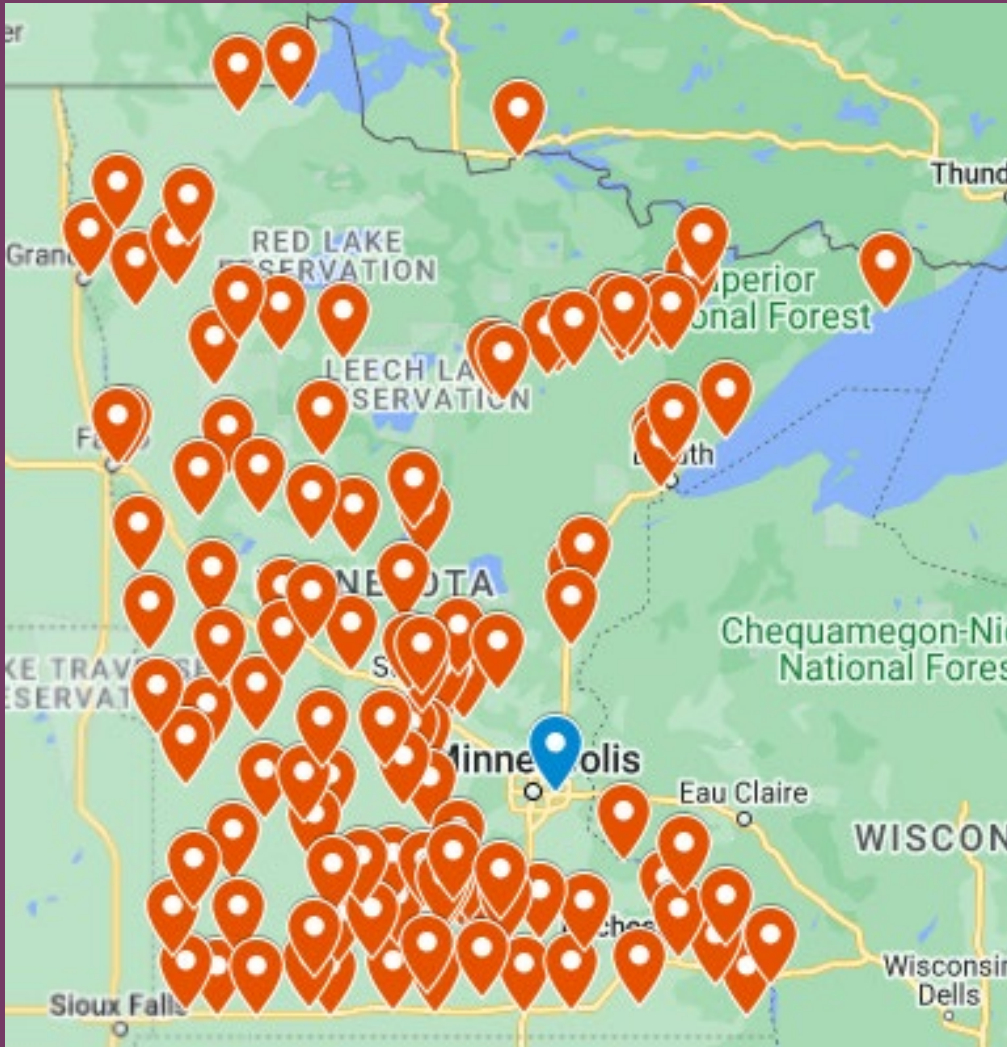




# 2024 City Visit

Princeton, Darrin Lee, June 27



## CGMC – More than 100 cities across the state working together

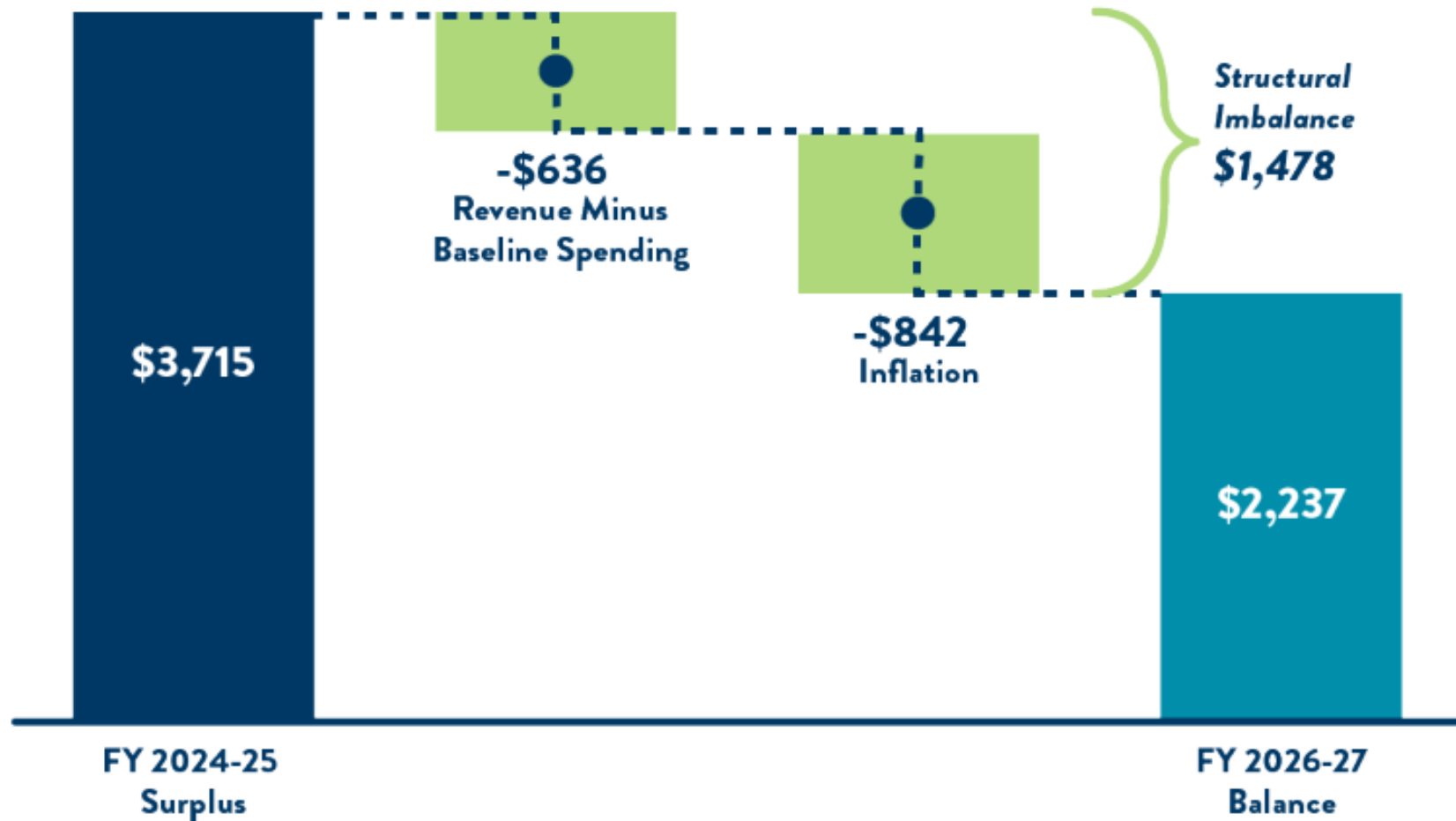
- Local Government Aid/Property Taxes
- Environment and Energy
- Economic Development
- Transportation
- Annexation and Land Use
- Labor and Employment



