)

View the [bill summary](#) | [Chapter 122](#)

The bill replaces the existing Emergency Medical Services Regulatory Board with a new agency called the Office of Emergency Medical Services. This office will oversee Minnesota's EMS network, taking over the responsibilities of the previous board on January 1, 2025. The legislation also allocates \$24 million in emergency aid to support EMS providers in greater Minnesota and \$6 million for a pilot program to improve EMS delivery in the Northeastern part of the state. The \$24 million in one-time EMS provider aid will be certified and allocated to eligible providers by December 26, 2024.

School Resource Officer (SRO) clarifications – PASSED

HF 3489 (Fraizer)/SF 3534 (Westlin)

Effective date: March 15, 2024

View the [bill summary](#) | [Chapter 78](#)

Minnesota law authorizes the reasonable use of force by peace officers, teachers, school officials, and other people under circumstances outlined in 609.06, subdivision 1. The law prohibits peace officers from using choke holds unless a situation would justify the use of deadly force. During the 2023 session, the legislature amended other sections of law, namely sections 121A.58 and 121A.582, dealing with education, to say that employees or agents of a school district, including school resource officers, were prohibited from using certain holds, including prone restraints, except when necessary to restrain a student to prevent bodily harm or death to a student or another.

Questions raised about the perceived conflicts between the 609 statute and 121 statutes prompted the legislature to pass this bill removing school resource officers (SROs) from the definition of an agent of the school, establishing training requirements for SROs, requiring contract agreements between schools, districts, and law enforcement agencies providing SROs, and mandating that the POST (Peace Officer Standards and Training) Board create model policies for SROs. The bill requires law enforcement agencies to adopt a policy that follows the model policy and provides for licensing sanctions and injunctive relief for failure to comply with the training and policy requirements. It also appropriates money to the Department of Public Safety (DPS) to hire additional staff and provide the training required in the bill.

Firearm straw purchase and binary trigger penalties – PASSED

HF 2609 (Berg)/ SF 5153 (Gustafson)

Effective date: Various

[Straw Purchase/Binary Trigger Language](#) | [Chapter 127](#)

This bill adds reporting requirements for the Bureau of Criminal Apprehension (BCA) and VCET's who receive state funding to include the number of firearms seized and the number and summary of gun trafficking investigations conducted in their annual reports to the Department of Public Safety (DPS). It also amends the definition of a trigger activator that is prohibited under state law to include a device that allows a firearm to shoot one shot on the pull of the trigger and a second shot on the release of the trigger, also known as a binary trigger.



The law expands the current crime of transferring firearms to ineligible persons to all firearms and requires a prosecutor to prove the person making the transfer should have known the person receiving the firearm was ineligible to receive it, also referred to as a straw purchaser. Finally, the bill increases the penalty for transfer to an ineligible person from a misdemeanor to a felony, with a maximum sentence of two years and a maximum fine increase for an aggravated violation from \$10,000 to \$20,000. The bill language was adopted in the Omnibus Tax Conference Committee report/Catch-All report approved the final night of session.

Lost or stolen firearms – DID NOT PASS

HF 601 (Her)/SF 606 (Westlin)

[Lost or Stolen Firearm Bill Language](#)

The bill would have required a person who owns, possesses, or controls a firearm to report a loss or theft of the firearm to law enforcement within 48 hours of the time the person knew, or reasonably should have known, about the loss or theft. It would establish that a first violation is a petty misdemeanor, a second violation is a misdemeanor, and additional violations are gross misdemeanors. The language also would grant immunity from criminal firearm storage charges for those who comply with the reporting requirements and require a chief law enforcement officer to inform the DPS Commissioner of all lost and stolen firearms. The House passed the bill on the floor on a party-line vote. The Senate heard the bill in the Senate Judiciary Committee.

Safe gun storage – DID NOT PASS

HF 4300 (Becker-Finn)/SF 4312 (Gustafson)

[Safe Storage Bill Language](#)

It is a crime under current law to store or leave a loaded firearm in a location where the person knows, or should know, that a child is likely to gain access to the firearm unless the person takes reasonable action to prevent a child from accessing the firearm. This bill would have expanded the requirement of safe storage to include the firearm must be stored unloaded and equipped with a locking device, or store the firearm in a firearm specific storage unit or gun room. Under this bill, a firearm would not be considered stored, kept, or left if it is under the direct physical control or reach of the person. It would be a petty misdemeanor for improper storage, gross misdemeanor if a child is present in the area where the firearm is stored, kept, or left, and a felony if the unsecured firearm is accessed by a child or person prohibited from possessing firearms or used in certain crimes. The bill passed the House floor on a party-line vote. The Senate bill was heard in Senate Judiciary and Senate Finance but was never heard on the floor.



Promoting Affordable Housing

Housing program funding – PASSED

HF 5242 (Hornstein)/SF 5284 (Dibble)

Effective Date: Various

[Chapter 127](#) (Article 14)

Housing funding is included in the Transportation, Labor, and Housing Omnibus Finance and Policy bill. These provisions reappropriate \$18 million from FY 2024 and spend \$28 million in FY2025 to meet the housing budget target of \$10 million. The bill reduces Housing Challenge Program funds by \$7 million and reallocates these funds to the Community Stabilization program, including for single-family naturally occurring affordable housing (NOAH).

Appropriations include:

- \$25 million to community stabilization initiatives, bringing the total FY2025 appropriation to \$70 million
- \$8.1 million in assistance to keep families out of homelessness
- \$545,000 for the Supreme Court to expunge tenant eviction court cases
- \$471,000 for expediting rental assistance
- \$225,000 for a report on buildings with only one exit stairwell
- \$200,000 to facilitate a task force on long-term sustainability of affordable housing
- \$150,000 for a nonprofit to study the possibility of an emergency shelter for transgender adults
- \$100,000 for a Minnesota homeless study

This omnibus bill also includes several housing policy changes. Provisions relevant to MLC are summarized below.

Report on utilization of state funding for housing development – PASSED

Requires Minnesota Housing to submit an annual report by February 15th to the legislative committees overseeing housing finance and policy. The report must contain the following information:

1. The total number of applications received for housing funding.
2. The total amount of funding requested across all applications.
3. The amounts of funding actually awarded.
4. The number of housing units impacted by the funding awards, broken down into:
 - Newly constructed owner-occupied units
 - Renovated owner-occupied units
 - Newly constructed rental units
 - Renovated rental units

Housing infrastructure bonds– PASSED

Allows MHFA to issue \$50 million in housing infrastructure bonds and expands permitted uses of the program to include acquisition and rehabilitation of foreclosed or abandoned housing to be used for affordable home ownership and development of cooperatively owned housing affordable to low- and moderate-income households.



Exempting city comprehensive plans from MERA/EISs – PASSED

Exempts comprehensive plans for cities of the first class in the metropolitan area from the Minnesota Environmental Rights Act (MERA) and exempts all city comprehensive plans in the metropolitan area from being subject to the requirements of chapter 116D related to environmental impact statements. These changes end the legal challenge to the Minneapolis 2040 comprehensive plan and limit how environmental laws can be used to challenge city comp plans going forward.

Local affordable housing aid reporting and funding level requirements – PASSED

Requires that recipients use state affordable housing aid to supplement their locally funded housing budgets and requires cities to report annually on their locally funded housing expenditures and any cuts to those expenditures.

Affordable housing sustainability task force – PASSED

Establishes a task force on long-term sustainability of affordable housing to evaluate issues and provide recommendations relating to affordable housing sustainability, including displacement of tenants, preservation of housing previously developed with public financing, and long-term sustainability of new housing developments.

Working group to study CICs and HOAs – PASSED

Creates a working group to study common interest communities (CICs) and homeowners' associations (HOAs), including the number of CICs/HOAs, how they are governed, CIC/HOA fees and how they might be regulated, racial disparities/accessibility in CIC/HOA ownership, and the impact of these organizations on the housing market and costs.

Prevailing wage for multifamily LIHTC housing projects – PASSED

Applies prevailing wage requirements to low-income housing tax credit (LIHTC) allocations for multifamily housing projects consisting of more than ten units. Requirements apply to developments selected for tax credit awards or allocations on or after January 1, 2025.

Tenant protections – PASSED

HF 3591 (Agbaje)/SF 3492 (Mohamed)

View the [bill summary](#) | [Chapter 118](#)

The 2024 Tenant's Rights Policy Bill includes provisions protecting tenants who are survivors of domestic violence, shielding tenants from retaliation or eviction for calling emergency services, safeguarding tenants' right to organize, prohibiting rental discrimination based on public assistance, and providing remedies for construction delays that prevent tenants from occupying rental units.



While a variety of challenging provisions were considered throughout the session, in the end nothing adverse to MLC passed. The final Housing articles did **NOT** include any of the following:

Missing Middle housing – DID NOT PASS

The "missing middle" housing bill would have required cities to allow ADUs, duplexes, triplexes and up to 10-plex housing in single-family zones. In addition, it would have preempted local zoning by mandating increased densities on residential lots, allowing accessory dwelling units by-right, setting maximum lot sizes, capping parking requirements at one space per unit, expediting design review, and limiting aesthetic requirements. Despite support from a broad coalition including religious organizations, environmental groups, organized labor and affordable housing advocates, this bill did not pass.

