



2023 LMC Legislative Recap

LMC Intergovernmental Relations Team

June 1, 2023



Emergency Management
Pensions and Retirement
Public Safety
State Bonding
Transportation
Workers' Compensation

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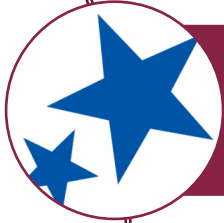
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Agenda



General Session Update



Issue Updates



Invitation to Join Policy Committees



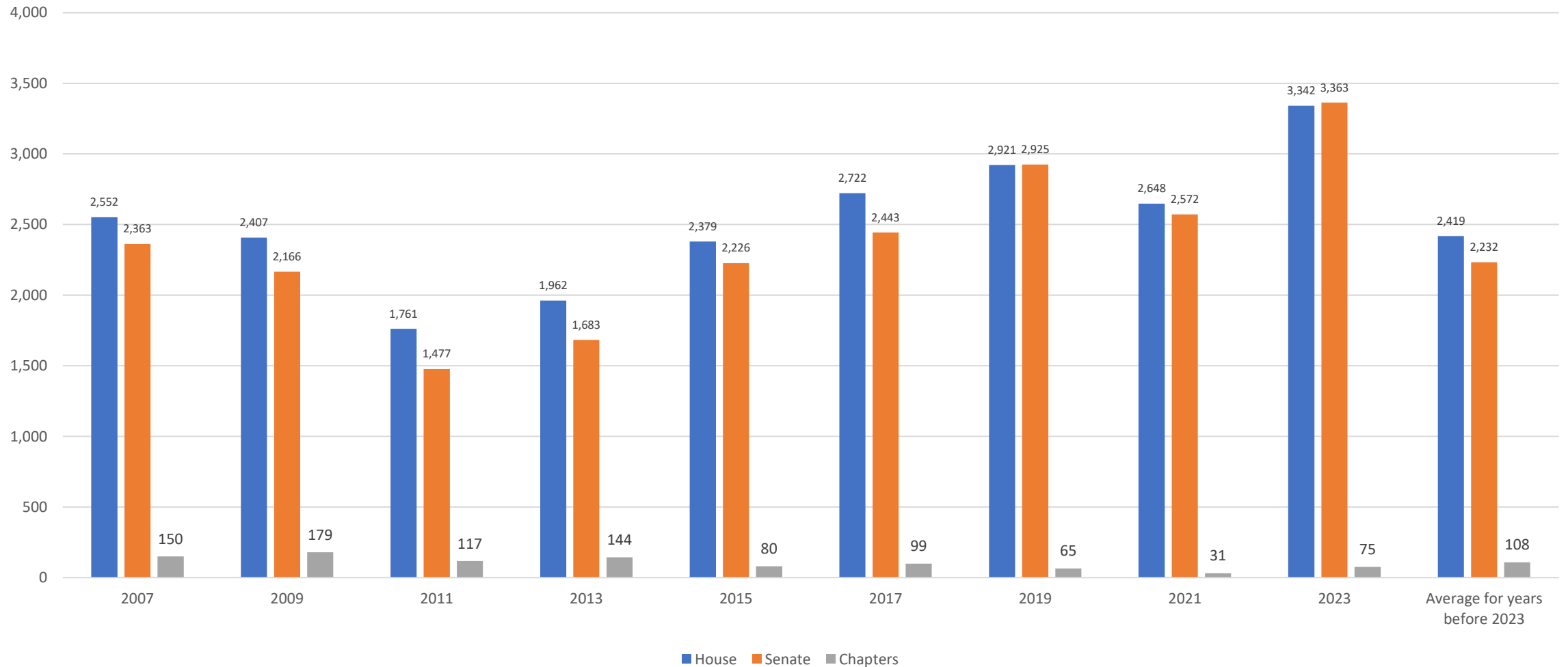
Questions?

