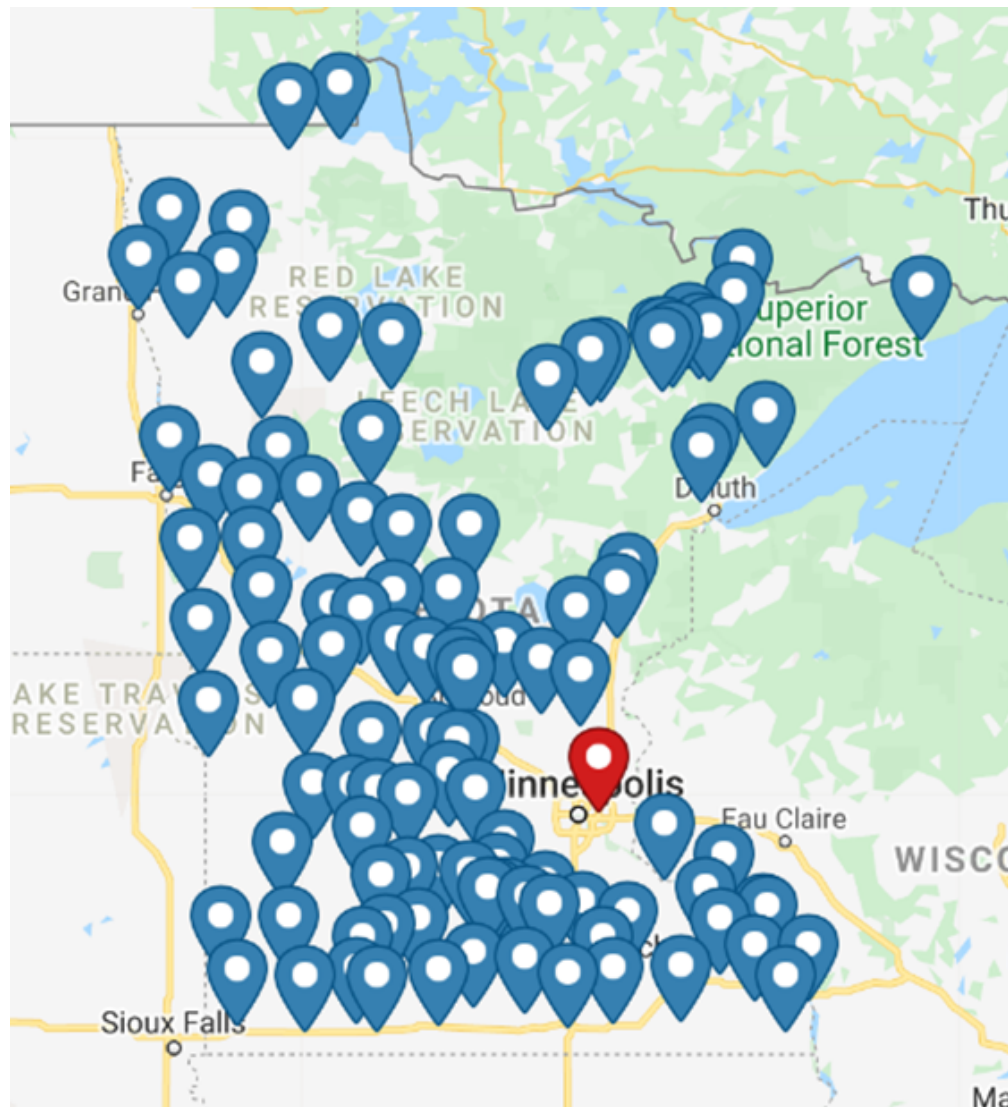




2022 Princeton City Visit

ELIZABETH WEFEL
OCTOBER 5, 2022



CGMC – Over 100 cities across the state working together

- LGA/Property Taxes
- Economic Development
- Annexation and Land Use
- Transportation
- Environment and Energy
- Labor and Employment

2022
session
starts with
lots of
potential...