Multifamily residential housing in commercial areas – DID NOT PASS

Another proposal sought to facilitate multifamily residential development in commercial zones by requiring cities to allow it as a permitted use, imposing timelines for building permit approvals, restricting height limits, and enabling affordable projects to exceed certain zoning standards. Amended language that would have encouraged cities to allow affordable housing on blighted commercial lots and allowed cities to establish local ordinances requiring multi-family residential developments in commercial areas to be mixed use was heard in committee but did not pass.

People Over Parking requirements – DID NOT PASS

The "People Over Parking Act" would have preempted minimum parking requirements set by cities for residential, commercial, and industrial properties.

Aesthetic/design standards preemption – DID NOT PASS

Proposals to prohibit aesthetic mandates like material requirements and design elements for residential projects were proposed but, ultimately, did not move forward this year.

Corporate single-family home ownership – DID NOT PASS

While the legislature considered a proposal limiting corporate ownership of single-family homes to under 10 units to improve access for first-time homebuyers, no legislation passed this year.

Ban on Section 8/voucher discrimination by landlords – DID NOT PASS

A proposal to prohibit landlords from rejecting tenants solely for using government rental assistance like Section 8 vouchers was not included in the omnibus housing bill articles.



Investing in Infrastructure and Transportation

Transportation program funding – PASSED

HF 5242 (Hornstein)/SF 5284 (Dibble)

Effective Date: Various

[Chapter 127](#) (Article 1)

Funding for transportation programs is included in the Transportation, Labor, and Housing Omnibus Finance and Policy bill.

Notable appropriations include:

- \$15,560,000 for Trunk Highway and Local Road projects
- \$15,000,000 of Trunk Highway bonds for Corridors of Commerce
- \$15,000,000 of Trunk Highway bonds for State Road Construction
- \$10,000,000 to the Met Council for Blue Line light rail transit extension antidisplacement community prosperity grant
- \$8,900,000 for improvements to Trunk Highway bridges
- \$3 million for greenhouse gas emissions analysis
- \$1,200,000 for the Lights On grant program
- \$41,000 for the Minnesota Advisory Council on Infrastructure.

This omnibus bill also included several transportation policy changes in Articles 2-3 which are summarized below.

Greenhouse gas emissions – PASSED

Shifts greenhouse gas emissions requirements to portfolio-based assessments with a technical advisory committee to provide guidance on implementation.

Advisory council on infrastructure – PASSED

Creates a Minnesota Advisory Council on Infrastructure bringing together expertise from various sectors to address the complex challenges of infrastructure development and maintenance. While the council does not have any regulatory powers, it is charged with developing a plan for statewide asset management.

Met Council light rail governance – PASSED

The 2023 legislature created the Metropolitan Governance Task Force to study and evaluate options to reform and reconstitute governance of the Metropolitan Council. Although the task force failed to reach a consensus on recommended reforms, the House and Senate Transportation Committee chairs, Rep. Hornstein and Sen. Dibble, incorporated two key provisions into the transportation omnibus bill aimed at reining in the council's authority. One would require extensive consultation between the Met Council and the state Department of Transportation on future light rail construction projects. The other would restrict the use of a regional sales tax adopted last year on light rail construction by requiring legislative approval.



General obligation bonding bill and cash-only project bill – DID NOT PASS

HF 5220 (Fue Lee)/SF 5251 (Pappas)

[View the bill](#)

Traditionally, in even years of the biennium, the four legislative caucuses wrestle with creating a capital investment, or bonding bill. The bonding bill is known as the “*icing on the cake*” of the end-of-session to fund infrastructure projects across the state. Since it obligates the state of Minnesota to borrow money, it requires passage by a three-fifths supermajority in both chambers.

For the past two years, members of both the House and Senate Capital Investment Committees have completed multi-day tours across the state to meet with constituents, hear about community needs, and learn about projects that might be brought forward for consideration. In total this year, over \$8 billion in appropriations were requested by various organizations, state agencies, university systems, townships, cities, and nonprofits. Governor Walz made his own recommendations to the Legislature, which included an investment of \$982 million toward infrastructure improvements focused on clean water, affordable housing, and public safety.

In the final days of session, a \$330 million capital investment bill was unveiled at a joint meeting of the House and Senate Capital Investment committees. The proposal did not include republican district projects and did not receive any votes on the floors of the House or Senate. The proposal included:

- \$115.3 million for 30 public works projects, such as improvements to water towers, sewers, and water mains
- \$99.34 million for 33 local economic development projects, such as a health center in Mahnomon, expanding the Runestone Community Center in Alexandria and improving accessibility at Gibbs Farm in Ramsey County
- \$47.9 million for the Department of Transportation to provide grants for 18 local projects, including \$13.1 million for the Nicollet Avenue Bridge project over Minnehaha Creek in Minneapolis
- \$19.5 million for the Pollution Control Agency
- \$18.3 million for the Department of Public Safety, including \$5 million for law enforcement and government facilities in Lake of the Woods County
- \$15.45 million for the Metropolitan Council for three projects in St. Paul, and one each in Minneapolis and West St. Paul
- \$7.44 million to expand treatment and programming space at the Lino Lakes prison
- \$6 million for the Department of Natural Resources, with \$2 million to continue a flood mitigation project in Moorhead

Typically, the majority and minority parties in each chamber put forth spending priorities for a quarter of the appropriation for local projects. However, the minority caucuses in both chambers were unwilling to show their hands until a decision was made on a final spending target. With time running out, and no agreement in sight, the majority assembled a cash-only infrastructure bill totaling \$71 million dollars, amended it to a vehicle bill, and moved it to the House floor for consideration and a vote on the final day of the session.



With less than 10 minutes left before they were constitutionally obligated to adjourn, the House voted 70-0 with no Republicans voting to pass the \$71 million cash-only capital investment bill. The proposal was rushed to the Senate, but the clock struck midnight before a vote was completed. The final vote came 30 seconds late. It was a disappointing end to what is one of the most important tasks of the legislative bodies in an even-numbered session.

Policy provisions outlined in the cash-only bill aimed to bring greater transparency and accountability to the process of securing state funding. One key aspect would have clarified expectations for entities seeking state dollars, including a clear definition of what constitutes a non-state match. Additionally, those receiving a direct appropriation from the state would have been required to establish a dedicated replacement fund.

Capital projects replacement account requirements – DID NOT PASS

The House passed an all-cash \$71 million bonding bill ([SF 4225](#)) in the final minutes of session. With only minutes left on the clock, Senate President Champion was unable to close the roll and receive a final vote on the bill. As a result, the language requiring locally funded capital project accounts included in the bill (see below) did not pass this session.

Sec. 8. [16B.336] CAPITAL PROJECT PRESERVATION FUNDS.

Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have the meanings given.

(b) "Adjusted net tax capacity" means, as of any date, the net tax capacity of all taxable property most recently determined by the commissioner of revenue in accordance with section 273.1325.

(c) "Adjusted net tax capacity per capita" means a political subdivision's adjusted net tax capacity divided by the political subdivision's population.

(d) "Capital project grant agreement" means a grant agreement for a capital project subject to section 16A.642, 16A.695, or 16A.86, and funded in whole or in part by an appropriation of state money.

(e) "Commissioner" means the commissioner of administration.

(f) "Grantee" means a recipient of a grant for a capital project subject to section 16A.642, 16A.695, or 16A.86 from an appropriation that names the grantee. Grantee does not include a state agency, state official, the Board of Regents of the University of Minnesota, or the Board of Trustees of the Minnesota State Colleges and Universities.

(g) "Population" has the meaning in section 477A.011, subdivision 3.

(h) "Preservation" means improvements and betterments of a capital nature consistent with those described in section 16B.307, subdivision 1, paragraph (d).

Subd. 2. Preservation fund establishment. (a) A grantee must establish a capital project preservation fund for major rehabilitation, expansion, replacement, or preservation of the capital project once the project has reached its useful life, or another use as permitted under this section. Money must remain in the fund for the useful life of the capital project, as determined by the grant agreement with the granting state agency, unless use of the fund is approved in writing by the granting state agency for major rehabilitation, expansion, replacement, or preservation of the capital project funded with state money, or to address a capital project for a different capital asset owned by the grantee.

(b) A grantee must adopt a capital project preservation policy that specifies the following for the capital project preservation fund:



(1) the risks to be mitigated or managed by the preservation fund;

(2) the intended use of the preservation fund, including but not limited to how the preservation fund is used for major rehabilitation, expansion, replacement, or preservation of the capital project; and

(3) criteria for the use of the preservation fund to address other capital improvement needs of the grantee, including safety and security, maintenance and utility costs, availability of repair parts and materials, sustainability, and any other criteria the grantee deems relevant.

Subd. 3. **Minimum deposits; preservation fund balance.** (a) The commissioner must determine the annual minimum deposit amounts into capital project preservation funds by capital project type. The commissioner must consider depreciation, construction cost inflation, the useful life of the capital project, and other relevant factors when determining the minimum deposit amounts.

