



Coalition of Greater Minnesota Cities

2022 SESSION REPORT

Session Timeline

January 27: CGMC holds pre-session press conference

January 31: Legislative session begins

March 2: CGMC Legislative Action Day

March 16: CGMC holds joint press conference with trade unions and conservation group on water infrastructure needs

April 8: CGMC hosts LGA webinar

May 4: House passes tax bill including LGA increase and CGMC-supported formula changes

May 17: Governor Walz, Senate Majority Leader Jeremy Miller, and House Speaker Melissa Hortman reveal conference committee budget targets

May 23: Session Adjourns

May 23: CGMC President Pat Baustian urges Governor and legislative leaders to agree to a special session

Many things could have defined the 2022 Minnesota Legislative Session: the historic \$9.3 billion surplus, the partial return to normal operations after two years of remote legislating, a significant bonding bill making investments in infrastructure across the state, the state becoming a national leader in bipartisan compromise as one of only two divided legislatures in the country, an inspiring recommitment to local government aid, the list of possibilities goes on and on. Ultimately, what will define this legislative session are its failures. No bonding bill, no LGA increase, no investments in housing or child care, and many other Greater Minnesota needs left unaddressed.

In early May, there were indications that the legislative session could have ended differently. The legislature and Governor Walz agreed to refill the depleted Unemployment Insurance Fund, relieving businesses of an automatic tax increase, and provide a frontline worker bonus for COVID-19 essential workers. Shortly after, the Governor and legislative leaders published a supplemental budget agreement broadly outlining tax cuts and spending priorities, with details to be ironed out by the respective conference committees. This was the high point of the session.

With three weeks left, conference committees met in fits and starts, committee chairs negotiated in private, and everyone speculated about a possible last-minute appearance of a bonding bill. But by the final weekend of session, it appeared as though everyone was simply going through the motions, having already conceded to themselves that nothing was going to get done.

Despite calls for a special session to resolve their differences, including from the CGMC, it is unlikely that Governor Walz and the legislative leaders will agree on a framework and call legislators back. A waning sense of urgency and a looming election further suggest little action will be done until the legislature convenes again in January.

Despite this disappointing legislative session, the CGMC remains resilient in our fight for our cities' priorities. Read on for more information about the 2022 legislative session and the CGMC's continued role as the leading advocate for Greater Minnesota communities.

Urgent workforce housing crisis left unaddressed

This year, the CGMC housing priorities were focused on two areas: establish and secure funding for a new program that provides grants to local communities to help pay for the public infrastructure needed for new housing developments, and secure additional funding for the Greater Minnesota Workforce Housing Grant program.

During the session, the public infrastructure bill was heard in the House Capital Investment Committee. Since the Senate Capital Investment Committee held very few hearings, the bill did not have a hearing in the Senate. With neither the House nor Senate introducing a bonding bill it is unclear what this proposal's standing was as the committee chairs negotiated behind closed doors.

Child care funding falls short

The CGMC child care priorities this year included securing funding for the Greater Minnesota Child Care Facilities Grant program and additional funding for the DEED Child Care Economic Development Grant program.

In both the 2021 and 2022 sessions, the facilities grant bill had hearings in both the House Early Childhood Finance and Policy Committee and the House Capital Investment Committee. With the Senate Capital Investment Committee holding only a few hearings in either session, this proposal was not heard in the Senate. As neither the House nor Senate introduced a bonding bill, it is unclear what this proposal's standing was as the committee chairs worked behind closed doors to negotiate an agreement.

As for the DEED child care grant program, the House Jobs Committee included an additional \$4 million appropriation as a part of their \$217 million omnibus bill. The Senate's version

For the Greater Minnesota Workforce Housing Grant program, our most significant success was Governor Walz including an additional \$10 million for the program in his budget proposal. The Senate proposed an additional \$50 million in new housing spending, with \$10 million going to a different workforce housing program; one that is statewide rather than dedicated to Greater Minnesota and is focused on home ownership rather than workforce housing specifically. The House proposed \$230 million in new housing spending, but none of which was allocated for workforce housing.

As was the case with most budget areas, the conference committee was unable to reach an agreement on a final housing bill, and negotiations were conducted in



CGMC lobbyist Scott McMahon testifies in support of DEED child care grant program.

of the bill contained only \$250,000 in spending targeted at a handful of small grant or nonprofit appropriations, none of which addressed child care.

Near the very end of the session, the Jobs Conference committee did adopt an agreement. Unfortunately, with a target of only \$11 million, it did not include any additional child care funding. The committee focused its investment on economic recovery associated with the pandemic.

In the end, it did not matter. Though the conference committee did pass their agreement, the legislature failed to act on the bill before the end of the session.

private, so it is unclear where any discussions on new investment in workforce housing stood before the end of the legislative session.

CGMC Fights Annexation Proposals

Like clockwork, the Minnesota Association of Townships (MAT) pushed legislation this session that would greatly restrict the ability of cities to annex nearby property. Once again, the CGMC worked with the League of Minnesota Cities to successfully push back on these efforts.

The MAT's efforts were more aggressive this year, beginning with a pre-session so-called stakeholder meeting they organized where they laid out their grievances to legislators sympathetic to their cause. The Local Government Committees in both the House and Senate held informational hearings on two pieces of legislation that would reinstate the election requirement, remove several popular non-controversial forms of annexation by ordinance, make detachment easier, and allow orderly annexation agreements to be used as a weapon, rather than a tool for development.

