

*Association of Minnesota Counties*

# Legislative Session Summary



# 2023



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# Overview

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## 2023 Legislative Session Ends, Counties Fare Well Overall

It is hard to believe, but the 2023 legislative session finished in a rather tame fashion compared to recent years, adjourning nearly two hours before the constitutional deadline of midnight on May 22.

A late breaking bipartisan deal on a capital investment package was a significant reason behind tamping down prolonged floor debate and ending the session two hours early without having to “call the question” or cut off floor debate to rush passage of bills.

As we all take a moment to catch our breath after what can only be described as a whirlwind of a session, let’s take a moment to reflect on what made this year unique. In November 2022, the Democratic Farmer Labor (DFL) party flipped party control in the Minnesota Senate, kept their majority in the Minnesota House, and retained all four executive branch offices (Governor, Attorney General, Secretary of State, and Auditor) disrupting a split-Legislature environment Minnesota had become accustomed to and ushering in single party control for the first time in over a decade. The DFL majority took quick action to release their session priorities surrounding reproductive rights, paid family and medical leave, education and childcare investments, climate change proposals, and more. Outside these priorities, the Legislature introduced more than 6,000 total bills(!) spanning all issue areas and packing committee hearings full to the point that many meetings only provided limited opportunities to present and testify on the bill at hand. Add a historic budget surplus of \$17.5 billion (most of it one-time!) and a goal to adjourn early and you can see why AMC staff are breathing a major sigh of relief that session is in the rear-view mirror with no talk of a special session looming.

Looking over the large quantity of work and outcomes, AMC staff are confident to say that county priorities—particularly those centered around program funding—fared extremely well. Historic investments in County Program Aid, probation funding, and Payment-in-Lieu of Taxes (PILT) in addition to new investments in housing, transportation, mental health, family resource centers, broadband, and recycling will support counties work in a variety of fields that will have positive impacts on the residents and clients we serve as well as county levies and budgets.

The Legislature reconvenes on February 12, 2024.

# Environment & Natural Resources

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For additional information on this section, please contact Brian Martinson, Policy Analyst, at 651-789-4322 or [bmartinson@mncounties.org](mailto:bmartinson@mncounties.org).

## OVERVIEW

This was a year for big policy ideas and financial investments. Environmental issues were not immune. Several significant policy changes were adopted on long standing issues of Carbon Free Energy, Per-and Polyfluorinated Substances (PFAS), Environmental Justice and Chronic Wasting Disease. On the funding side, the investment was historic coming in around \$1 billion in new one-time investments when including certain special revenues. Even with these historic investments, the environmental budget area remains among the lowest in general fund spending.

AMC prioritized **SCORE funding** through the capture of Solid Waste Management Tax (SWMT) revenues that are currently directed to the State General Fund. AMC worked with our county partners; the Partnership on Waste and Energy, Minnesota Inter-County Association and Minnesota Rural Counties, and Conservation Minnesota on legislation ([HF1785/SF1587](#)) to redirect the 30% of SWMT revenue to SCORE grants and were successful in securing a 3% transfer in the Omnibus Tax bill ([Chapter 64](#), Article 15, Section 11).

The Environment and Energy Omnibus bill ([Chapter 60](#), [Spreadsheet](#)) bill was packed, combining the policy and finance provisions from two significant policy areas. AMC was happy to secure increased state support of county implemented programs such as subsurface sewage treatment systems, feedlots, shoreland protection, and wetland conservation act implementations. Unfortunately, some of these investments were only made for the next two years and will need to be extended in the next budget cycle. Through a few studies and reports, the bill will also look ahead for solutions to deal with solar facilities at end of life and how to make more significant movement on our waste reduction efforts.

As is often the case, there were also proposals on the table that raised concerns for counties that AMC worked in opposition to during the session: **drainage registry information portal, removal of county approval of certain state land acquisitions, and establishment of new lowland conifer reserves**. We were successful in defending county positions and interests in all of these issues this session.