(b) A grantee must not be required to maintain a capital project preservation fund balance greater than the amount of the grant for the capital project.

Subd. 4. **Preservation fund auditing.** The state auditor may audit capital project preservation funds as part of the regular audits of local governments.

Subd. 5. **Exceptions.** (a) Capital projects that already require a preservation fund under any other law, rule, or ordinance, are exempt from the requirements under this section, so long as the deposits into the preservation fund are at least as large as the minimum deposits established by the commissioner under subdivision 3. A capital project subject to and compliant with the system replacement fund requirement under section 446A.072, subdivision 12, is exempt from the requirements of this section.

(b) This section does not apply to a grantee that assesses the condition and replacement value of its capital assets and future capital projects, including those subject to section 16A.642, 16A.695, or 16A.86, through an annual capital improvement plan process and publishes an annual capital improvement plan document that forecasts at least ten years of known capital projects for use in budget forecasting to enhance long-term financial stability.

(c) This section does not apply to a political subdivision grantee that, in the year the capital project grant agreement is entered into, has an adjusted net tax capacity per capita that is less than the median adjusted net tax capacity per capita of all political subdivisions that are the same type of political subdivision as the grantee.

(d) The commissioner shall publish guidance on the Department of Administration's website to be used by a grantee to determine whether the grantee qualifies for an exception under this subdivision.

Subd. 6. **Penalty.** Failure of a grantee to comply with the requirements of this section shall result in the granting state agency assessing a penalty fee to the grantee equal to one percent of the grant of state money for the capital project for each year of noncompliance. Penalty fees shall be remitted by the granting state agency to the commissioner of management and budget for deposit in the general fund. Failure of a grantee to comply with the requirements of this section shall not constitute an event of default under a capital project grant agreement.

Subd. 7. **Enforcement.** A granting state agency is responsible for enforcement of this section for each capital project grant agreement to which this section applies and the granting state agency is a party.

EFFECTIVE DATE. This section is effective for capital projects funded through state capital project grant agreements entered into on or after July 1, 2024.



Strengthening the State-Local Fiscal Partnership

Omnibus tax bill – PASSED

HF 5247 (Gomez)/SF 5234 (Rest)

Effective Date: Various

[Link to Tax Provisions](#) | [Chapter 127](#)

[Department of Revenue session law analysis](#)

After several days of not meeting publicly, the Tax Conference Committee convened just before 10:00 pm on Sunday, May 19. The A24 amendment and a DE amendment were offered, essentially to insert most of the work that had yet to be completed by the legislature. The mega-bill totaled around 1,500 pages, including a minimal number of tax provisions as the tax conference committee members were not able to agree on much. The tax provisions that passed include:

The child tax minimum credit – PASSED

Last year, the Legislature passed a child tax credit aimed at assisting low-income Minnesota families. In 2024, Governor Walz recommended a Child Tax Credit Payment Protection Pilot program allocating \$32 million to give families the option to receive the child tax credit in installments throughout the year, rather than in one lump sum. Below are the key provisions included in the final bill. It is presumed that the guaranteed minimum credit is permanent, but there was no time to hear any details in the conference committee, nor does the bill state a sunset.

- The Child Tax Minimum Credit is effective for taxable years beginning after December 31, 2024.
- To qualify for the tax credit, your joint household income needs to be below \$35,000, or for single filers, below \$29,500.
- The bill requires the Commissioner of Revenue to establish a process allowing taxpayers to decide if they would like to receive one or more advance payments of the credit.
- Should someone opt in to receive the advanced payment(s) of the credit, it is based on the commissioner and the taxpayer's estimate of the amount of credits the taxpayer would be eligible for in the taxable year beginning in the calendar year.
- For those who do not elect to receive an advanced payment, they will receive the tax credit after they have filed for the previous year.

Moist snuff taxation – PASSED

The moist snuff taxation is meant to provide equal tax treatment of related tobacco products. The provision in the tax bill amends the definition of “Tobacco products” in Minnesota Statute. The goal of amending the definition of tobacco products was to ensure that they are now on an even playing field with the vaping products that have come on the market in recent years.

New tax forfeited property article and housing support account – PASSED

The new law brings tax forfeiture laws into compliance with the ruling in *Tyler v. Hennepin County* by creating a formal process for interested parties to make a claim on excess proceeds if tax forfeited property is sold for an amount greater than the tax debt on the property. The law also establishes a new housing support account accompanied by a \$450,000 annual transfer from the general fund.



Grants for tax filing assistance and public education on credit availability – PASSED

The Commissioner of Revenue must to seek proposals from one or more volunteer taxpayer assistance organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services and publicize and promote the availability of eligible Minnesota tax credits to taxpayers likely to be eligible for those credits, including:

- Child Tax Credit
- Working Family Credit
- K-12 Education Credit
- Renter’s Income Tax Credit
- Homestead Credit Refund (for Homeowners)

The Taxpayer Assistance Grant appropriates an additional \$1,000,000 for FY2025.

The Tax Credit Outreach Grant appropriates an additional \$1,000,000 for FY2025.

The Tax Omnibus bill did **NOT** include any of the following:

- Allowing cities to bypass legislative approval of local option sales tax proposals for certain projects
- Local sales tax moratorium repeal
- Individual city sales tax provisions
- TIF provisions (no general or city specific provisions)
- Construction materials sales tax exemptions
- Creation of land-value tax districts

One of the most contentious pieces of this year’s tax bill was local sales tax reform. The House and Senate had different approaches, with the Senate’s proposal reflecting many of the recommendations made by the Local Taxes Advisory Task Force and the House proposing more restrictive language regarding eligible projects that could be funded without legislative approval as well as an equalization provision that would have directed 15% of any authorized local sales tax to be redirected to the state for redistribution. None of these provisions were included in the final bill.

Other Legislation of Interest to MLC

Paid family and medical leave modifications – PASSED

HF 5363 (Frazier)/SF 5430 (Mann)

Effective Date: Various

View the [bill summary](#) | [Chapter 127](#)

This bill makes various technical, clarifying, and substantive changes to Paid Family and Medical Leave benefits under chapter 268B. The provisions included in the Tax Omnibus bill that passed on the final night of session:

- Rename Chapter 268B as the Minnesota Paid Leave Law
- Expand the definition of “child” to include children of a domestic partner and children that the covered employee may be a custodian of
- Clarify how covered individuals who have changed employers within the base period are paid
- Establish one calendar day as the minimum increment of leave
- Clarify that an applicant is ineligible for leave benefits for any portion of a typical workweek for which the applicant is incarcerated or for which the applicant is receiving unemployment insurance benefits
- Create a robust appeals process that may be utilized by an employee or an employer
- Establish a reduced small employer premium rate for employers with 30 or fewer employees and with their employees' average wage is less than or equal to 150 percent of the state's average wage in covered employment
- Allow the Commissioner of Employment and Economic Development to adjust the annual premium rates based on program historical experience and sound actuarial principles
- Provide data privacy protections for data collected under the Minnesota Paid Leave Law

According to the Minnesota Chamber, DEED's bill proposes adjusting the payroll tax rate away from the original formula and basing it on routine actuarial analyses. Consequently, the payroll tax rate, set in last year's law at 0.7%, must rise to 0.88% in 2026 to accommodate their proposed changes and sustain the program, rising to at least 0.93% by 2029. The original actuarial analysis revealed significant discrepancies in the cost projections for the PFML program. The state initially allocated around \$800 million for start-up costs, but actual expenses exceeded estimates by \$628 million over the program's first three years.

Earned safe and sick time modifications – PASSED

The Labor and Industry Policy Omnibus bill, [Chapter 110](#), expands employer obligations related to the Earned Sick and Safe Time law that passed in 2023. Changes adopted in 2024:

- Establish remedies if an employer does not provide earned sick and safe time
- Clarify that earned that volunteer firefighters, elected officials, and farmers do not qualify for Earned Sick and Safe Time
- Add the need to plan for or attend funeral services or a memorial or address financial or legal matters that arise after the death of a family member to the approved uses of sick time
- Clarify that sick and safe time may not be used in weather events

Disclosure of salary ranges in job postings – PASSED

The Labor and Industry Policy Omnibus bill, [Chapter 110](#), requires employers that employ 30 or more employees in Minnesota to disclose in each posting for each job opening the starting salary range and a general description of all benefits and other compensation.

Worker misclassification provisions – PASSED

The Transportation, Labor and Housing Omnibus bill, [Chapter 127](#), includes provisions addressing a practice known as worker misclassification which occurs when employees are wrongly labeled as independent contractors, denying them crucial benefits and protections. Key components include:

- Clearly defining criteria for who qualifies as an independent contractor
- Increasing penalties and fines for companies engaged in worker misclassification fraud
- Holding individuals and successor companies liable for violations
- Creating an inter-agency partnership to share data and coordinate enforcement efforts
- Establishing a new multi-part independent contractor test for building construction and improvement services

Prohibiting restrictive employment covenants in service contracts – PASSED

Effective July 1, 2024, provisions in the Labor and Industry Policy Omnibus bill, [Chapter 110](#), prohibit service providers from including non-compete clauses in their customer contracts that restrict customers from hiring the service provider's employees, contractors, or other workers. Key provisions include:

- Service providers cannot enforce contract provisions that prohibit customers from soliciting or hiring their workers.
- Any such non-compete clauses will be considered void and unenforceable.
- Service providers must notify their workers of any existing non-compete clauses that violate the new law.