Historic \$9.3 billion surplus

Traditional year for big bonding bill

Infrastructure funding from the federal
Infrastructure, Investment and Jobs Act (IIJA)

State had unspent ARPA money

Lots of resources to address needs across the
state

...and some challenges

Constrained operations due to COVID-19

- Third pandemic session mostly hybrid

Redistricting

Elections

Ongoing political polarization

Unfinished business from 2021

- Front line worker “hero pay”
- Depleted Unemployment Insurance Fund

Opportunities Squandered

All the conditions present for a productive legislative session

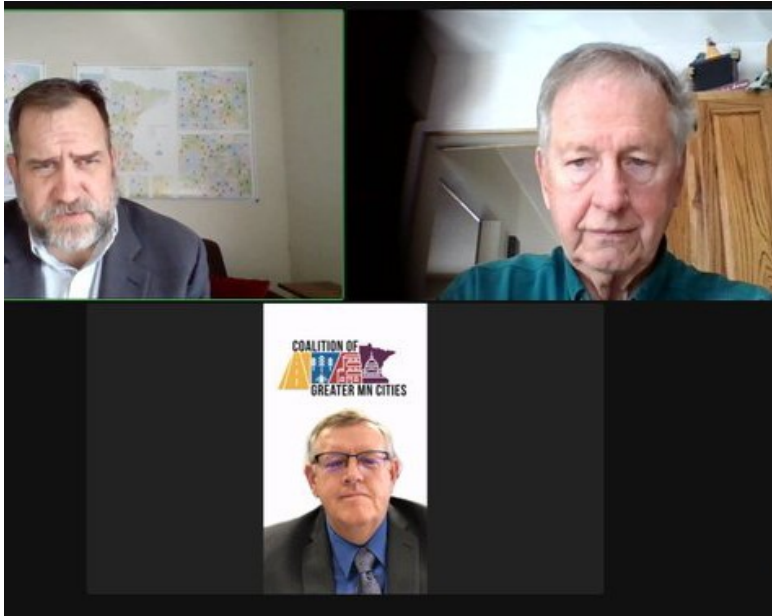
Legislators came close on many bills

Yet, negotiations fell apart and the session ended in disappointment

Top CGMC goals for 2022

- \$90 Million LGA increase
- Updated LGA formula
- Infrastructure-focused bonding bill
 - Public Facilities Authority
 - Child Care Facilities Grants
 - Business Development Public Infrastructure Grants
 - Housing Public Infrastructure Grants
- DEED child care economic development grant program
- City streets
 - Large city - increase in funding
 - Small city - dedicated funding





CGMC uses variety of advocacy strategies in hybrid environment

- LGA education video
- Pre-session priorities press conference
- LGA formula proposal webinar
- Remote and in person testimony
- Formed coalition to pass transformational funding for water infrastructure alongside trade unions and a conservation group
 - IOUE Local 49, AGC, LIUNA, and Conservation Minnesota

LGA Formula Proposal

City groups met starting in October 2021



- CGMC, LMC, Metro Cities, Small Cities
- House and Senate non-partisan staff
- Staff from Department of Revenue

Formula update discussions at the Legislature

First step: analyze existing formula

- Current formula increasingly outdated

Identify possible new need factors

- Analyzed over forty potential need factors
- Looked for factors that had strong explanatory value when determining the differences in city spending

CGMC analytical capacity has been a significant advantage for our members during discussion