AMC also spent significant time advocating for and against policy and funding provisions across a number of other omnibus bills, Agriculture ([Chapter 43](#), [spreadsheet](#)), Commerce ([Chapter 57](#), [spreadsheet](#)), Taxes ([Chapter 64](#), [spreadsheet](#)), Legacy ([Chapter 40](#), [spreadsheet](#)), and single subject bills that were passed this session and fall under the umbrella of AMC Environment and Natural Resources policies. In most cases, our county positions fared well, but there is plenty of work for the year ahead on things that did not make it across the finish line and county-opposed proposals that seemingly will not go away. In the pages ahead, I cover most of the issues of county interest that received attention this session without getting too deep into the details or trying to address the nearly 140 bills of interest in this area. Please reach out to me for more information.

## AMC PRIORITY: SCORE/SWMT FUNDING

### **Solid Waste Management Tax Revenue to SCORE ([HF1785](#)/[SF1587](#))**

SCORE grants are the primary source of state support for county mandated work to provide for the environmentally preferable management of solid waste. SCORE funding has not kept pace with programmatic needs, regulatory requirements, or the cost of doing this work. Counties are required to provide a 25% match of their SCORE grant, but the reality is many are contributing a 100%, even as much as 500% match of state resources and are still falling short of state recycling goals.

The Solid Waste Management Tax (SWMT) was designed as a user tax and counties have argued that the revenues should be directed to waste management purposes. Unfortunately, 30% of the revenues are currently sent to the state general fund. The legislation counties forwarded this year would have redirected 30% from the general fund to SCORE grants over the next three years.

The bills had favorable hearings in both the House and Senate Tax committees and score language was carried in both bodies heading into conference committee. The final bill included a dedication of 3% of the SWMT revenues to SCORE – reducing the general fund revenues to 27%. This is estimated to bring an additional \$6.9 million in 2024-25 and \$7.3 million in 2026-27 to SCORE Grants (current base is \$18.45 million/year). This amount represents the largest increase in SCORE funding in over a decade. This also establishes the transfer language in statute, simplifying our future requests to increase the amount until the full 30% is achieved.

**Status: Signed by the governor May 24, 2023 ([Chapter 64](#)).**

## ANIMAL AGRICULTURE

### **County Feedlot Program Funding ([HF897](#)/[SF748](#))**

Funding for the County Feedlot Program has remained stagnant or decreased over the last decade– current funding is \$1.959 million annually. However, administrative requirements have grown along with the cost of staff time. The Minnesota Association of County Feedlot Officers (MACFO) has led an effort to increase the state contribution to the work of county feedlot officers. Legislation was introduced to set the new base funding at \$3 million annually. The Legislature approved an increase in the base appropriation to \$2.959 million for the next two years, after which it will return to the base amount.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Manure Storage Inventory ([HF955](#)/[SF965](#))**

A story about abandoned feedlots and improperly closed manure storage areas triggered the introduction of legislation to require new financial assurance of certain feedlots and to create an inventory of feedlots and manure storage areas that have not been properly closed. AMC and the Minnesota Association of County Feedlot Officers (MACFO) worked with the author making recommendations on the scope of the work and cost to implement. The legislation reflected our feedback, but we continued to express concerns about diverting attention from active sites. The inventory language was included in the House Omnibus Environment and Natural Resources bill, but not heard in the Senate. The proposal was not adopted by the conference committee.

**Status: Did not pass.**

## **Cervidae Farm Regulations ([HF1202/SF1526](#))**

With concerns about the role of Cervid farms in the spread of Chronic Wasting Disease, there has been increasing pressure for state regulatory action. This comprehensive bill pulled most of the ideas that have been discussed over the last few years into one proposal that was then included in the Omnibus Environment and Natural Resources legislation. The final package included the following changes:

- A prohibition on new white-tailed deer farms and limits on the transfer of current registrations.
- Responsibilities for administering and enforcing relevant laws and rules for farmed white-tail deer are transferred to the DNR.
- Changes for the taking of an escaped farmed Cervidae and the testing, costs, and liability for such animals.
- Enhanced fencing requirements and faster timelines for repairs.
- Land use and notice requirements for farm sites with discovered CWD infected animals, including recording with the county the status and ten years restrictions.
- Specific liability for herd owners for unlawful actions with known infected animals.
- Additional important restrictions of Cervidae.
- Notice required to local governments of a positive herd.
- Requirements for live-animal testing once a test has been approved by the USDA.