# Session begins with fairly low expectations

- November forecast = very limited cash spending
- Hangover from 2023
  - Tax bill fix
  - SRO fix
  - Cannabis
  - Uber/Lyft
- Short list of priorities
  - Traditional year for a bonding bill
  - Constitutional amendments?
  - Policy, policy, policy
- New Senate majority leader

# February '24 budget forecast



\$ in millions

Graphic courtesy of Minnesota Management & Budget (February 2024)

# CGMC 2024 legislative agenda

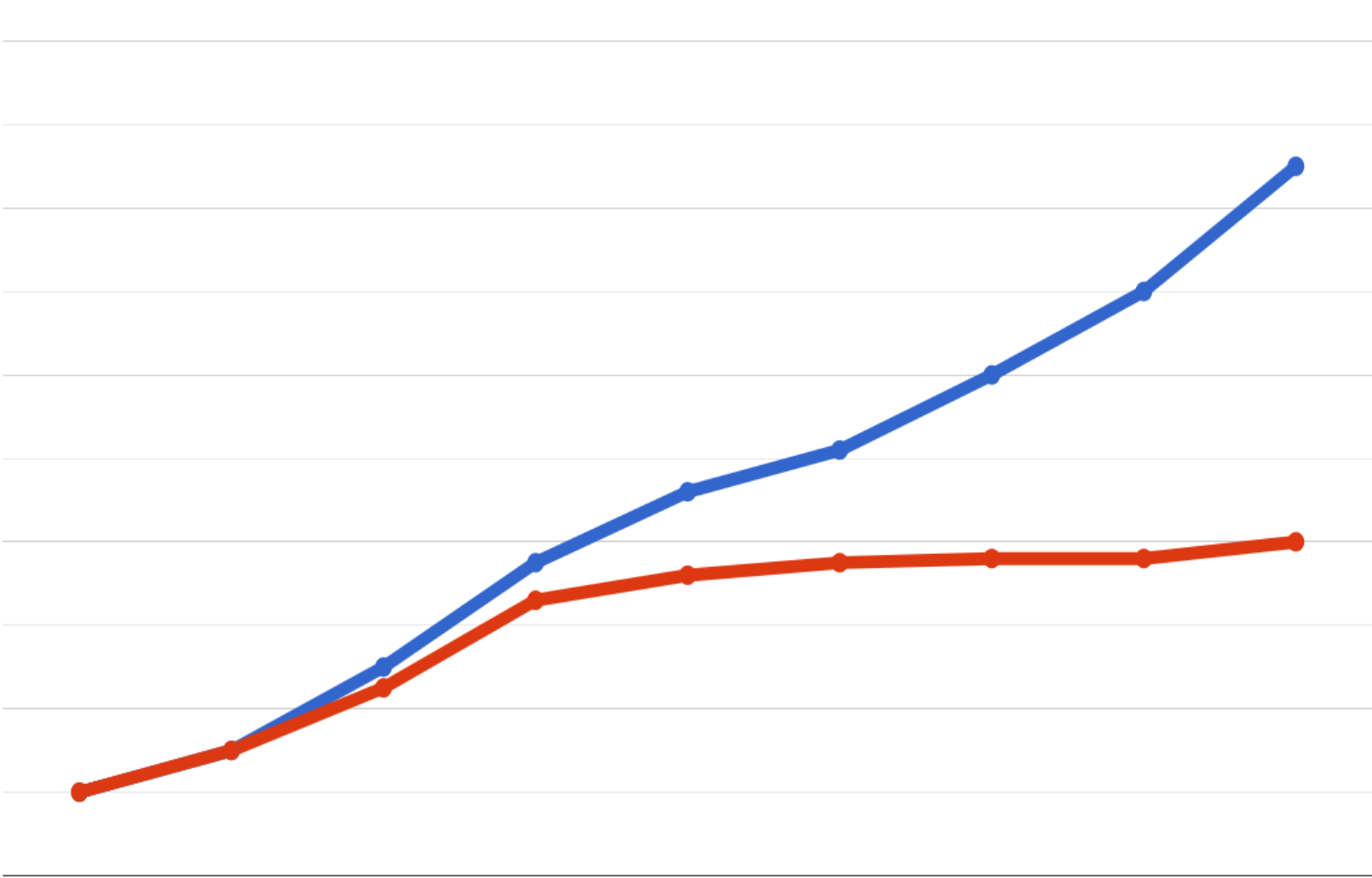


- \$120 million one-time EMS aid for struggling rural ambulance service providers
- Bonding bill
  - Public Facilities Authority funds
  - Greater Minnesota Child Care Facilities grants
  - Business Development Public Infrastructure grants
  - Local infrastructure projects across Greater MN
  - Lead line inventory and replacement
- Pump the brakes on new policy/mandates