LGA formula proposal: how it works

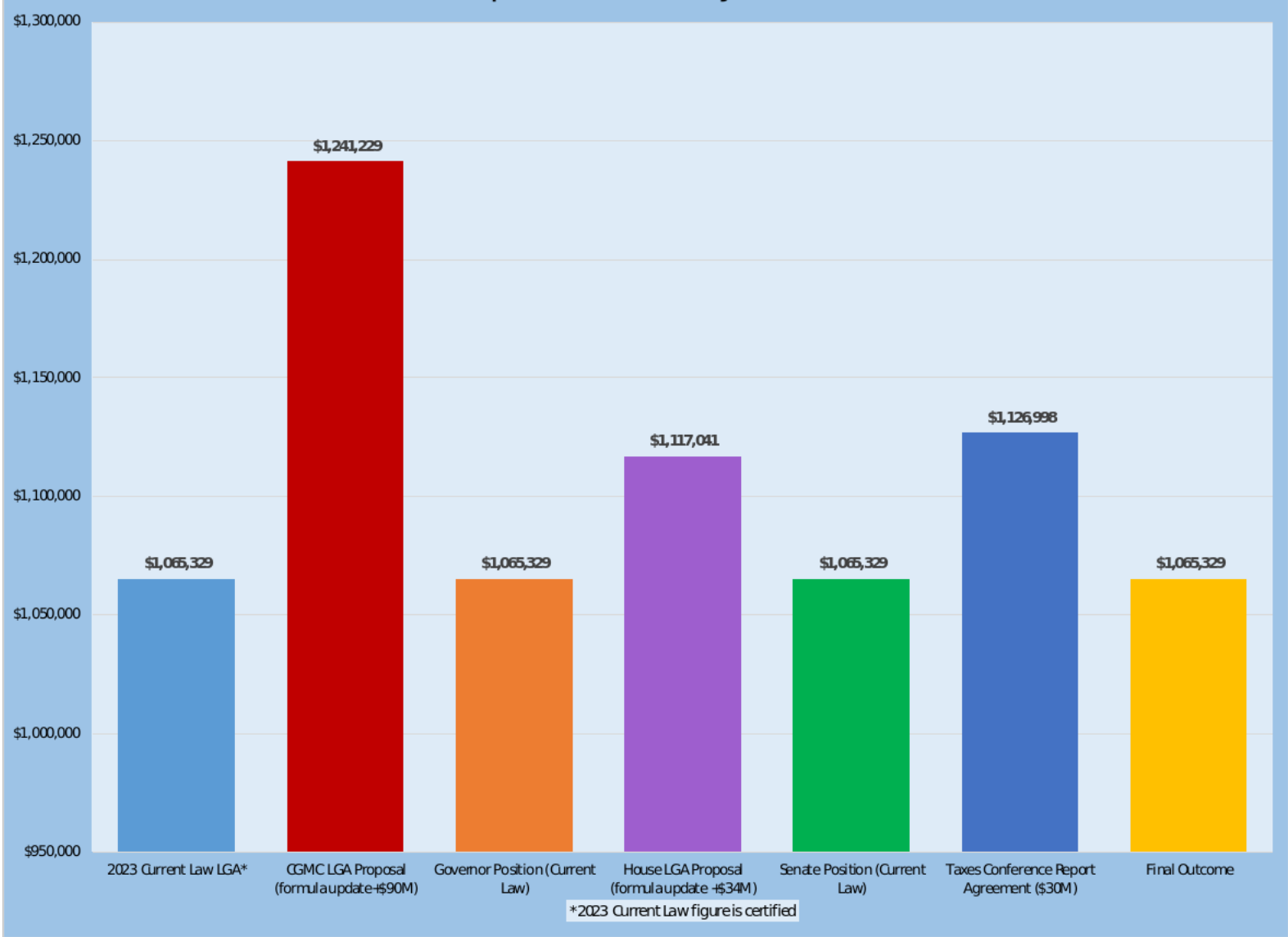
- Maintains basic LGA structure of evaluating a city's need vs. its capacity to meet those needs (i.e. tax-base)
- Continues to split cities into three categories
 - Small (1-2,499 population)
 - Medium (2,500 – 9,999 population)
 - Large (10,000+ population)
- Same method of calculating a city's capacity
- Same method to distribute money within the formula
- Biggest change is new formula need factors

Legislature fails to get LGA across finish line

- House Tax Bill included formula updates and \$34M increase
- Nothing for LGA in Senate Tax Bill
- Final Conference Committee agreement included \$30M increase, but no formula update
- Legislature fails to pass final tax bill agreement



LGA Proposals for the City of Princeton





CGMC supports ambitious water and wastewater funding package

Joined coalition of labor and environmental groups

\$299M for grant and loan programs through the Public Facilities Authority

\$75M per year in ongoing PSIG funding

\$5M for technical assistance grants

\$10M for lead line mapping grants

\$30M per year for lead line removal and replacement for 10 years

No bonding bill means infrastructure will have to wait

- Neither the House nor the Senate ever produce a bonding bill
- Chairs and leaders tried to negotiate an agreed upon bill
- Nothing materializes and important projects will go unfinished



Child care



- House Jobs and Economic Development bill included \$4 million for the DEED Child Care Grant program
 - However, agreed upon Jobs target was only \$11 million, so child care funding was not included
 - Jobs bill agreed to, but never passed either chamber
- No bonding bill means no money for the Greater MN Child Care Facilities Grant Program