**Status: Signed by the governor May 24, 2023 ([Chapter 64](#)).**

## **DEDICATED ENVIRONMENTAL FUNDING**

### **Legacy Funding Bill ([HF1999/SF1682](#))**

The Legacy Funding bill ([fiscal spreadsheet](#)) makes the appropriations of the voter-approved three-eighths-of-one percent sales tax, which is distributed as 33% to the Clean Water Fund; 33% to the Outdoor Heritage Fund; 19.75% to the arts and cultural heritage fund; and 14.25% to the Parks and Trails Fund.

The Outdoor Heritage Fund appropriations were included in Article 1 and followed the funding recommendations of the Lessard-Sams Outdoor Heritage Council spending \$171.135 million in FY 2024. This year's bill would restore, enhance and/or protect 121,383 acres of wildlife habitat and 39.75 miles of shoreline. 32 different organizations will receive funding including 8 local units of government.

Clean Water Fund (CWF) appropriations followed the Clean Water Council's recommendations with one minor exception. The CWF appropriations total \$318.396 million for the next biennium. Counties advocated for several provisions in the bill including the significant growth in the implementation grants for Comprehensive Watershed Plans (1W,1P) to \$79 million. As more plans come online, counties will require more money for implementation. County SSTS programs and related low-income grants are being funded at \$7.1 million for which will mean a 50% increase in the dollars available for low-income grants over the last budget cycle. The CWF will also include a significant investment in the corpus of the AgBMP Loan Program of \$9.598 million. Counties both administer and access the Ag BMP program, and the requests for funding always outpace the funds available. A new Culvert modernization/replacement program is being funded through the DNR at \$2 million.

The Parks and Trails account will distribute \$136.61 million with \$54 million for State parks and trails, \$54 million for the Metro Area Regional Parks and \$27 million for Greater Minnesota parks and trails.

The Arts and Cultural Heritage Fund will spend \$191.952 million in the next biennium across state supporting a variety of local projects and organizations, including children's museums, zoos, historical societies, and the arts.

**Status: Signed by the governor on May 19, 2023 ([chapter 40](#)).**



### **Environment and Natural Resources Trust Fund (ENRTF) – LCCMR Bill ([HF3765/SF4043](#))**

The ENRTF is a combination of contributions and investment income, including 40% of the net proceeds from the Minnesota State Lottery. The Legislative Citizens Commission on Minnesota Resources (LCCMR) makes recommendations to the Legislature annual for appropriations of 5.5% of the fund balance.

The 2023 package included appropriations totaling \$ 79.644 million. LCCMR funds a variety of projects statewide and at the local level including pilot projects, data collection, education and implementation of natural resources enhancements and protection. Funded projects include:

- \$987,000 for Statewide Forest Carbon Inventory and Mapping
- \$482,00 for the U of M to study Lowland Conifer Ecosystems.
- \$1.508 million to create pollinator habitat at closed landfills.
- \$2.833 million to test and implement methods for mattress and furniture recycling statewide.
- \$478,000 to the U of M to research methods to address PFAS in lakes and rivers.

The bill also makes some changes to the LCCMR and the use for ENRTF funding. A tribal representative is added to the council and term limits are set for ten years, including the filling of a vacancy. It establishes requirements for projects that would like to use ENRTF funding for capital projects.