# Emergency Medical Services

# EMS providers in MN cannot afford to operate

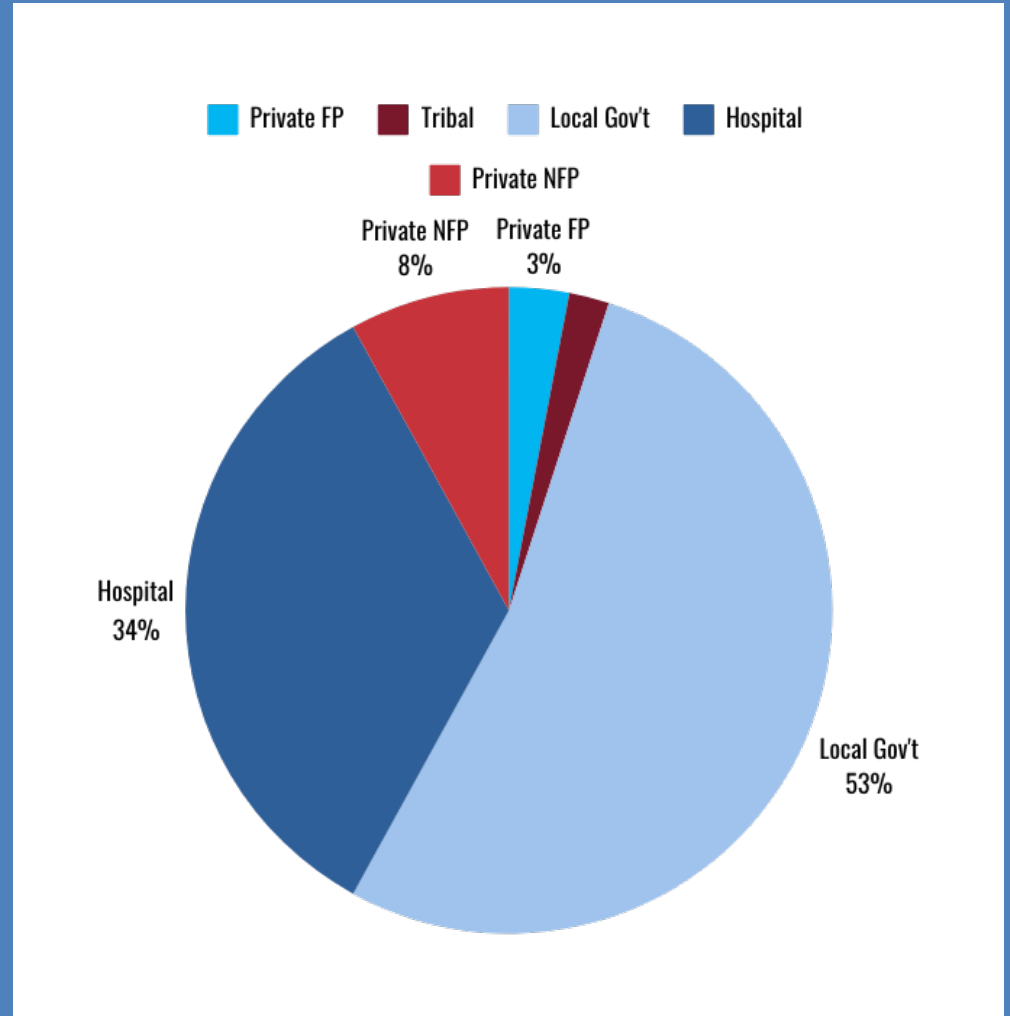


■ Cost of providing EMS  
■ Insurance reimbursements

## Ground ambulance service deficits in 2022

|  |                        |
|--|------------------------|
| <b>Total insurance revenues (93% of all reported revenues)</b>   | <b>\$449,906,842</b>   |
| Total operational expenses                                       | (\$455,627,710)        |
| Reported annual capital expenses                                 | (\$60,661,960)         |
| Volunteer labor subsidy  | (\$55,789,657)         |
| <b>Net total reported operating deficit statewide in CY 2022</b> | <b>(\$122,172,485)</b> |

## Ownership of ambulance licenses





# CGMC proposed solutions:

## Phase One 2024

- Passage of an **immediate \$120 million emergency ambulance aid appropriation** to keep services operating in the near term

## Phase Two 2025-26

- **Sustainable funding mechanism to offset Medicare/Medicaid shortfalls**