2023 Session at a Glance

- Single party control
- Many new faces
- Most diverse legislature in Minnesota's history
- Massive budget surplus (\$17.5B)
- No bonding bill since 2020
- Important nuances:
 - Most of surplus was one-time
 - Very thin majorities

2023 Session Bill Intros and Chapters

Bill Introductions and Chapters approved through the end of each first year of the biennium



Our Plan

- High level webinar today
- 2023 Law Summaries posted by end of June
- FAQs and additional webinars on more complex outcomes for cities throughout summer and fall
 - Public safety duty disability bill
 - Adult use cannabis
 - Paid family and medical leave
 - Others
- Focus on New Laws Cities Bulletin series
- Ask for your patience



Cannabis Regulation
Elections
Employment and Human Resources
Regulated Industries

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Paid Family and Medical Leave (ch. 59)

- Creates a state-administered **paid family and medical leave insurance program, effective January 1, 2026.**
- All employers pay into an insurance program established under DEED.
- 0.7% payroll tax for all employees, half can be charged back to employees.
- Employees apply to DEED for leave and would be eligible for up to 20 weeks of leave annually.
- Wage reporting requirements begin July 1, 2024.



Read the League's FAQ on PFML at <http://www.lmc.org/PFML>



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Employment & Labor (ch. 53)

Earned Sick and Safe Time. Effective Jan. 1, 2024

Public Employment Labor Relations Act Changes. Effective July 1, 2023

Juneteenth (ch. 5/ch. 62). Effective May 25, 2023

- Requires that employers provide employees with one hour of paid sick and safe time for every 30 hours worked, up to 48 hours a year, and 80 ongoing.
- Staffing ratios subject to collective bargaining.
- Access rights for exclusive representatives for meetings with new hires, email system, certain employee data, and building and facility usage.
- Makes Juneteenth (June 19) a holiday in which public business cannot be conducted.

Early Voting (ch. 62)

- Early voting will replace current absentee "direct balloting" process with true early voting for the **18 days leading up to an election**.
- Only impacts cities that administer absentee balloting.
- Expanded early voting hours during general elections:
 - Until 7 p.m. on the Tuesday before the election.
 - From 9 a.m. to 3 p.m. on the two Saturdays before the election.
 - From 9 a.m. to 3 p.m. on the Sunday immediately before the election.
 - Until 5 p.m. on the day before the election.
- **Will be in effect for the 2024 general election.**



Other Elections Changes

- Restoration of Felon Voting Rights (ch. 12)
- Automatic Voter Registration (ch. 34).
- Elections omnibus (ch. 62):
 - Ongoing annual funding to cities/counties for administration.
 - Prohibit intimidation and interference related to duties performed by an election official.
 - Allows cities to require a candidate file a written request to have their write-in votes counted.
 - Voting by mail allowed for any city w/ 400 voters or less.
 - Updates sample ballot publication requirement.
 - Secretary of State voting study.



Legalization of Adult-Use Cannabis



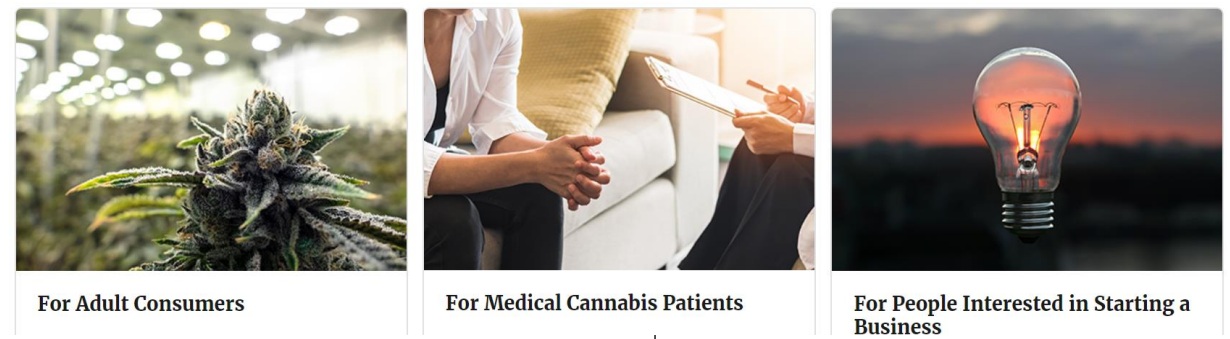
- Chapter 63 legalizes adult-use cannabis and creates a statewide regulatory framework.
- Legalization of possession and home growth, decriminalization effective August 1, 2024.
 - Can possess 2 oz in public, 2 pounds at home, can grow 8 plants at home (4 mature)
- Legal sales expected to begin by January 2025.
- Cities may place an interim ordinance prohibiting cannabis businesses until January 1, 2025.
- License limits – one for every 12,500
- Authorizes municipal dispensaries.