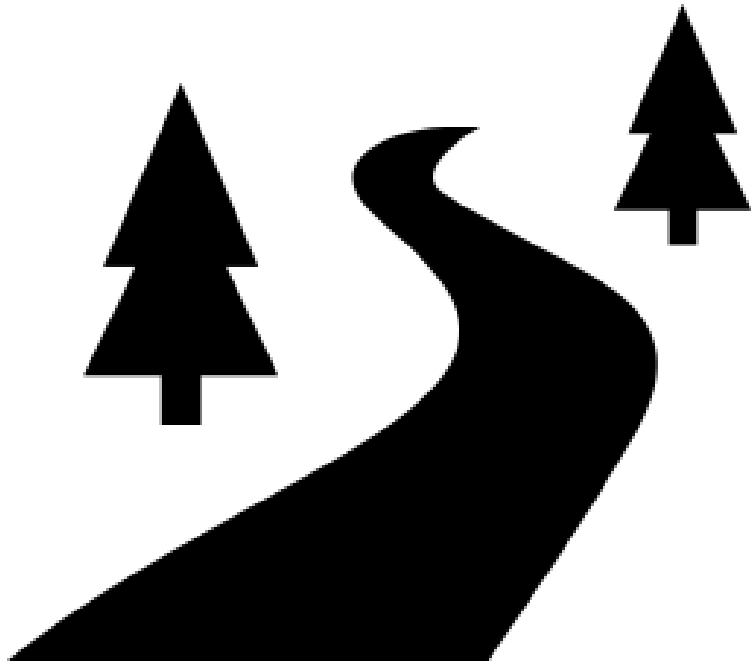
Housing our families and employees

- Senate Housing bill included \$10 million for the workforce home ownership program
 - Housing bill never got agreed to by the House and Senate
- With no bonding bill, no money for the Greater MN Housing Infrastructure Grant program



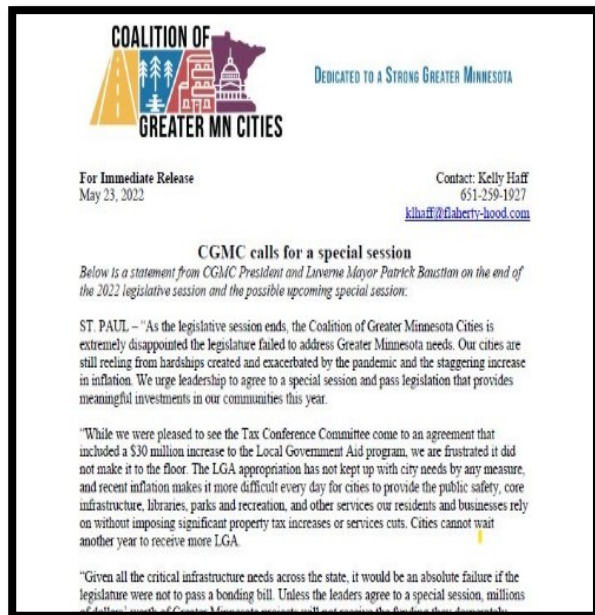
Connecting our communities

- Broadband may be the one bright spot this session
 - \$50 million for the Border-to-Border Broadband grant program
 - At least \$100 million from the Infrastructure Investment and Jobs Act to fund additional Border-to-Border grants
 - \$60 million in ARPA Capital Projects Funds
 - Low-density pilot project
 - State broadband mapping
 - Line extension pilot project



Small city streets

- CGMC goal: at least \$25 million per year in dedicated, annual funding for small city streets
- Little progress was made as Chairs could not agree to any major finance items
- House and Senate had competing finance proposals
- Legislature's failure to come to an agreement will leave no additional funding in 2023 or beyond for small cities



The last week of session: how did everything collapse?

- Wednesday, May 18: Leadership releases agreed upon spending targets, progress still looks promising
- Friday, May 20: Jobs, Energy and Commerce Conference Committee report agreed upon in hearing
- Saturday, May 21: Taxes Conference Committee report agreement announced in a press conference
- Sunday, May 22 (last day to pass bills): Leadership couldn't agree on all omnibus bills, session ended with little activity
- Monday, May 23: Day after session ends, CGMC calls for a special session in a press release and press conference

Looking ahead to 2023

- Expect significant legislative turnover in 2023 - at least 47 new legislators
- Potential changes in legislative control
- Governor's race will be competitive
- 2023 is a budget year with likely a large surplus to deal with
- CGMC will play a critical role educating new and returning legislators on Greater MN issues

Join us at our upcoming CGMC events!

Fall Conference, Alexandria

November 17 - 18, 2022

Summer Conference, Thief River Falls

July 26-28, 2022

January 25, 2023

Legislative Action Day, St. Paul



Thank you!

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