- Support reforms that benefit rural services
- Ensure local governments have a seat at the table

## Phase Three Long-term

- Advocate for higher reimbursement amounts
- Advocate for sensible reforms
- Advocate for funding for service delivery improvements and efficiencies



# Despite broad coalition and bipartisan support, EMS aid bill faced uphill journey

- H.F. 3992 (Lislegard) and S.F. 3886 (Hauschild) introduced
  - Bills heard in House & Senate Tax and HHS committees
  - DFL leadership resistant, citing lack of budget surplus
- Other EMS proposals created some challenges
  - Governor's supplemental budget: \$10 million to ambulance service providers in just Northeast and Central regions
- Republican strategy = bonding bill rider?



Hibbing Mayor Pete Hyduke testifies before the Senate Tax Committee in support of the CGMC's \$120M aid bill

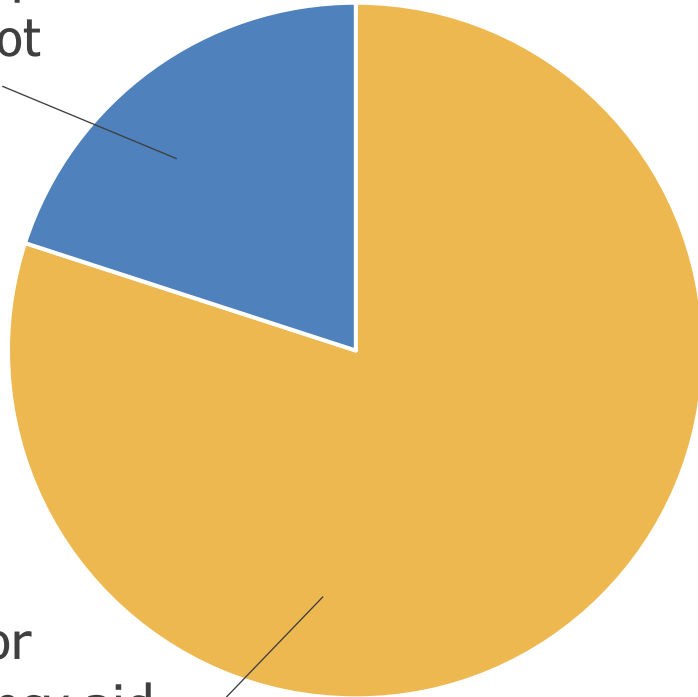


CGMC lobbyist Erik Simonson testifies before the House Property Tax Division in support of the CGMC's \$120M aid bill