Adult-Use Cannabis Regulatory Structure

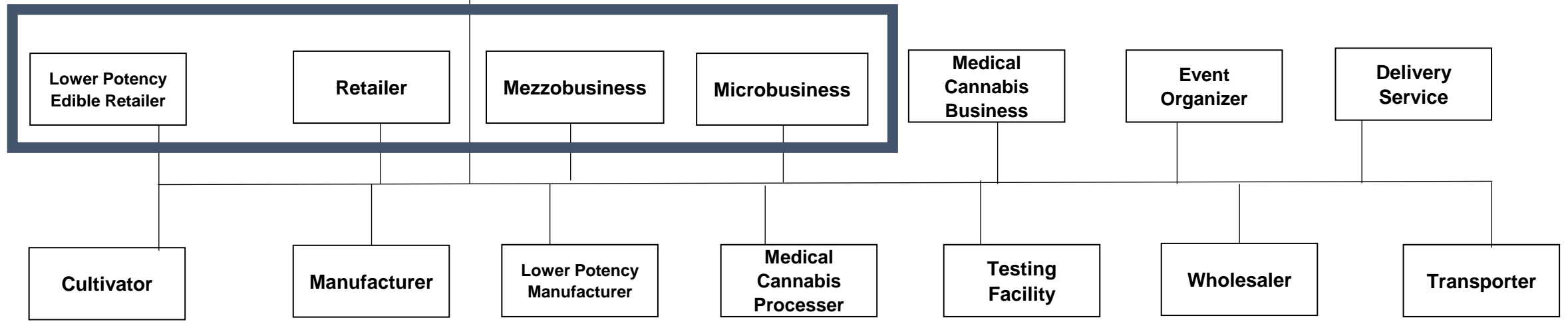


Minnesota Office of Cannabis Management

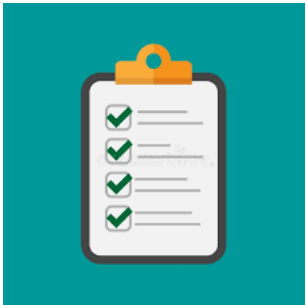
Minnesota has become the 23rd state in the nation to legalize cannabis use for people 21 and older. Learn more [about the legislation](#).



Cannabis Advisory Council comprised 50 appointed or designated individuals, including a **representative from the League of Minnesota Cities**.
More info: cannabis.mn.gov



City Role in Regulation



A cannabis business applies for a license through the Office of Cannabis Management.



OCM consults city for zoning approval and feedback.



Cities issue registrations to certain cannabis businesses once they receive a license.



Cities conduct compliance checks and may suspend registrations if needed.



Cities may collect registration fees and are provided 10% of tax revenue.



Aid to Cities
Local Government Aid (LGA)
Pensions and Retirement
Public Finance
Taxes

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Compensation Cap Repeal

- The local government compensation cap and the waiver process (Minn. Stat. § 43A.17, subd. 9) which has been in effect since 1983 was fully repealed in Chapter 62.
- The repeal was effective 5/25/2023.