The ban does not apply to business consultants in computer software development and related services who are hired through a service provider with the intent of being hired by the customer at a later date. Existing contracts with non-compete clauses signed before July 1, 2024, are not subject to the new law.

License required to sell copper metal – PASSED

The Cannabis Omnibus bill, which was amended during the conference committee to include policy language from the Commerce Omnibus bill, introduces new regulations for the sale of scrap metal copper in Article 4, [Chapter 121](#). This article requires that anyone interested in selling scrap metal copper must obtain a license from the Department of Commerce. Individuals licensed to perform certain trades are exempt from this requirement. The bill also includes permissive language for the Department of Public Safety to convene a working group to discuss and address issues related to metal theft.

Uber/Lyft agreement – PASSED

After prolonged negotiations, Governor Walz, DFL legislative leaders, Minneapolis officials, and the two largest ride-share companies, Uber and Lyft, reached a deal to establish statewide standards for ride-share drivers' pay and working conditions. The agreement, which averted the threat of service termination in Minnesota by the companies, was included in the Transportation, Labor and Housing Omnibus bill, [Chapter 127](#), and will take effect on January 1, 2025.

Key provisions of the new law include:

- A wage floor which will increase driver pay by more than 14%
- Minimum pay for drivers statewide at \$1.28 per mile and 31 cents per minute
- Requiring that drivers earn at least \$5 per trip and are entitled to 80% of any cancellation fee if they have already left to pick up the rider
- Driver pay rates to increase each year with inflation
- Allowing drivers to appeal being fired or “deactivated” and ride share companies are required to review and make a determination of such a request within 30 days
- Requiring rideshare companies have insurance coverage for up to \$1 million for drivers
- Prohibiting cities from enacting their own standards including pay, insurance, and data transparency

Local governments may still license Transportation Network Companies (TNCs) and can refuse or revoke licenses if a company is found to be in violation state law or local licensing requirements.

Cannabis licensing and policy changes – PASSED

The legislature passed significant updates to the recreational cannabis law enacted last year. These changes were included in the Cannabis and Commerce Omnibus Finance and Policy bill, [Chapter 114](#), and address various aspects of cannabis regulation, licensing, and policy. Key provisions include:

- Establishing a lottery system to distribute licenses when the number of applicants exceeds the available licenses
- Allowing an individual seeking a cannabis license to apply for a license without having secured a physical premises for the business at the time of application
- Setting a maximum number of licenses the Office of Cannabis Management (OCM) may issue in each category for all applicants and for social equity applicants
- Requiring OCM to issue licenses to cities or counties seeking to establish municipal cannabis stores
- Expanding the list of qualifying medical conditions for medical cannabis prescriptions, including Alzheimer's disease, autism spectrum disorder, chronic pain, post-traumatic stress disorder, and others
- Permitting hemp growers to sell hemp plant parts to cannabis businesses
- Prohibiting the sale of lower-potency hemp edibles to visibly intoxicated individuals
- Removing the previous restriction on serving THC beverages and alcoholic drinks within five hours at bars and restaurants, aligning with standard intoxication rules
- Allowing retailers to sell cannabis infused beverages outside of the product’s packaging.
- Enabling medical cannabis patients to assign a registered caregiver to cultivate plants on their behalf if unable to do so themselves, with a limit of eight plants per patient

Election resources and MN Voter Rights Act – PASSED

HF 4772 (Freiberg)/SF 4729 (Carlson)

Effective Date: Various

[Chapter 112](#)

The Elections Omnibus Policy and Finance bill passed on a party line vote in both the House and the Senate. The bill aims to bolster voting rights protections and enhance election.

Appropriations include:

- \$200,000 to the Secretary of State to make reimbursements for polling locations to counties and cities that conduct absentee voting that locate a temporary polling location on a college campus
- \$50,000 to the Campaign Finance and Public Disclosure board to develop online training capabilities for campaign treasurers

Key elections policy provisions include:

- Changing the threshold for “Major Political Party” designation from parties who have at least one candidate that receives five percent of the total votes in a race, to eight percent of the total number of votes
- Requiring that paper voter registration applications include a space for a voter to provide a physical description of the location of their residence if the voter does not have a specific address
- Requiring a county auditor or municipal clerk administer absentee voting at a college campus at the request of a postsecondary institution or the student government
- Requiring translated materials in precincts where at least three percent or more of the residents speak a language other than English
- Allowing for a vacancy in the Office of Sheriff or County Attorney to be filled by Special Election
- Requiring every county and municipality administering absentee voting to use a “.gov” domain
- Making it a crime to use a deep fake to influence an election
- Creating the Minnesota Voting Rights Act which defines and prohibits voter suppression and voter dilution, and also establishes remedies and actions for relief
- Allowing a local election official to designate additional polling places
- For the purposes of drawing congressional, legislative, and other election districts, the legislature and local governments must use the last known address in Minnesota of those who are incarcerated in state or federal prison, rather than counting their address as the state or federal prison for purposes of the census

The bill also include these campaign finance provisions:

- Clarifying that an individual providing information or advice to members of a collective bargaining until the unit is actively engaged in the collective bargaining process is not lobbying
- Changing the threshold to define anyone who spends more than \$3,000 in a calendar year to engage a lobbyist is a lobbyist principal
- Requiring that lobbyist principal reports be rounded to the closest \$5,000
- Creating a State and Local Lobbying Activity Study to determine whether the law does or should distinguish between activities that constitute lobbying of a public official and activities that constitute lobbying of a local official
- Staying registration requirements for an individual attempting to influence the official action of a political subdivision until June 1, 2025

Ranked choice voting authorization for cities – DID NOT PASS

Legislation providing all cities the option to adopt ranked choice voting for local elections was considered on the House floor late in the session. The bill, [HF 3276](#) (Frazier), would have given home rule charter or statutory cities, school districts and counties the option to do use ranked choice voting for nonpartisan elections and municipal elections. The bill was brought to a vote the final day of the session but did not pass.

Appendix A



2024 MLC Legislative Platform

We believe sound policy advances and maintains strong communities. The Municipal Legislative Commission (MLC) supports initiatives that will help our cities, businesses, region, and state develop and thrive. Below are MLC’s positions in key policy areas that will guide our advocacy efforts during the coming year.

Public Safety

MLC cities are dedicated to ensuring public safety in our communities. At the same time, we are increasingly concerned about the local budgetary implications of specific policies and one-size-fits-all approaches that limit local officials’ ability to tackle complex challenges. Issues such as PTSD and addressing duty disability claims persist as significant challenges for our communities. The uncertainty surrounding recent legislative modifications to the use of force by Student Resource Officers (SROs) is also a concern our association urges the legislature to address. Emergency medical services present another growing worry for our cities as the ongoing challenges of ensuring timely and high-quality ambulance and emergency services continue to mount for some communities. Consequently, MLC believes local control over these services would produce the most favorable outcomes for our communities.

MLC supports these specific policies and programs empowering local elected officials to effectively manage public safety issues in our communities:

I. Local control of Emergency Medical Services (EMS)

The Emergency Services Regulatory Board (EMSRB) is the state’s regulatory entity that oversees and issues ambulance licenses. This board has the authority to designate exclusive emergency medical services (EMS) operating areas or primary service areas (PSA) for ambulance providers, and once approved, a provider can operate in a PSA for an indefinite period of time. Unfortunately, the EMSRB has not imposed operational standards to ensure that a PSA has adequate coverage and service levels. As a result, this current system is not serving all communities very well.

MLC supports:

- a. Allowing *local units of government* to designate which licensed ambulance services provider or providers may serve their communities and to determine the appropriate level of service
- b. Providing *local units of government* with tools and authority to ensure transparency regarding performance standards and quality assurance metrics

II. Clarification of School Resource Officer (SRO) Authority

Recent legislative changes that limit the use of force towards students by SRO's has caused considerable confusion within the SRO program. Although the Attorney General has issued two opinions attempting to clarify the student discipline laws, confusion and legal ambiguity remain.

MLC supports: Legislative clarification regarding SRO's authority for use of force in school settings.

III. Address Near Automatic PERA Approval of PTSD Duty Disability Claims

The number of Public Safety Duty Disability claims has risen consistently since 2019. According to the Public Employees Retirement Association (PERA), the following number of applications were received:

2019: 118 applications

2020: 241 applications

2021: 302 applications

2022: 257 applications

More than 80 percent of these applications are related to PTSD and 95 percent are from law enforcement employees (although law enforcement make up only 80 percent of PERA plan, with firefighters making up about 20 percent).

Eligibility for PTSD and duty disability criteria is set by state law. As a result, fewer than 1 percent of applications are denied by PERA. The financial implications are significant for cities once an employee becomes eligible for a PERA duty disability (requirement to provide continued health insurance benefits until the employee reaches the age of 65).