**Status: Signed by the governor on June 3, 2022 - ([Chapter 94](#)).**

### **Renewal of Environment and Natural Resources Trust Fund ([HF1900/SF2404](#))**

The Minnesota Lottery currently directs 40% of its proceeds to the Environment and Natural Resources Trust Fund which is used for drinking water sources; water quality of lakes, rivers, and streams; and forests to improve air quality, wildlife habitat, natural areas, parks, and trails, and that constitutional authority ends in 2024. This legislation renews the fund, increases the allowable appropriation from the fund to 7% of the market value (it is currently 5.5%) and extends the ENRTF through 2050. The bill goes beyond the amendment and includes a new community grant advisory council. This constitutional amendment will be on your 2024 general election ballot.

**Status: Signed by the governor May 26, 2023 ([Chapter 67](#)).**

### **Lottery in Lieu Funds ([HF389/SF356](#))**

Lottery ticket sales are exempt from the general sales tax, but the state lottery pays a tax of 6.5% on gross receipts. These funds were intended to be dedicated to natural resources but currently only 72.43% are and the rest go to the general fund. This legislation increased the allocation and directed resources to some additional opportunities. As part of the Omnibus Environment bill the dedication is increased to 81.56% of the revenues and new funding for Greater Minnesota Parks and Trails and outdoor recreation in underserved communities is added to the eligible list.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

## **ENVIRONMENT AND NATURAL RESOURCE PROTECTION**

### **ReLeaf Program ([HF2310/SF2438](#))**

The ReLeaf Program provides grants to local and tribal governments and nonprofits to enhance community forest ecosystems. The Omnibus Environment and Natural Resources bill appropriates \$15.996 million in the next two years and \$400,000 per year ongoing for the ReLeaf program. This is a part of a package of appropriations in the bill to help address the impacts of Emerald Ash Borer.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Noxious Weed Grants ([HF2679/SF2741](#))**

The Noxious Weed Grants to local governments are a helpful tool to address weed management and implement programs and strategies proactively. The Minnesota Department of Agriculture (MDA) requested \$800,000 in funding for the program. The Agriculture Omnibus budget bill included \$300,000 for the grant program.

**Status: Signed by the governor May 18, 2023 ([Chapter 43](#)).**

### **Per (and-Poly) fluorochemicals (PFAS) Regulations ([HF1000/SF834](#))**

Strategies to address the presence of PFAS chemicals in our environment and to stop the continued contamination of people and wildlife have been discussed at the Legislature for several years. Although several bills were introduced this session, HF 1000/SF 834 represented the most comprehensive and contained several provisions that had been introduced independently. The final Omnibus Environment bill agreement included most of the PFAS provisions. Beginning in 2025, numerous consumer products including PFAS will be banned in Minnesota, including cosmetics, textile furnishings, rugs and carpet, cookware, cleaning products, and juvenile products. Bill language will allow the commissioner to expand the application to other products and establishes a full ban on products with known added PFAS from sale in the state by 2032, with some exceptions. There will be a new disclosure requirement for companies to report known uses of PFAS in their products. The commissioner may establish a fee for manufacturers using PFAS. The state must establish water quality standards for six types of PFAS and a health Risk Limit for PFOS of at least .015 parts/billion.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Lead and Cadmium Prohibitions ([HF2310/SF2438](#))**

This provision was a recommendation from the MPCA and was included in the Omnibus bill. The new language will ban 15 categories of products with prohibited levels of lead (90 parts/million) and cadmium (75 parts/million) from import, manufacture, sale, or distribution in the state. The bill also includes enforcement authority for these provisions.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Soil and Water Conservation District (SWCD) Aid ([HF735/SF526](#))**

State funding for Soil and Water Conservation Districts has been ongoing issue at the Legislature but the Clean Water Fund has consistently been used. The last budget cycle included \$12 million per year to districts. Counties have long contributed to districts and have supported state dollars for these local entities as well. We have expressed concerns that would shift full funding of districts to local revenues and property taxpayers. This proposal creates a state aid program to support the operations of SWCDs. The Omnibus Tax bill includes the new aid package at \$15 million per year for the coming biennium, but then decreases to back to \$12 million in future years.