Aid to cities
Local government aid (LGA)
Public finance
Taxes
Tax increment financing (TIF)

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Aid to Cities and Property Tax Refunds

- New law will update the LGA formula, increase the appropriation by \$80M,
- One-time public safety aid which includes \$210M in aid to all cities based on population
- Ongoing increase to the homestead credit refund for those currently eligible
- One time increases to the homestead credit refund, renters credit, and targeted property tax refund



Taxes and Tax Increment Financing

- Homestead Market Value Exclusion increased from \$417,000 value homes to \$517,000 value homes
- Reduction in 4d low-income rental housing property tax classification rate and two-year aid to help with transition for cities most impacted by the shift
- State Auditor bill on Tax Increment Financing to clarify ambiguous rules and procedures governing TIF law
- Reenactment of the Historic Structure Rehabilitation Credit



Local Sales Taxes

- 31 cities had local sales taxes approved though some were changed from their original introduction
- Two-year moratorium agreed to by the House and Senate tax chairs, they will not be considering local sales tax requests in 2024
- Task force also put into place to examine best paths forward in determining how local sales tax requests will be evaluated and what types of projects should be allowed.





Broadband
Cable/Franchising
Economic Development
Federal Relations and Advocacy
Housing
State bonding
Telecommunications
Information technology,
Wireless Infrastructure

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Housing

- Historic \$1 billion housing omnibus bill contains significant increases in one-time funding for both existing and new programs including:
 - \$200M for Housing Infrastructure Cash
 - \$95M increase to Challenge Fund
 - \$35M increase to Workforce Housing Development Program
 - \$50M for public housing rehabilitation
 - \$20M increase to Workforce Homeownership Program
 - \$4.8M for Local Housing Trust Fund Matching Grants
- **NEW**
 - \$5M for Greater MN Housing Infrastructure (+\$3M GO)
 - \$90M for NOAH Community Stabilization
 - \$40M for Workforce and Affordable Homeownership Acct.
 - .25% Metro Sales Tax distributed to metro cities +10,000
 - \$4.5M formula housing aid distribution to greater MN cities



Housing is local



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Broadband

- \$100M for Border-to-Border Broadband Grant Program
 - \$50M for FY 24 and FY 25 grant rounds
 - \$30M earmarked for general Border-to-Border Broadband Infrastructure Grant Program
 - \$20M earmarked for Lower Population Density Program
- Project funding cap increased to \$10M per project
- FY 24 grant round likely opening late summer/early fall



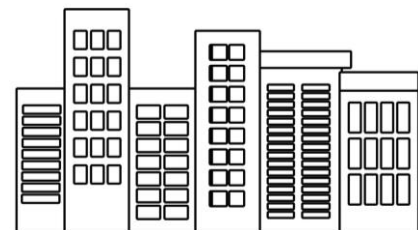
IJA/IRA Match and Support

- Infrastructure Resilience Advisory Task Force
- Federal Funds Coordinator
- IJA Discretionary Match Funds – Transportation
- State Competitiveness Fund – Energy
- Required state matching to access federal resources
 - Roads and Bridges, Transit, Water, Cybersecurity, Energy, Transportation



Land Use and Zoning

- "Legalizing Affordable Housing Act" included concerning provisions around residential zoning and land use preemption
 - NOT passed or included in omnibus bill but aspects have bipartisan support and will be a part of 2024 legislative discussions
- Authorization for religious institutions to site "Sacred Settlements" of micro units on religious property
 - Beginning 1/1/24 cities must allow micro units on religious property as permitted use or conditional use to house residents who are chronically homeless, extremely low income, and volunteers
 - Micro units and settlements must comply with long list of statutory requirements and minimum standards





Emergency Management
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Transportation

- Ongoing funding for the Small Cities Assistance Account and establishes and funds the Larger Cities Assistance Account
- \$18M for the Local Road Improvement Program and \$18M for the Local Bridge Replacement Program
- Increases license tab fees, the motor vehicle sales tax and the gas tax (indexed for inflation)
- Increases metropolitan area sales tax by $\frac{3}{4}$ percent for transit and county roads.