MLC supports:

- a. Undertaking a thorough review of MN Statute 353.031–Disability Determination Procedures—to address potential changes to criteria used and the appeals process
- b. Full state funding for programs that pay for health insurance for police and fire employees injured in the line of duty

Housing and Home Ownership

Housing is a top priority for MLC cities, particularly increasing the production and availability of new affordable housing and ownership opportunities. Higher land, building material, and labor costs have led to more than a decade of underproduction, resulting in a housing gap in Minnesota. This shortfall in the production of housing supply increases the cost of housing for all Minnesotans, including the residents of our communities. Additionally, the acquisition of existing homes by institutional investors for use as income-generating rentals and the industry's shift toward more expensive single-family home construction diminish opportunities for affordable home ownership. These market forces are beyond the control of state and local governments and exacerbate the challenges of producing affordable housing and fostering home ownership.

MLC cities support policies that help increase the production of and access to affordable housing options across the housing continuum—from multi-family rentals to affordable market-entry home ownership opportunities. This encompasses targeted investments to close home ownership disparities among black, indigenous, and people of color (BIPOC) in our communities.

MLC continues to support exploring legislative and/or regulatory changes aimed at broadening Minnesotans' access to more affordable housing options across the housing continuum. Our association recognizes and encourages attention be paid to the shortage of “missing middle housing”—affordable housing and ownership opportunities that are “in the middle” of the housing continuum between medium/high-density apartment rentals and owner-occupied single-family homes. However, we oppose one-size fits all approaches which disrupt neighborhoods and have not demonstrated the production of more affordable housing. We look forward to working with stakeholders to address these critical housing needs.

MLC advocates for these specific policies and programs related to housing availability and affordability:

- I. Expanding investments in Naturally Occurring Affordable Housing (NOAH) preservation**
- II. Incenting local units of government to encourage development of additional “missing middle” housing options**
- III. Authorizing cities to implement strategies that would enhance production of additional affordable housing options**
- IV. Recognizing that land use decisions, such as zoning and regulatory controls, should be made at the local government level**

Infrastructure and Transportation Investments

According to 2020 census data, MLC cities combined are among the biggest job producing areas in the state with over half a million employees (530,660) compared to Minneapolis/St. Paul, with a total combined of 455,689 employees. Along with those jobs comes added congestion and demand on transit and roads in MLC cities and as a result, our association supports increased, regionally balanced, investments in transportation and infrastructure to maintain and grow our robust transportation network. We are also monitoring the Metropolitan Governance Task Force to determine our position on specific recommendations that group will make in January 2024.

MLC supports these specific infrastructure and transportation policies and programs:

I. Authority to Implement Infrastructure Fees

Many MLC cities continue to be among the fastest growing in the state of Minnesota. That growth is accompanied by incremental costs to infrastructure (i.e., water, sewer, parks, storm water, and roads). To facilitate continued orderly residential growth, it is essential that development fees are collected to ensure infrastructure meets the demand made by new development without shifting costs to existing residents.

Cities currently have the authority to impose fees on new development of other infrastructure such as water, sanitary, and storm sewer, as well as for park purposes. It is a logical extension to allow fees for public infrastructure such as road improvements necessitated by new development.

MLC supports: Authorizing local units of government to collect street infrastructure fees to offset the cost for safety and capacity improvements to collector road networks necessitated by new development.

II. Greenhouse Gas Emissions and Vehicle Miles Traveled Assessment Requirements on Trunk Highway Projects.

For all grade separation and capacity improvement projects on the trunk highway system that are not in the Statewide Transportation Improvement Program (STIP) or have not submitted a layout to the Minnesota Department of Transportation (MnDOT) for approval by February 2025, state statute requires assessments of greenhouse gas emissions and vehicle miles traveled. The law applies to capacity improvement projects with a cost of \$15 million or more in the metro area and \$5 million or more in Greater Minnesota. If the project is not in conformance with established greenhouse gas emissions and vehicle miles traveled reduction targets, there must be a change in the scope or design of the project, sufficient impact mitigation on the statewide system and a revised assessment. If these conditions are not met, the project must be halted and disallowed from inclusion in the STIP. The requirements in this law will significantly increase costs on important future highway expansion and interchange projects in Minnesota. Further, the law does not exempt projects that address safety needs or provide regional economic benefits.

MLC supports:

- a. The administration and management of this legislation on a programmatic, or statewide, level versus at the project level to best encourage investment in transit and other projects that provide the greatest return on investment while also not unduly burdening projects where mitigation efforts may not be as efficient or implementable
- b. Removing the vehicle miles traveled assessments as a requirement when a project improves greenhouse gas emissions
- c. Exempting new interchanges from both assessments when the project provides economic benefits and safety improvement projects aimed at reducing fatalities

III. Passage of a robust, regionally balanced bonding bill that includes significant investments in suburban communities

Property Tax Relief and Tax Policy

MLC supports local control including in the areas of taxes and fiscal policy. MLC cities believe strongly in the promotion of policies that bring greater stability and predictability in the fiscal relationship between the state and local units of government. We are also monitoring the Local Taxes Advisory Task Force to determine our position on specific recommendations that group will make in January 2024.

MLC supports these specific property tax relief and tax policies and programs:

- I. **Supporting more frequent review of the Local Government Aid (LGA) program in recognition of the growing financial needs of cities in the state, including those who currently receive no LGA**
- II. **Eliminating the moratorium on local sales tax authorizations**
- III. **Supporting direct property tax relief through the Property Tax Refund and Renters Credit programs**
- IV. **Simplifying the process for a sales tax exemption on construction materials for cities, counties, school districts, and other local governments**
- V. **Preserving the integrity of the Fiscal Disparities Program by not removing revenue from the pool to pay for one-off legislative priorities**

Appendix B



February 20, 2024

Re: City comments on HF XXXX (“Missing Middle Housing”)

Dear Chair Howard, Vice Chair Agbaje and Members of the House Housing Finance and Policy Committee:

The League of Minnesota Cities, Coalition of Greater Minnesota Cities, Metro Cities, Minnesota Association of Small Cities, and Municipal Legislative Commission appreciate the opportunity to provide comments in opposition to HF XXXX (Kraft) as amended by the DE amendment. Our organizations and the cities we represent are deeply concerned with provisions in the bill that broadly preempt city zoning and land use authorities, remove public input in the residential development process, ignore long range local comprehensive plans and lack consideration for how cities utilize zoning and land use to ensure the health safety and welfare for residents and scale infrastructure to support new housing density.

Cities across the state have implemented innovative changes at the local level with community engagement to address their individual zoning and land use ordinances, provide local resources to ensure affordability, and create opportunities for new development across the housing spectrum. Zoning is hyper local as is each community’s locally identified housing needs, public infrastructure capacity to accommodate new density, and advancing other individual community goals including historic preservation and protection of natural resources. While housing is a statewide issue, addressing housing affordability and availability must continue to be locally driven to account for these nuances.

The Missing Middle Housing bill as currently drafted, unfortunately falls short of policy that supports state-local partnership for residential development. Instead, the bill as written replaces existing zoning and land use authorities with an overly broad and rigid framework that eliminates the ability for all cities to account for nuances and be responsive to local conditions. In addition to the overall breadth of the preemptive nature of the policy proposed in the bill, numerous provisions in the proposed legislation pose serious practical questions for how city operations would function under the bill and either lack clarity or directly conflict with existing statute in ways that would likely result in litigation including:

- Section 1 of the bill creates minimum levels for density on all residential lots, which would force cities of the first class to allow between four and ten residential units and all other cities to accept between two and eight residential units on any residential lot regardless of its size or water and sewer infrastructure capacity or other state and federal requirements including stormwater management, fire and EMS access, and other standards.
- The bill does not consider overall lack of public infrastructure capacity, but forces cities to accept additional density without any consideration for how re-sizing infrastructure will be paid for to support the additional density, which will ultimately be borne by existing residents.
- Section 1 of the bill imposes unreasonable minimum lot size requirements to support the level of density mandated in the bill.
- Both Section 1 of the Missing Middle Housing bill and the DE amendment mandate new administrative review requirements that eliminates a resident’s ability to voice concerns over material impacts a project would have on their property by eliminating all public hearing requirements for most residential development projects.

- Section 1 of the bill requires cities without a major transit stop to identify a commercial district in the city where high density development must be accepted despite most cities in Minnesota having neither and in hundreds of cities would result in allowing higher density multifamily buildings on all lots despite being well beyond the capacity of most greater Minnesota cities.
- The bill as amended by the DE amendment would force a city to accept by right up to a 150-foot multifamily building in certain areas of a city on any parcel even if that parcel was next to a single-family owner-occupied home without adequate ability to ensure reasonable setbacks for fire and safety.
- Section 1 of the bill also creates an exhaustive list for city zoning and land use authority, which leaves out significant life safety and public, health, safety, and welfare considerations that are included in longstanding city zoning and land use authority including emergency services access, fire safety, public infrastructure capacity, utility access, etc. The exhaustive list in the Missing Middle Housing bill, which includes height restrictions appear to directly contradict provisions in the DE amendment that prohibit restrictions on height.
- The bill in limiting minimum parking requirements while requiring higher density could result in developers underbuilding parking resulting in spillover onto city streets that were not designed to accommodate dense on street parking.
- The bill also includes contradictions within the bill itself including references that missing middle housing must be “compatible in scale, form, and character” with other housing while also broadly eliminating the ability for cities to impose those standards with the preemption of architectural design standards in section 2, which is overly broad and subjective likely resulting in legal challenges.