# Final outcome on EMS

**\$6M** for sprint medic pilot program



**\$24M** for emergency aid payments

- CGMC worked with stakeholders to craft final bill and funding distribution formula
  - Aid will go primarily to rural EMS providers
- Passage in final hours of session
- Far under CGMC goal – but still a step forward
- Brought issue to widespread attention in legislature & media
- Setting the stage for next year
  - Additional emergency funding
  - Longer-term solutions
- CGMC will continue to be involved





# Bonding

# Background on the bonding bill

- Traditional year for a bonding bill
- Bonding bill remains only place for any meaningful GOP influence
- State had a debt capacity for \$980M (February forecast) vs. \$830M (November forecast)
- Governor's bonding proposal
  - \$819.4M G.O. bonds
  - \$169.6M other sources
  - Heavy on state-owned assets
  - Very little set aside for local projects



CGMC lobbyist Elizabeth Wefel urges the House Capital Investment Committee to include Greater Minnesota priorities in their bonding proposal

# CGMC asks



## Appropriations

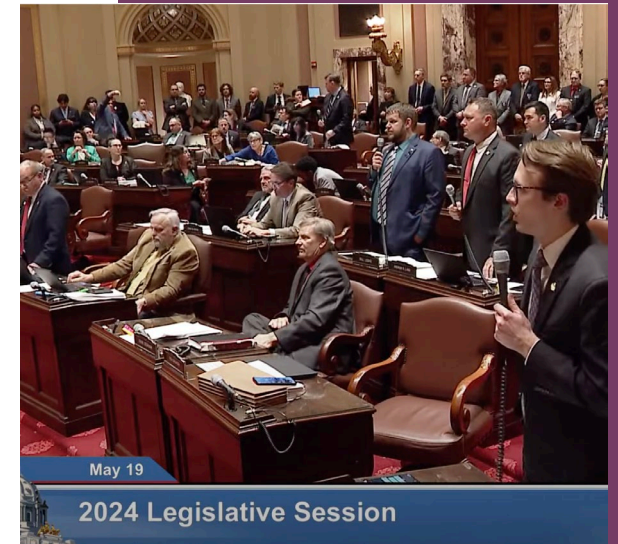
- Public Facility Authority Water Infrastructure Programs – \$299M
  - Point Source Implementation Grant (PSIG) Program – \$130M
  - Water Infrastructure Finance Fund (WIFF) – \$130M
  - State match for local roads – \$39M
- Public Facility Authority Lead Line Replacement – \$180M
- Greater MN Child Care Facilities Grant Program – \$20M
- Greater MN Housing Public Infrastructure Grants – \$20M
- Business Development Public Infrastructure – \$20M