Public Safety

- Catalytic converter theft law signed in March
 - Penalties for possession
 - New rules for scrap metal dealers
- Omnibus Judiciary and Public Safety
 - More coming in 2023 Law Summaries
 - Themes: youth intervention, carjacking, body camera footage release, police accountability, recruitment to law enforcement
- Public safety aid in omnibus tax bill



Public Safety

- Public safety PTSD duty disability bill enacted
 - Separate webinar coming in July
 - Full state funding for continued health insurance benefit
 - Mental injury prevention training required pre-service and in-service
 - No duty disability benefits through the Public Employees Retirement Association (PERA) unless up to 24 weeks of treatment is completed
 - State pays for time off and some expenses for mental injury treatment
 - Reemployment offsets in PERA
 - One-time funding of \$104M





Data Practices
Open Meeting Law
Land Use and Zoning
Building Codes
Civil Liability
Procurement

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Open Meeting Law

**State & Local
Government
Omnibus Bill**
- **Ch. 62**

Authorizes officials to participate via interactive technology from a nonpublic location up to three times in a year for personal or family medical reasons. Removes language that states this exception applies only when a state of emergency has been declared.



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Data Practices, Civil Law, Procurement

Jobs & Labor Omnibus Bill - Ch. 53

- Funds the Public Employment Relations Board to hear Unfair Labor Practices (ULP) allegations; establishes applicable Data Practices Act and Open Meeting Law provisions.
- "Duty to defend" added to unenforceable indemnification contracts
- Construction worker wage protection provisions extend liability to general contractors and, in some cases, project owners

State & Local Government Omnibus Bill - Ch. 62

- Authorizes "construction manager at risk" contracts as an alternative procurement method in the Uniform Municipal Contracting Law for contracts over \$175,000.



Pensions and Retirement

Pension Finance Bill (Chapter 45)

- Reduction in assumed rate of return for invested assets to 7% from 7.5%
- One-time COLA increase to 2.5% (General Plan) and 4% (Police & Fire Plan)
- \$170M in direct aid to the PERA General Plan
- \$19M in direct aid to the PERA Police and Fire Plan
- PERA General Plan full vesting period changed from 5 to 3 years
- \$5M for a new incentive account for volunteer firefighter relief associations to join the PERA Statewide Volunteer Firefighter Plan





Energy
Environment
Land Use and Annexation
Local/Tribal Relations
State Bonding
Sustainable Development
Water

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Environment

- Per- and polyfluoralkyl substances (PFAS): focus on source reduction; new MPCA and Dept. of Health standards.
- Water appropriation permit enforcement: DNR will have substantial new powers to enforce administrative penalty orders.
- Lead service lines: \$240M; bills amended to work within existing PFA and MDH programs and state/federal lead line replacement plans.
- Emerald ash borer: \$15M for Releaf urban forestry program; more in bonding.
- Natural landscaping: All cities required to allow "managed natural landscape" on all parcels. Other weeds and grasses must not exceed 8 inches in height or go to seed.
- Recycling grants: SCORE grant increase of approx. \$7M per year (to about \$25.5M per year); non-metro recycling and composting grants (\$1M per year).



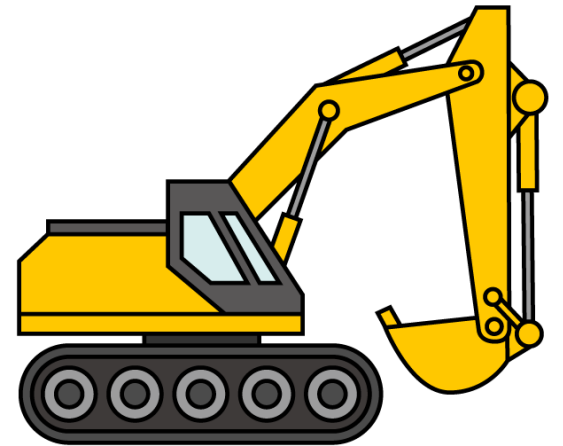
Energy

- City climate resiliency: \$3M for plans; \$100M for grants to implement plans.
- Energy codes: large commercial and multi-floor residential energy codes tied to latest ASHRAE 90.1 or more efficient standard.
- Solar on Public Buildings: program created, but not funded.
- Clean Energy Resource Teams: annual base funding raised from \$500,000 up to \$1M; provide technical assistance to cities for energy efficiency and other energy projects and planning.