Thank you for consideration of our concerns. We look forward to continuing to work with Representative Kraft and other legislators to identify incentives-based approaches that support cities in their efforts to address local housing needs. Rigid state-mandated frameworks that remove community-engagement and lack consideration for how cities pay for and plan for infrastructure to support new residential density will create serious consequences for cities across the state.

Sincerely,

Daniel Lightfoot
League of Minnesota Cities

Ania McDonnell
Metro Cities

Elizabeth Wefel
Coalition of Greater Minnesota Cities

Tom Poul
Municipal Legislative Commission

Patricia Nauman
Metro Cities

Cap O'Rourke
Minnesota Association of Small Cities



March 6, 2024

Re: MLC concerns with HF 4009/SF 3964 – Missing Middle Housing

Dear MLC Legislative Delegation:

On behalf of the Municipal Legislative Commission (MLC), I am reaching out to share our concerns with HF 4009 (Kraft)/SF 3964 (Mitchell). MLC acknowledges the urgent affordable housing challenges in our state and supports the goal of promoting diverse housing solutions to address these needs. However, the Missing Middle Housing bill undercuts the locally led, collaborative efforts needed to catalyze increased residential development, including more affordable housing options and wealth-generating homeownership opportunities. Our cities are deeply concerned with provisions in these bills that hamstringing the ability of local leaders to manage unique zoning and land use issues in our communities without any assurance of greater housing affordability.

Our concerns fall into three primary areas:

1. **Erosion of local land use and zoning authority:** The legislation undermines the essential role of cities in addressing the housing needs of their communities. Replacing existing city zoning and land use authority with a rigid statewide framework eliminates cities' ability to respond to local needs and conditions and fails to recognize significant differences between developing and fully developed cities.
2. **Unplanned impacts on public infrastructure.** The bill forces cities to accept additional density without any consideration for emergency services access, public safety and welfare, infrastructure and utility capacity, or how up-sizing existing infrastructure to support additional density will be paid for.
3. **Diminished transparency and opportunities for public input.** This proposal mandates new administrative review requirements that effectively eliminate residents' ability to have their voices heard on the impacts of proposed projects through the public hearing process.

In addition to the breadth and preemptive nature of the proposed requirements in these bills, numerous provisions pose serious practical challenges, including:

- Minimum density levels on all residential lots allowed by right at two units statewide and four units in cities of the first class, regardless of size, infrastructure capacity, or other standards such as stormwater management and fire/EMS access. If certain conditions are met, eight units per lot are allowed in second-, third-, and fourth-class cities and 10 units are allowed in cities of the first class.
- Requiring cities to accept Accessory Dwelling Units (ADUs) on all residential lots, regardless of size or environmental impacts and allowing property owners to subdivide lots by right.
- Unreasonable minimum lot size requirements to support the level of density mandated in the bill.
- Allowing multifamily buildings up to 150 feet tall on any lot in a commercial zoning district.
- Prohibiting design standards for residential development and eliminating minimum square footage and floor area ratio requirements.
- Prohibiting off-street parking from being required close to major transit stops and limiting off-street parking minimum requirements to one spot per unit in other areas which could result in spillover parking on city streets that were not designed to accommodate dense on-street parking.

- Requiring cities over 5,000 population without a major transit stop to identify a commercial district where high density development must be accepted, resulting in allowing higher density multifamily buildings on all lots which would exceed the infrastructure capacity of many cities. It also eliminates much needed commercial uses in some of our cities that are already primarily residential in nature forcing their residents to travel to other communities to purchase basic goods and services.

Each community has different housing needs, public infrastructure capacity to accommodate new density, and community goals including historic preservation and protection of natural resources. Local comprehensive plans have been developed with years of public input and our cities are committed to planned growth in collaboration with residents, city staff, planning, parks, recreation, and natural resources commissions, and other stakeholders. While housing is a statewide issue, addressing housing affordability and availability must continue to be locally driven to account for these highly variable differences.

Our cities have actively engaged community members to implement innovative strategies at the local level including adjusting zoning regulations, allocating local resources to promote affordability, and fostering diverse housing development opportunities. A rigid state-mandated framework that removes community engagement and fails to consider how cities plan and pay for infrastructure to support new residential density will create serious consequences for our cities and in communities across the state.

We appreciate your consideration of these concerns and look forward to working with the bill authors and other legislators on a package that incentivizes community-specific solutions to our state's housing challenges.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina

CC: Kirt Briggs, Mayor of Prior Lake
Anne Burt, Mayor of Woodbury
Tim Busse, Mayor of Bloomington
Ron Case, Mayor of Eden Prairie
Brenda Dietrich, Mayor of Inver Grove Heights
Sue Denkinger, Mayor of Shoreview
Roz Harmon, Mayor of Golden Valley
Luke Hellier, Mayor of Lakeville
Clint Hooppaw, Mayor of Apple Valley
Elizabeth Kautz, Mayor of Burnsville
Matt Lehman, Mayor of Shakopee
Mike Maguire, Mayor of Eagan
Elise Ryan, Mayor of Chanhassen
Mark Steffenson, Mayor of Maple Grove
Jeff Weisensel, Mayor of Rosemount
Janet Williams, Mayor of Savage
Brad Wiersum, Mayor of Minnetonka
Jeffrey Wosje, Mayor of Plymouth



March 5, 2024

Chair Port and Members of the Senate Housing and Homelessness Prevention Committee,

The League of Minnesota Cities, Coalition of Greater Minnesota Cities, Metro Cities, Minnesota Association of Small Cities and Municipal Legislative Commission appreciates the opportunity to provide comments on SF 3303 – Lucero, as amended.

We are concerned with this legislation in that it restricts cities from conditioning any approvals on materials that are not required by the State Building Code, which sets minimum safety standards. The bill would also restrict cities from conditioning any approvals on minimum square footage or floor area ratios, design, or other conditions, even if they are for the promotion of energy efficiency or similar goals.

Municipal roles and authority are necessary to ensure public infrastructure and housing is adequate and meets state and local codes to ensure the integrity and safety of buildings. This bill shifts the provision of housing to a one-size-fits-all approach that does not consider a community's long-term plans, infrastructure, and local needs.

Thank you for consideration of our concerns. Please join us in preserving city authority to ensure housing and public infrastructure adequately considers local community input and needs.

Sincerely,

Daniel Lightfoot
League of Minnesota Cities

Ania McDonnell
Metro Cities

Elizabeth Wefel
Coalition of Greater Minnesota Cities

Tom Poul
Municipal Legislative Commission

Patricia Nauman
Metro Cities

Cap O'Rourke
Minnesota Association of Small Cities



March 7, 2024

Re: City comments on SF 3964 (“Missing Middle Housing”) and SF 3980 (Multifamily residential in commercial areas)

Dear Chair Port and Members of the Senate Housing and Preventing Homelessness Committee:

The League of Minnesota Cities, Coalition of Greater Minnesota Cities, Metro Cities, Minnesota Association of Small Cities, and Municipal Legislative Commission appreciate the opportunity to provide comments in opposition to SF 3964 (Mitchell) and SF 3980 (Pha). Our organizations and the cities we represent are deeply concerned with provisions in these bills that broadly preempt city zoning and land use authorities, remove public input in the residential development process, ignore long range local comprehensive plans and lack consideration for how cities utilize zoning and land use to ensure the health safety and welfare for residents and scale infrastructure to support new housing density.

Cities across the state have implemented innovative changes at the local level with community engagement to address their individual zoning and land use ordinances, provide local resources to ensure affordability, and create opportunities for new development across the housing spectrum. Zoning is hyper local as is each community’s locally identified housing needs, public infrastructure capacity to accommodate new density, and advancing other individual community goals including historic preservation and protection of natural resources. While housing is a statewide issue, addressing housing affordability and availability must continue to be locally driven to account for these nuances.

SF 3964 and SF 3980 as currently drafted, unfortunately fall short of policy that supports state-local partnership for residential development. Instead, the bills as written replaces existing zoning and land use authorities with an overly broad and rigid framework that eliminates the ability for all cities to account for nuances and be responsive to local conditions. In addition to the overall breadth of the preemptive nature of the policy proposed in the bills, numerous provisions in the proposed legislation pose serious practical questions for how city operations would function under the bill and either lack clarity or directly conflict with existing statute in ways that would likely result in serious unintended consequences including:

- Section 1 of SF 3964 creates minimum levels for density on all residential lots, which would force cities of the first class to allow between four and ten residential units and all other cities to accept between two and eight residential units on any residential lot regardless of its size or water and sewer infrastructure capacity or other state and federal requirements including stormwater management, fire and EMS access, and other standards.
- Neither SF 3964 nor SF 3980 considers overall lack of public infrastructure capacity, but forces cities to accept additional density without any consideration for how re-sizing infrastructure will be paid for to support the additional density, which will ultimately be borne by existing residents.
- Section 1 of SF 3964 imposes unreasonable minimum lot size requirements to support the level of density mandated in the bill.
- Both SF 3964 and SF 3980 mandate new administrative review requirements that eliminates a resident’s ability to voice concerns over material impacts a project would have on their property by eliminating all public hearing requirements for most residential development projects.

