

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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Agenda



General Session Update



Issue Updates



Invitation to Join Policy Committees

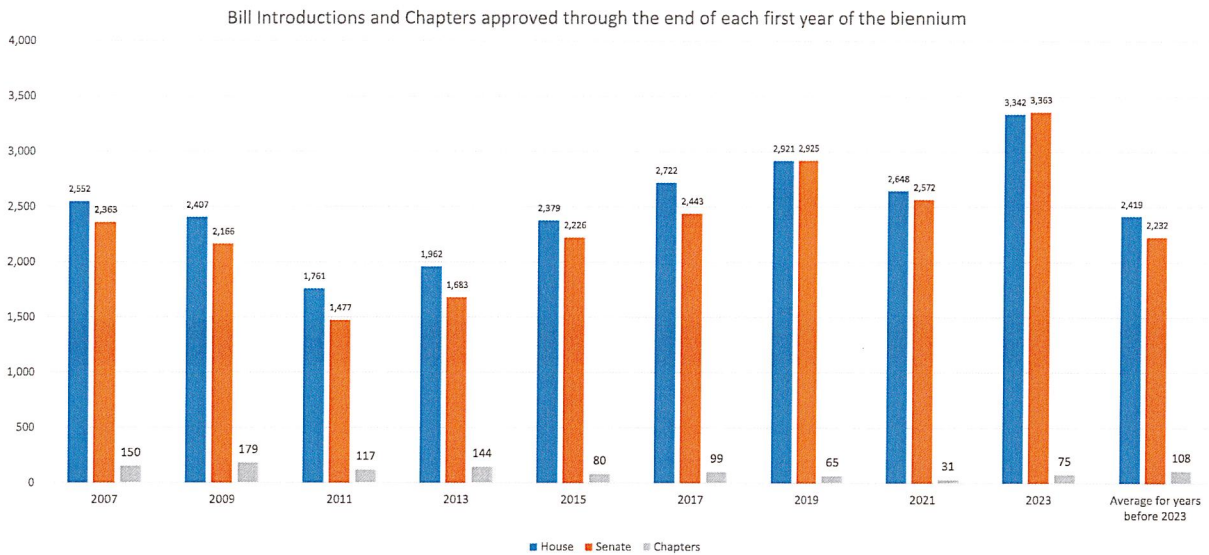


Questions?

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



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.



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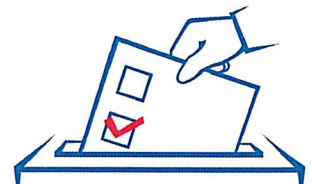
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Early Voting (ch. 62)

- 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**.



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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.



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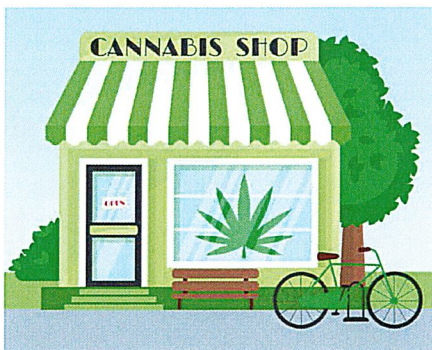


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Legalization of Adult-Use Cannabis



- Chapter 63 legalizes adult-use cannabis and creates a statewide regulatory framework.
- Legalization of possession and home growth, decriminalization effective August 1, 2023.
 - 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.



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Adult-Use Cannabis Regulatory Structure



Minnesota Office of Cannabis Management

Minnesota has become the 22nd state in the nation to legalize cannabis use for people 21 and older. Learn more [about this legislation](#).



For Adult Consumers



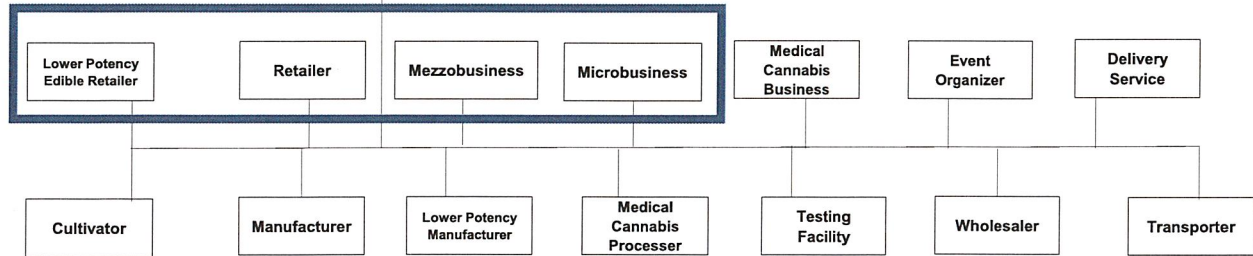
For Medical Cannabis Patients



For People Interested in Starting a Business

Cannabis Advisory Council comprised 50 appointed or designated individuals, including a **representative from the League of Minnesota Cities**.