**Status: Signed by the governor May 24, 2023 ([Chapter 64](#)).**

### **Odor Management ([HF2171/SF2195](#))**

A local community odor issue with a specific production plant motivated legislators to act, with the feeling there needed to be an avenue for citizens to have concerns addressed. This legislation outlines the basic criteria of a complaint system, investigation, and requirements for odor management plans. The bill is limited to the seven-county metro area and includes a list of 10 industry categories that are exempt. The one omission from that list that counties had advocated for was solid waste facilities. The MPCA is required to conduct a rulemaking to develop the parameters of the program and odor standards.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Rough Fish Report ([HF245/SF188](#))**

AMC adopted a platform policy to support review of protections and management of native fish that have ecological benefits. Studies have shown that some native non-sport fish play important environmental roles in our lakes and rivers. The Department of Natural Resources is required to develop and submit recommendations to the Legislature regarding conservation of certain native fish populations.

*Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).*

### **Fish Kill Reporting and Protocols ([HF81/SF68](#))**

In some cases, fish kills create concerns regarding causes and sources of pollution. This legislation attempts to address giving more timely attention to such events and response protocols. Under these provisions, state or county officials will be required to report a fish kill within one hour of being notified or within four hours of personally observing a fish kill. Departments of agriculture, health, natural resources, and the Pollution Control Agency must update response protocols according to 12 specified criteria by June 30, 2024.

*Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).*

### **Soil Health Grants ([HF2679/SF2741](#))**

The Minnesota Department of Agriculture (MDA) is receiving \$625,000 each of the next two years and \$639,000 per year ongoing for soil health to include the purchase of equipment or technology to aid in soil health efforts. Local governments will be eligible for grants under this program. Any equipment or technology purchased by a local government under this program must also be made available to the public.

*Status: Signed by the governor May 18, 2023 ([Chapter 43](#)).*

### **Nonnative Phragmites ([HF1585/SF2315](#))**

Nonnative Phragmites are aggressive, invasive common reeds responsible for displacing native common reeds in Minnesota and elsewhere. These weeds are already on the prohibited-control list. This would establish them as a control and eradicate species similar to purple loosestrife.

*Status: Signed by the governor May 18, 2023 ([Chapter 43](#)).*

## **CLIMATE AND ENERGY**

### **100% Carbon-Free Energy ([HF7/SF4](#))**

Climate issues were a top priority for the DFL-controlled legislature and the 100% carbon-free energy bill represented one of the party's top climate proposals and was one of the early bills passed during session. The bill will require utilities doing business in the state to use entirely carbon-free sources for electricity production by 2040. It will also streamline processes for bringing new renewable energy and transmission online with much of this new work falling to the Public Utilities Commission. Counties have expressed concerns about what this bill means for Waste-to-Energy facilities that are a preferred management method under the state's waste management hierarchy. The sale of energy from these facilities is a key component of financing their operation. This policy creates numerous questions and concerns about the investments made in these facilities and the environmental impact if they do not continue to operate.

*Status: Signed by the governor February 7, 2023 ([Chapter 7](#)).*



### **State Competitiveness Fund ([HF1656/SF1622](#))**

Significant federal funds have been made available through legislation that encourages investments to reduce greenhouse gases and the impacts of climate change. This bill creates a \$115 million “competitiveness fund” to provide grants to entities to secure federal funding for such energy projects mitigate the impacts of climate change.

**Status: Signed by the governor April 18, 2023 ([Chapter 24](#))**

### **Solar on Public Buildings ([HF2754/SF2847](#))**

As public entities invest in new infrastructure or look for ways to manage utility costs, some have turned to solar or other renewable energy options. The Climate and Energy Budget provides \$5 million from the renewable development account for grants for solar installations on public buildings.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Local Government Climate Resiliency and Water infrastructure ([HF2310/SF2438](#))**

The MPCA advocated for a significant investment in resources to help local governments address climate resiliency and water infrastructure issues through the [resilient communities program](#). Under this program, \$49.1 million dollars will be available each of the next two years and base funding of \$270,000 will continue into the future.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Local Climate Action Grants ([HF2754/SF2847](#))**