- Section 1 of SF 3964 requires cities without a major transit stop to identify a commercial district in the city where high density development must be accepted despite most cities in Minnesota having neither and in hundreds of cities would result in allowing higher density multifamily buildings on all lots despite being well beyond the capacity of most greater Minnesota cities.
- SF 3980 would force a city to accept by right up to a 150-foot multifamily building in certain areas of a city on any parcel even if that parcel was next to a single-family owner-occupied home without adequate ability to ensure reasonable setbacks for fire and safety.
- Section 1 of SF 3964 also creates an exhaustive list for city zoning and land use authority, which leaves out significant life safety and public, health, safety, and welfare considerations that are included in longstanding city zoning and land use authority including emergency services access, fire safety, public infrastructure capacity, utility access, etc. The exhaustive list in SF 3964, which includes height restrictions appear to directly contradict provisions in SF 3980 that prohibit restrictions on height for multifamily developments.
- Both SF 3964 and SF 3980 in limiting minimum parking requirements while requiring higher density could result in developers underbuilding parking resulting in spillover onto city streets that were not designed to accommodate dense on street parking.
- SF 3964 also includes contradicting provisions including references that missing middle housing must be “compatible in scale, form, and character” with other housing while also broadly eliminating the ability for cities to impose those standards with the preemption of architectural design standards in section 2, which is overly broad and subjective likely resulting in legal challenges.

Thank you for consideration of our concerns. We look forward to continuing to work with Senators Mitchell and Pha and other legislators to identify incentives-based approaches that support cities in their efforts to address local housing needs. Rigid state-mandated frameworks that remove community-engagement and lack consideration for how cities pay for and plan for infrastructure to support new residential density will create serious consequences for cities across the state.

Sincerely,

Daniel Lightfoot
League of Minnesota Cities

Ania McDonnell
Metro Cities

Elizabeth Wefel
Coalition of Greater Minnesota Cities

Tom Poul
Municipal Legislative Commission

Patricia Nauman
Metro Cities

Cap O'Rourke
Minnesota Association of Small Cities



March 12, 2024

City comments on SF 1370 as amended

Dear Chair Port and Members of the Senate Housing and Preventing Homelessness Committee:

The League of Minnesota Cities, Coalition of Greater Minnesota Cities, Metro Cities, Minnesota Association of Small Cities, and Municipal Legislative Commission appreciate the opportunity to provide comments in opposition to SF 1370 (Port) as amended by the A-3. Our organizations and the cities we represent are concerned with provisions in this bill that broadly preempts city zoning and land use authorities, remove public input in the residential development process, ignore long range local comprehensive plans and lack consideration for how cities utilize zoning and land use to ensure the health safety and welfare for residents and scale infrastructure to support new housing density.

Cities across the state have implemented innovative changes at the local level with community engagement to address their individual zoning and land use ordinances, provide local resources to ensure affordability, and create opportunities for new development across the housing spectrum. Zoning is hyper local as is each community's locally identified housing needs, public infrastructure capacity to accommodate new density, and advancing other individual community goals including historic preservation and protection of natural resources. While housing is a statewide issue, addressing housing affordability and availability must continue to be locally driven to account for these nuances.

SF 1370 as amended unfortunately falls short of policy that supports state-local partnership for residential development. Instead, the bill replaces existing zoning and land use authorities with an overly broad framework that eliminates the ability for all cities to account for nuances and be responsive to local conditions. In addition to the overall breadth of the preemptive nature of the policy proposed in the bill, numerous provisions in the proposed legislation pose serious practical questions for how city operations would function under the bill and either lack clarity or directly conflict with existing statute in ways that would likely result in serious unintended consequences including:

- Section 1 and 2 use an established process for city approval procedures; however, the new language should be limited to residential building permits under this act.
- Section 5 of the bill creates questions and concerns for cities, primarily around local land use planning and zoning authorities and how they are used to balance land use desires of all residents and property owners and to preserve city ability to protect public health, safety, and welfare. This section should be tied to section 462.358, subdivision 2a. Additionally, the bill language does not reference any parameters around the number of emergency housing units on site and seems to encompass all possible types of emergency housing facilities, which vary widely and shape how cities ensure the health safe safety and welfare of residents in emergency housing based on the type and location of the emergency housing. Additionally, the bill language allows emergency housing to be authorized by right without discretionary approval, which would completely remove the ability of a city in some scenarios to protect against emergency housing being proposed in areas not suitable for that particular use. We appreciate improvements to clarify that heavy industrial areas are exempt.

- Section 6 of the bill would allow for a multifamily building in any mixed-use, multifamily, or commercial zoning district without adequate ability to ensure reasonable setbacks for fire and safety, as well as limiting height restrictions imposed by the city. We are concerned with exceptions allowed in subdivision 5, because they may not match with the requirements in section 462.358, subdivision 2a.
- Sections 6 and 7 limit minimum parking requirements while requiring higher density which could result in developers underbuilding parking resulting in spillover onto city streets that were not designed to accommodate dense on street parking.
- Section 7 creates minimum levels for density on all residential lots, with two units required statewide regardless of lot size. For cities of the first class, they would be required to allow between four and ten units per lot. Cities of the second, third, and fourth class within a half mile of a major transit stop would be required to permit between four and eight units. There are significant concerns with subdivision 5 which states that municipal official controls must not impose standards that create practical difficulties in the placement of residential units on any lot.
- Cities appreciate the inclusion of language to clarify that section 462.358 subdivision 2a applies for both sections 6 and 7.
- Section 7 imposes unreasonable minimum lot size requirements to support the level of density mandated in the bill.
- The bill also includes contradicting provisions including references that missing middle housing must be “compatible in scale, form, and character” with other housing while also broadly eliminating the ability for cities to impose those standards with the preemption of architectural design standards in section 8, which is overly broad and subjective likely resulting in legal challenges.

Thank you for consideration of our concerns. We look forward to continuing to work with Chair Port and other legislators to identify incentives-based approaches that support cities in their efforts to address local housing needs. Rigid state-mandated frameworks that lack consideration for how cities pay for and plan for infrastructure to support new residential density will create serious consequences for cities across the state.

Sincerely,

Daniel Lightfoot
League of Minnesota Cities

Ania McDonnell
Metro Cities

Elizabeth Wefel
Coalition of Greater Minnesota Cities

Tom Poul
Municipal Legislative Commission

Patricia Nauman
Metro Cities

Cap O'Rourke
Minnesota Association of Small Cities



May 1, 2024

Chair Rest and Senate Tax Committee Members,

As a collective of 19 cities representing nearly one million residents across the seven-county metropolitan area, the Municipal Legislative Commission (MLC) appreciates the opportunity to share comments on the SF 5234 A2 Amendment, the 2024 Omnibus Senate Tax Bill.

First, we would like to thank you for including several key provisions requested by MLC cities. These include sales and use tax exemptions for construction materials for Apple Valley, Burnsville, Chanhassen, Edina, Plymouth, and Woodbury, as well as Tax Increment Financing (TIF) proposals brought forward by Eden Prairie, Edina, Maple Grove, Minnetonka, and Plymouth. The passage of these provisions will ensure that important city projects and initiatives can move forward.

MLC also appreciates the repeal of the local sales tax moratorium and generally supports the local sales and use tax changes proposed in Article 6. These provisions reflect many of the recommendations made by the Local Taxes Advisory Task Force and will provide a clearer, more predictable pathway for future local sales tax requests. However, we would encourage the committee to consider a couple of tweaks to the sales tax provisions related to metro parks and trails and the rising costs of projects from approval to construction.

Metro Parks and Trails

Currently, 67% of all cities that collect a local sales tax are authorized to spend proceeds on streets or trails. MLC cities would like to have the same authority. Public trails not only maintain community health and wellness but also provide critical connections to regional trails. While local trails were not considered in the development of the statewide Parks and Trails Legacy Plan, they play a vital role in the overall trail network. For this reason, we believe that using the Parks and Trails Legacy Plan for even three of the five criteria would not allow for reasonable trail construction by cities. Instead, we support including metro parks and trails as pre-approved projects for the use of local sales tax dollars.

Accounting for Growing Project Costs

Local sales tax-funded projects often face significant cost increases due to the lengthy timeline between project proposal and groundbreaking. For example, in 2021, the legislature authorized the city of Maple Grove to raise \$90 million (plus issuance and interest costs) through a local sales tax, and the voters approved it the following year. The city's project costs have grown by nearly 20 percent over the past three years.

To address this issue, MLC proposes including an inflationary escalator based on the Consumer Price Index (CPI). This escalator would apply to any local option sales tax authorized by the legislature and voters within the past five years. The CPI would be calculated from the time the legislation was authorized until project construction begins. Authorizing an inflationary escalator would give cities the funds necessary to cover actual project costs, ensuring that critical infrastructure and community development initiatives are completed as planned.