Despite the informational nature of these hearings, the MAT kept up their fight in the conference committee where they pushed legislators to create another legislative task force to discuss these issues. Though legislators rejected all of these efforts this year, we anticipate that the townships will continue to push for restrictions in the next legislative session.

The CGMC uses innovative and effective communications strategies

This session, the CGMC utilized press conferences, social media campaigns, letters to government officials, virtual and in-person events, and informational handouts and videos to advocate for Greater Minnesota priorities.

Local Government Aid (LGA) Explained!

Watch our LGA video at bit.ly/LGA-Explained



CGMC pre-session priorities press conference



CGMC Legislative Action Day legislative panel

LGA Proposals for the City of Foley



*2023 Current Law LGA figure is certified

	CGMC Goal	Governor	House	Senate	Conference Committee Report	Final Outcome
Broadband	At least \$100M	\$170M	\$25M	\$110M	\$210M	\$210M (\$50M in state funding, \$160 in federal)
Greater MN Business Development Public Infrastructure Grant Program (BDPI)	\$20M in bonding	\$7M in bonding	No bonding proposal	No bonding proposal	No bonding proposal	No bonding bill
Housing – Greater MN Fix-Up Fund	\$5M	\$0	No bonding proposal	No bonding proposal	No bonding proposal	No bonding bill
Housing – Greater Minnesota Housing Public Infrastructure Grand Program	\$2.5M in bonding	\$0	No bonding proposal	No bonding proposal	No bonding proposal	No bonding bill
Housing – Greater MN Workforce Development Fund	\$10M	\$10M	\$0	\$0	\$0	Jobs bill agreement did not make it to the floor
Large City Streets (Cities with populations over 5,000 receive state funding through the Municipal Street Aid program)	At least \$25M/year increase	- No increase in base funding - \$25M for matching federal funds	- No increase in base funding - \$9.7M for matching federal funds	-\$11.4M increase in dedicated base funding - Various amounts for federal matching in 2022-25	No conference committee report	No transportation bill
Small City Streets (Cities with populations under 5,000 receive no dedicated funding from the state)	At least \$25/year dedicated and ongoing	\$10M/year ongoing general fund appropriation	\$10M/year ongoing general fund appropriation	Dedicated 7% of sales tax revenues from auto parts (at least \$22.3M/year ongoing)	No conference committee report	No transportation bill
Corridors of Commerce	At least \$200M/year with project selection changes to improve regional balance	Proposed project selection changes, but would not significantly improve regional balance	- No new funding - Project selection changes that would improve regional balance	-\$152.5M funding increase in 2023-25 -Project selection changes, but would not significantly benefit regional balance	No conference committee report	No transportation bill

SAVE THE DATE

Mark your calendar for
upcoming CGMC events:

Fall Conference

November 17-18, 2022, Alexandria

Legislative Action Day

January 25, 2023, St. Paul

Summer Conference

July 26-28, 2023, Thief River Falls

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greatermncities.org

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CGMC ENVIRONMENTAL PROGRAM SUCCESS, EMERGING ISSUES & CONTINUED ADVOCACY

Lead Pipe Inventory & Replacement



TAs facilities age and regulatory burdens increase, cities face increasing water infrastructure costs. Ensuring that cities receive help from the state in the form of Public Facilities Authority (PFA) grants and loans is vital.

CGMC's Role: The CGMC advocated for funding for both the inventory and replacement, which were included in the House Omnibus Health bill but did not advance when negotiations at the Capitol fell apart. The CGMC will continue to advocate for both.

Water Infrastructure Funding

As facilities age and regulatory burdens increase, cities face increasing water infrastructure costs. Ensuring that cities receive help from the state in the form of Public Facilities Authority (PFA) grants and loans is vital.

CGMC's Role: We continue to advocate for PFA funding from bonding and the Clean Water Fund. In 2022, we pushed for a large bonding bill that includes substantial PFA funding and on-going Point Source Implementation Grant (PSIG) funding. We also pushed back on proposed changes to the PFA's programs that would have restricted ability of our cities to receive funds. With no bonding bill introduced or passed during the 2022 session, we will continue to advocate for these goals either in a special session or early in 2023.



Wild Rice Sulfate Rule



Minnesota's standard for sulfate in wild rice waters is outdated and may result in permit limits that require expensive facility upgrades that would not actually improve water quality. At the insistence of the EPA, the MPCA added 35 water bodies to the Impaired Waters List for exceeding the sulfate standard and has begun to include sulfate effluent limits in draft permits for some cities.

CGMC's Role: Working with a variety of stakeholders, we advocated for funding to update the standard to ensure any permit limit is grounded in sound science. Moving forward we will monitor this issue and seek opportunities to mitigate the impact of this regulation on municipal wastewater facilities.

Proposed Permit Fee Increase

MPCA has signaled its intent to impose a fee increase on water quality related permits to generate more funding for its water quality operations in 2023. A significant portion of this increase could fall on municipalities.

CGMC's Role: We will continue to push for increased state general fund spending for water quality operations, rather than requiring local municipalities to pay for these increases. We will monitor and advocate as the proposed fee increases move forward.



Supporting Precedent-Setting Litigation



Through the Environmental Action Fund (EAF), the CGMC will provide support in precedent setting legislation that may impact the interests of many members.

CGMC's Role: The CGMC provided to support the City of Osakis as it challenged its wastewater permit. The Minnesota Court of Appeals ruled that the MPCA made legal errors and lacked substantial evidence to enforce a permit limit on the city's wastewater facility. The CGMC will continue to support the city as the MPCA appeals this case to the Minnesota Supreme Court.