More info: cannabis.mn.gov



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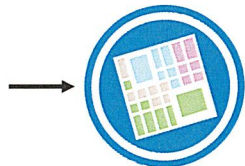


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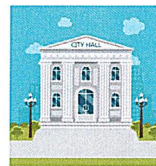
City Role in Regulation



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.



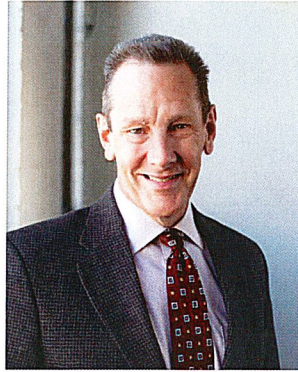
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Aid to Cities
Local Government Aid (LGA)
Pensions and Retirement
Public Finance
Taxes

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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.



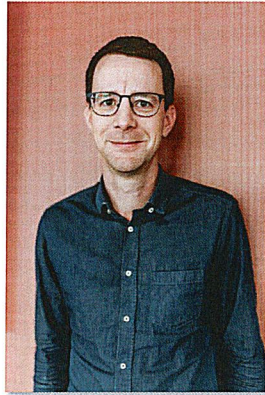
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Aid to cities
Local government aid (LGA)
Public finance
Taxes
Tax increment financing (TIF)

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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



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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



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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.



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

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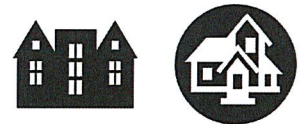
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Housing

- 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



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IIJA/IRA Match and Support

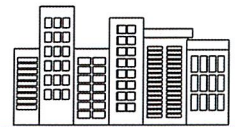
- Infrastructure Resilience Advisory Task Force
- Federal Funds Coordinator
- IIJA Discretionary Match Funds – Transportation
- State Competitiveness Fund – Energy
- Required state matching to access federal resources
 - Roads and Bridges, Transit, Water, Cybersecurity, Energy, Transportation



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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



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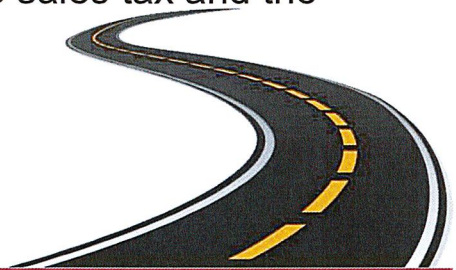
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Transportation

- 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.



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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



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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



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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.



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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



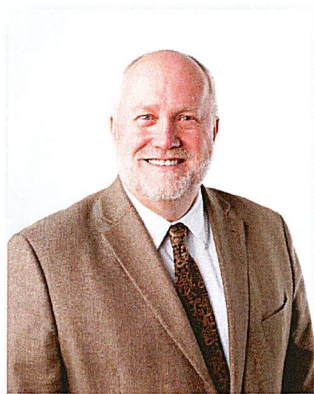
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Energy
Environment
Land Use and Annexation
Local/Tribal Relations
State Bonding
Sustainable Development
Water

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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).



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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.



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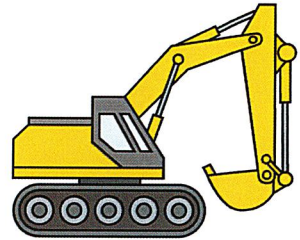
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Bonding

- 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



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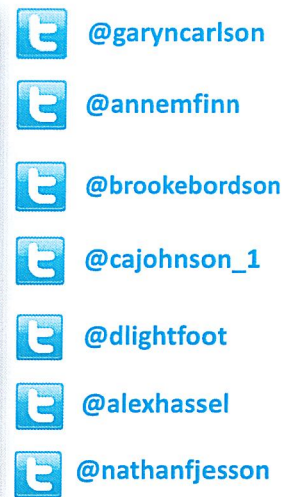
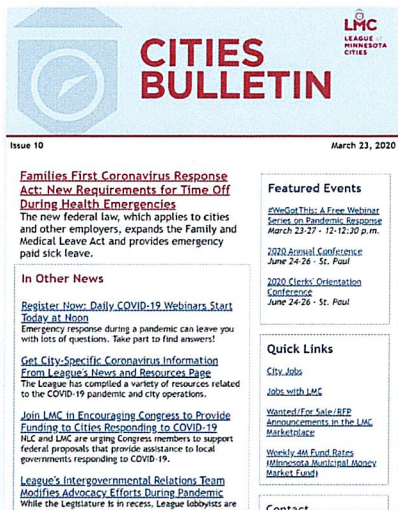


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Weekly Update Live Update



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

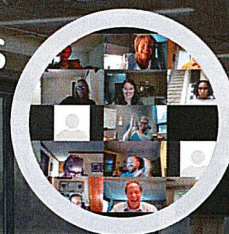
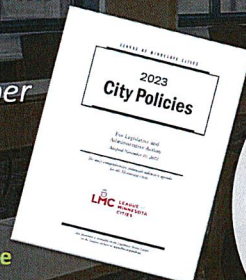
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2023 Policy Committees

- **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**





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