The MLC appreciates your consideration of these suggested changes to the local sales tax provisions. We look forward to working with you to provide cities with the flexibility to utilize local sales taxes effectively and efficiently for the benefit of our communities.

Sincerely,

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

James Hovland
Chair, MLC
Mayor, City of Edina



May 9, 2024

Chair Rest, Chair Gomez, and Omnibus Tax Bill Conferees,

As a collective of 19 cities representing nearly one million residents across the seven-county metropolitan area, the Municipal Legislative Commission (MLC) appreciates the opportunity to share comments on the local sales tax provisions in the House and Senate Omnibus Tax bills.

MLC supports the repeal of the local sales tax moratorium in the Senate version and generally supports the local sales and use tax changes proposed in the Senate bill. These provisions reflect many of the recommendations made by the Local Taxes Advisory Task Force and will provide a clearer, more predictable pathway for future local sales tax requests. However, we would encourage the conference committee to consider a couple of modifications to the sales tax provisions related to metro parks and trails and the rising costs of projects from approval to construction.

Including Metro Parks and Trails

Currently, 67% of all cities that collect a local sales tax are authorized to spend proceeds on streets or trails. MLC cities would like to have the same authority. Public trails not only maintain community health and wellness but also provide critical connections to regional trails. While local trails were not considered in the development of the statewide Parks and Trails Legacy Plan, they play a vital role in the overall trail network. For this reason, we believe that using the Parks and Trails Legacy Plan for even three of the five criteria would not allow for reasonable trail construction by cities. Instead, we support including metro parks and trails as pre-approved projects for the use of local sales tax dollars.

Accounting for Growing Project Costs

Local sales tax-funded projects often face significant cost increases due to the lengthy timeframe between when a project is proposed and when actual construction begins. In addition, the recent pandemic has impacted material, labor and supply chain timelines, which all impact project costs. For example, in 2021 the legislature authorized the city of Maple Grove to raise \$90 million, plus associated issuance and interest costs, through a local sales tax. The following year, in 2022, Maple Grove residents voted to approve this measure. However, over the three years since authorization, the city's project costs have risen by nearly 20% compared to initial projections.

To address this issue, MLC proposes including an inflationary escalator based on the Consumer Price Index (CPI). This escalator would apply to any local option sales tax authorized by the legislature and voters within the past five years. The CPI would be calculated from the time the legislation was authorized until project construction begins. Authorizing an inflationary escalator would give cities the funds necessary to cover actual project costs, ensuring that critical infrastructure and community development initiatives are completed as planned.

MLC has several concerns with the sales tax provisions included in the House bill. Specifically:

Tax Equalization Provisions

Under the House bill, cities would be required to divert 15% of the total sales taxes collected to a tax equalization account to be redistributed to qualified cities. MLC does not believe tax equalization measures belong in local sales tax legislation. All Minnesota cities with local sales taxes, both current and future, should be treated equitably. Many programs already exist to provide tax equalization, such as local government aid, metro fiscal disparities, property tax circuit breakers, and income tax credits. Tax equalization should mean that each community has the same opportunity, via referendum, to implement a local sales tax as has been done in cities throughout the state for over 50 years.

Limitations on Similar Facilities

In the House bill, no similar facilities (e.g., ice centers, community centers, or convention centers) can be built within an 8-mile radius of a city that has implemented a local sales tax for such a project. This provision would effectively eliminate the potential for expanding or creating new community facilities in several metro-area cities. For example, there are already 8 such facilities in 8 different cities within an 8-mile radius of Plymouth. This provision also does not consider equitable access for residents who rely on public transit. We strongly oppose this unrealistic and unnecessary requirement.

Requiring Support from Surrounding Cities

The House language would require letters or resolutions of support from at least two surrounding local governments before a city can implement a local sales tax. We believe this serves no purpose other than to potentially pit cities against each other. Municipal voters should have the final say in each community. Seeking permission from neighboring cities provides no value to cities or the state and could undermine collaboration efforts.

Justifying "Regionality"

Finally, the House bill requires cities to pass a resolution documenting the "regional benefit" of proposed projects. Theoretically, a greater Minnesota city with a regional population of 5,000 could show a regional benefit, while a large suburb of 80,000 with 600,000 residents nearby would still have to justify its regional impact. For the state's largest cities, this exercise seems baseless. All cities over 50,000 in population should be considered regional and exempt from this requirement.

The MLC appreciates your consideration of these concerns and suggested changes to the local sales tax provisions in the final Omnibus Tax bill. We look forward to working with you to provide cities with the flexibility to utilize local sales taxes effectively and efficiently for the benefit of our communities.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina



May 10, 2024

Dear Omnibus Transportation/Labor/Housing Conferees,

The Municipal Legislative Commission (MLC) is an association of 19 cities representing nearly one million residents across the seven-county metropolitan area. We appreciate the opportunity to share comments on the proposed residential housing aesthetic restrictions and related provisions contained in the Senate Omnibus Transportation/Labor/Housing bill.

MLC acknowledges the challenge of creating more housing that is affordable, on both a rental and ownership basis, and supports collaborative and creative housing solutions to address these needs. However, the proposed limits on aesthetic requirements, design elements, floor area ratios, square footage, and common spaces will serve to save developers money at the expense of residents and neighborhoods, savings which may not necessarily be passed onto renters or homeowners in the form of affordable rent or more attainable home ownership. **If this new language is adopted, developers—not residents—will influence the character of our communities without any tangible benefit to the people occupying those properties.**

We have several specific concerns with various provisions:

Incenting developers to use less durable materials. Under the Senate bill, a city could not condition approval of any residential building permit, subdivision development, or planned unit development (PUD) on materials for aesthetic reasons. This would eliminate any type of façade requirements on any type of residential building, including large multi-family buildings and possibly mixed-use buildings. As long as the materials meet the minimum standards set by the state building code, a developer could use them. This could incentivize developers to prioritize cost savings over quality and design, encouraging cheaper, less durable finishes on houses and large multifamily buildings. Allowing cities to maintain reasonable baseline standards for materials gives all cities tools to ensure the long-term durability of developments and prevents the use of materials that may deteriorate rapidly causing blight and negatively impacting neighborhoods.

Ambiguous language may lead to lawsuits. The language in part (3): “Architectural design elements **including, but not limited to**, decks, balconies, porches, gables, roof pitch, and elevation design standards” is ambiguous and will result in lawsuits as developers argue that everything is a design element. This language could also preempt a city from requiring pedestrian-friendly design features for multifamily housing, such as entrances facing sidewalks and building orientation to the street and other buildings. When coupled with the limitations on aesthetic requirements, it is likely we will see an increase in substandard, unattractive buildings that impact surrounding property values and potentially the appeal of neighborhoods, or entire communities themselves, as a desirable place to live.

Potential for developer design changes with PUDs. Cities condition approval of PUDs on specific plans provided by the developer. It is a “give-to-get” proposition, including, for example, cities requiring a certain percentage of housing affordability in multifamily buildings in exchange for using PUD. If this language is approved, developers could potentially showcase nice-looking buildings with high-quality materials at a public hearing and then swap out those plans for buildings with lower quality materials, arguing that the city cannot condition approval based on aesthetic materials if the PUD zoning is the basis for a specific plan. When residents attend public hearings and see renderings of attractive, well-designed buildings, they have a reasonable expectation that the final product will match what was presented. If developers change the finishes and design elements after the hearing, this practice could lead to residents contacting the city to express their frustration and dissatisfaction with the final product.

Elimination of FARs and minimum square footage requirements undermine preservation of NOAH. The omnibus bill proposes the pre-emption of floor area ratios (FARs) and minimum square footage requirements. These are common official controls used to regulate building bulk and lot coverage for reasons beyond design. For example, some cities employ the concept of FARs to curb the tear-down trend where existing homes are demolished to make way for new oversized single-family homes. Restricting FARs may undermine cities’ efforts to preserve naturally occurring affordable housing (NOAH).

Common space/HOA restrictions could limit desired greenspace. The common space provision in the omnibus bill is also concerning as it could impact a city’s greenspace requirements for the development of new subdivisions and multifamily housing. Without a homeowner’s association (HOA), large open spaces and other community amenities must be directly tied to a specific private parcel, which may not align with the preferences of developers or homeowners. In addition, cities may be hesitant to designate large open spaces without an HOA, as such parcels could potentially fall into tax forfeiture, becoming the responsibility of a city.

Potential for mismatch between affordable and market rate housing. Prohibiting all aesthetic design standards for residential buildings, subdivisions, and PUDs could potentially lead to the development of many unattractive, monolithic housing developments. Without baseline aesthetic standards in place, a significant mismatch could occur between affordable housing projects and market rate developments in cities, exacerbating concerns among residents about affordable housing in a community.

MLC appreciates your consideration of these concerns. We are eager to work with you on policies that encourage the production of quality residential developments that are compatible with existing housing and enhance the overall appeal, livability, inclusiveness and, of course, the affordability of housing in our various communities.

Sincerely,



James Hovland
Chair, MLC
Mayor, City of Edina