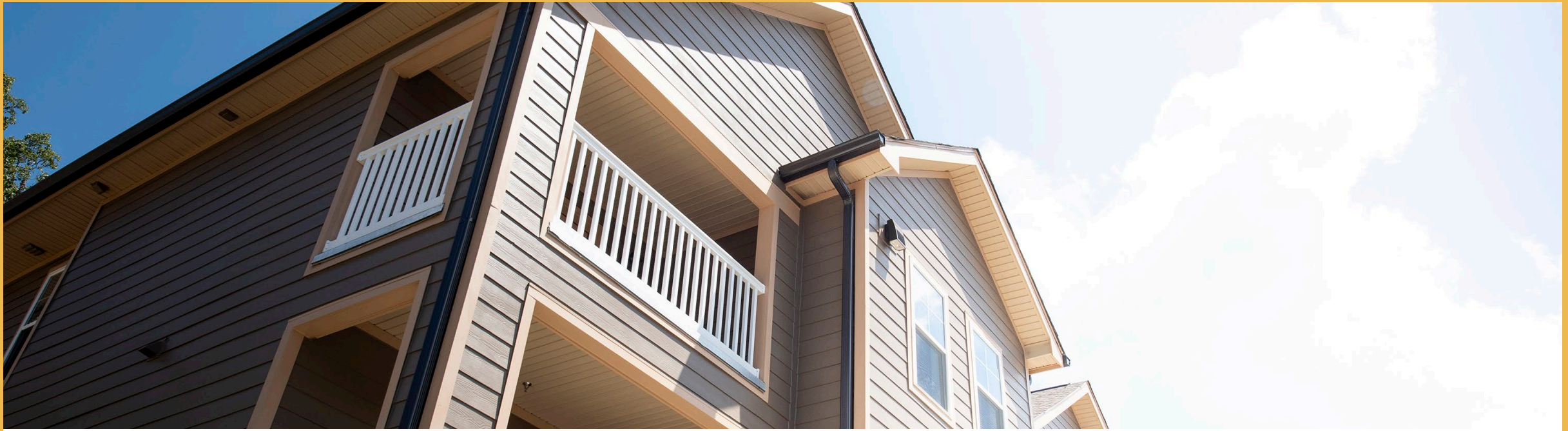
## Policy

- Increase PSIG cap from \$7M to \$12M
- Increase WIFF cap from \$5M to \$10M

# Why did the bonding bill fail?

- Arrest of Senator Mitchell complicates legislative dynamics
- Quirks of the legislative calendar
- Hangover from last year's bonding bill
- Other priorities took precedence in the final days of session
  - ERA, gun control, Uber/Lyft





# Housing & Zoning



# “Missing Middle”/Zoning Preemption

Goal of legislature:

- Create more housing by increasing density
- Address climate change issues through land use
- Address historical race-based zoning practices
- Original versions could have required cities to:
  - Allow up to 8-plexes on land zoned for single family housing
  - Allow Accessory Dwelling Units by right on most residentially-zoned properties
  - Allow multifamily housing to be built in commercially-zoned areas
- Also included restrictions on parking minimums and design standards



# Housing bills dead... for now

- Bills initially supported by DFL and GOP legislators, housing advocates, developers
- CGMC and other city groups voiced opposition
  - CGMC testified against proposals in House and Senate
  - Work behind the scenes with Housing chairs to amend bill, find compromise?
- House passed amended version of multifamily proposal to the floor
- Bill died in Senate due to suburban opposition
- Likely will be revisited in 2025
- Housing chairs have voiced commitment to continued discussions in interim



# Other CGMC priorities

**Local Sales Tax** – Language from both House and Senate would have allowed cities to authorize LSTs in some cases without legislative approval, but the provision was stripped in conference committee.

**TIF/Prevailing Wage** – Language dropped in conference committee, but the topic will likely see more discussion in the interim and in the 2025 session.

**Small City Streets** – Assistance program for cities under 5,000 pop. got \$11.35 million in one-time bridge funding until tax/fee revenues build up

**Greenhouse Gas** – CGMC-sponsored language included in final bill that will allow more flexibility for highway expansion projects and ensure safety is a priority.

**Bonding bill replacement fund** – Language requiring local governments to create a replacement fund for projects receiving state funding did not pass, but may resurface in the future.





# Looking Ahead

# 2025 Legislative Session



- Election
  - Every House seat up for reelection
    - Many members retiring on both sides
  - At least one Senate special election
  - CGMC candidate packet!
  - President, U.S. House, Klobuchar Senate seat
- 94<sup>th</sup> legislature will convene on January 14, 2025

# CGMC Upcoming Events



**LMC Annual Conference – June 26-28, Rochester**

- **CGMC Booth at Exhibit Hall (June 26, 3:30-6:30pm)**
- **CGMC Breakfast (June 27)**

**2024 CGMC Summer Conference – July 24-26, Waite Park & St. Joseph**

**2024 CGMC Fall Conference – November 21-22, Alexandria**

**2025 CGMC Legislative Action Day – February 12, 2025, St. Paul**

Reach out to Emma Nelson at [ennelson@flaherty-hood.com](mailto:ennelson@flaherty-hood.com) with any questions about CGMC events!

# Questions?