Local governments will be eligible for grants to develop and implement local climate action plans, including new policies and programs. Grants may be up to \$50,000 with local governments with a population over 20,000 being required to have a 50% match and smaller jurisdictions needing to provide a 5% match. \$5 million in one-time funding was appropriated to this program.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Carbon Pipeline Regulation ([HF2754/SF2847](#))**

Several carbon pipeline projects from several different entities have been proposed for connection to Minnesota ethanol facilities or to pass through the state in route to a sequestration location in North Dakota. Counties had been exploring how to permit these projects when last year the Public Utilities Commission determined the PUC should be the regulatory entity for carbon pipelines and started a rulemaking to clarify that they feel these powers are under their authority. The changes contained in this bill codify the updated definitions for “gas” and “hazardous liquid” that are part of the rulemaking further clarifying the PUC authority to regulate.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Community Solar Garden Changes ([HF2754/SF2847](#))**

The current community solar program has been viewed as a success by some and a failure by others. Several new proposals were on the table this session to address the program. The bill’s conferees agreed to let projects continue under the current program if it was signed-up before the end of this calendar year, but to transition to a new program in 2024. The program will be run by the Department of Commerce, who will review and approve applications, as projects must secure local permits. The size of a solar garden has been expanded to up to five megawatts. There are annual caps on new capacity. There are also new rating criteria for project approval that includes preferences for non-greenfield sites.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

# LAND USE, PLANNING AND REGULATION

## **Removal of County Approval of Certain State Land Acquisitions ([HF1862](#))**

State statute includes procedures that require county approval when the state is acquiring land for designation as a scientific and natural area, critical natural habitat, wetlands of wildlife, and acquisitions of a water basin. These types of land acquisitions often spark significant local interest. They impact local tax base and long-term land use capabilities and decisions. The approval process is not onerous and, at minimum, keeps local perspectives in consideration when the state is making land acquisitions. There was an attempt to remove this local county approval process this year which led AMC to advocate heavily against. Ultimately, counties were successful in keeping this proposal from passing.

***Status: Did not pass.***

## **Natural Resources Block Grant ([HF2310](#)/[SF2438](#))**

The Natural Resources Block Grant (NRBG) is a composite of grants available to Minnesota counties to implement programs designed to protect and improve water resources, including shoreland protection and Wetland Conservation Act (WCA). State funding was at one time intended to cover a larger share of the costs, but the current appropriation addresses just a small fraction of what is necessary to meet the obligations of these statutes. The administration supported an increase of \$1.25 million per year. The Legislature did adopt this adjustment to the grant amount but only for the next two years, after which the funding returns to the current base of \$3.423 million.

***Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).***

## **County Subsurface Sewage Treatment System (SSTS) Programs ([HF2310](#)/[SF2438](#))**

Counties are responsible for protecting water quality and serving the needs of businesses, homeowners, and service professionals in the septic system industry. Eighty-six counties in the state administer subsurface sewage treatment system programs. The number of septic systems installed per year has increased in the last five years, increasing the workload for local SSTS programs. The MPCA proposed a \$221,000 increase to base funding raising each county's state program support by approximately \$2,500.

***Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).***

## **Use of Proceeds from Sales of Tax-Forfeited Lands ([HF2318](#)/[SF2607](#))**

AMC has been working toward solutions to help mitigate the cost for management and clean-up of blighted, tax-forfeited properties for some time. This proposal would permit a county, by resolution, to create an account to use these revenues for cleanup and maintenance efforts on other tax-forfeited properties, thus mitigating some of the financial impact and benefiting the whole community. With the tax-forfeited property case Tyler V. Hennepin County pending before the U.S. Supreme Court, we decided not to seek a hearing this session. The result of that court decision will have us looking for alternative solutions in the future.

***Status: Did not pass.***

### **Tax-Forfeited Revenue Apportionment Changes ([HF1929](#))**

This legislation sought to eliminate the apportionment of net proceeds from the sale of tax-forfeited land and return the balance after fees, costs, and penalties to be paid to the property owner prior to forfeiture. This legislation was motivated by the circumstances of Tyler V. Hennepin County, which was pending before the U.S. Supreme Court during the legislative session. As a result of the court's decision on that case, counties are forming a work group to develop legislative recommendations for next session.