Bonding

- Chapters 71 & 72 - \$1.5B bonding/\$850M cash
 - Transportation: \$402M
 - Environment: \$10M local tree planting; \$49.7M flood hazard mitigation
 - Water/Wastewater: \$513.5M to PFA
 - Economic Development: \$443M to DEED
 - Housing: \$76M to MHFA





General
Member Relations
Policy Committees

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Weekly Update Live Update



Issue 10 March 23, 2020

Families First Coronavirus Response Act: New Requirements for Time Off During Health Emergencies

The new federal law, which applies to cities and other employers, expands the Family and Medical Leave Act and provides emergency paid sick leave.

In Other News

[Register Now: Daily COVID-19 Webinars Start Today at Noon](#)
Emergency response during a pandemic can leave you with lots of questions. Take part to find answers!

[Get City-Specific Coronavirus Information From League's News and Resources Page](#)
The League has compiled a variety of resources related to the COVID-19 pandemic and city operations.

[Join LMC in Encouraging Congress to Provide Funding to Cities Responding to COVID-19](#)
NLC and LMC are urging Congress members to support federal proposals that provide assistance to local governments responding to COVID-19.

[League's Intergovernmental Relations Team Modifies Advocacy Efforts During Pandemic](#)
While the Legislature is in recess, League lobbyists are

Featured Events

[#WeGotThis: A Free Webinar Series on Pandemic Response](#)
March 23-27 - 12-12:30 p.m.

[2020 Annual Conference](#)
June 24-26 - St. Paul

[2020 Clerks' Orientation Conference](#)
June 24-26 - St. Paul

Quick Links

[City Jobs](#)

[Jobs with LMC](#)

[Wanted/For Sale/RFP Announcements in the LMC Marketplace](#)

[Weekly 4M Fund Rates \(Minnesota Municipal Money Market Fund\)](#)

Contact



Gary N. Carlson @garyncarlson · Apr 25
Senate Tax Committee convenes to take testimony and mark-up SF5, the Senate version of the omnibus tax bill. Committee intends to complete work without recess. #mnleg #lmcleg

Daniel Lightfoot @DFLightfoot · Apr 24
After almost 16 hours of debate, the Minnesota House passes the Omnibus Jobs, Energy, and Telecom Bill (HF 2208) as amended. Bill includes \$70 million for broadband funding as well as funding for MIF and JCF. #lmcleg #mnleg

Daniel Lightfoot @DFLightfoot · Apr 24
Senate Finance Committee approves Omnibus Jobs Bill (SF 2611) as amended and advances it to the floor. Includes funding for Minnesota Investment Fund and Job Creation Fund. #lmcleg

Gary N. Carlson @garyncarlson · Apr 24
Senate Tax Committee has now posted the SF5 omnibus tax bill delete-all amendment, amendment summary and fiscal spreadsheet on the committee web site. [senate.mn/committees/com...](#) #mnleg #lmcleg

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<http://www.lmc.org/bulletin>

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2023 Policy Committees

- **Sign up now!** Over 140 city officials from all over the state discuss issues impacting cities and shape the League's legislative platform.
- **When?**
- *July, August and September*
- **What?**
- **Service Delivery Committee**
 - Elections Task Force
- **Local Economies Committee**
 - Telecommunications Task Force
 - Housing Task Force
- **Human Resources & Data Practices Committee**
 - Data Practices Task Force
- **Fiscal Futures Committee**
- **Interested? Talk to any LMC staff or email: advocacy@lmc.org**



Questions?





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