**Status: Did not pass.**

### **Local Road Wetland Replacement Program (LRWRP) ([HF669/SF676](#))**

The Local Road Wetland Replacement Program is a requirement of the state to mitigate wetland impacts for existing local road improvement projects. This program has traditionally been funded through the bonding bill, but due to underfunding several times, emergency general fund appropriations have had to be made. The governor's bonding proposal included \$16.8 million in general obligation bonds and \$7.2 million in general fund cash. The final capital investment agreement included \$12 million in general obligation bonds.

**Status: Signed by the governor June 1, 2023 ([Chapter 72](#)).**

### **Lowland Conifer Reserves ([HF2353/SF3069](#))**

This bill would establish the Lowland Conifer Carbon Reserve consisting of lowland conifer stands within state forests. It requires the commissioner of natural resources to identify and map lands within the reserve and certain land management requirements and timber and peat harvesting restrictions would apply within the reserves. This created concerns about the benefits and harms of such a program and pushback about what the desired outcomes of such a program would be. While the new program was not passed, they did provide general fund and Environment and Natural Resources Trust fund dollars to the University of Minnesota for two efforts, taking a closer look at lowland conifer ecosystems.

**Status: Did not pass.**

### **DNR Lands Bill (2022) ([HF50/SF75](#))**

Each year, the DNR brings forward a lands bill that provides for the sale, transfer, lease, or other such ownership and designation changes of land that requires legislative approval. Unfortunately, the 2022 lands bill was caught up in the political gridlock of the session and failed to pass. The Legislature took up the provisions of the 2022 bill early in the session. The bill contained changes to leases of tax-forfeited land, an allowance for conservation easements on tax-forfeited lands, and provisions impacting land in 11 counties.

**Status: Signed by the governor February 21, 2023 ([Chapter 9](#)).**

### **DNR Lands Bill (2023) ([HF2105/SF2111](#))**

The 2023 DNR lands bill—which for the sale, transfer, lease or other such ownership and designation changes of land that requires legislative approval—was included in the Omnibus Environment and Natural Resources bill. Provisions in the bill impact land in St. Louis, Goodhue, Aitkin, Becker, Beltrami, Crow Wing, Itasca, Kandiyohi, Koochiching, and Sherburne counties.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Lease of Tax-Forfeited Land ([HF50/SF75](#))**

This legislation, included in the lands bill, modifies lease terms for tax-forfeited land to modernize them to current realities. Leases would be able to extend for 25 years instead of the current 10-year limit and the trigger for a public timber sale option would increase from a \$12,000 value to \$50,000. This proposal was brought forward by the Minnesota Association of County Land Commissioners (MACLC).

**Status:** *Signed by the governor February 21, 2023 ([Chapter 9](#)).*

### **Conservation Easements on Tax-Forfeited Land ([HF50/SF75](#))**

This legislation, which was included in the lands bill, will allow counties to put conservation easements on tax-forfeited land for ecosystem services under the terms and conditions prescribed by the county board for the purposes of investigating, analyzing, and developing conservation easements that provide ecosystem services.

**Status:** *Signed by the governor February 21, 2023 ([Chapter 9](#)).*

### **County Agriculture Inspectors Funding ([HF80/SF1312](#))**

The role of a County Agricultural Inspector is established in state statute, and they perform duties as directed by and in collaboration with the state. In addition to their work implementing and enforcing the states noxious weed law, they often fill roles in seed, feed, fertilizer, pesticide, and insect pest programs. However, these costs must be fully covered at the local level. This legislation requests a modest state distribution to each county office for the performance of their duties and sets basic requirements for eligibility. The bill received positive reviews in both House and Senate committees but was not included in the Omnibus Agriculture bills.

**Status:** *Did not pass.*

### **Public Land Survey, Remonumentation ([HF1231/SF1659](#))**

The Minnesota Association of County Surveyors (MACS) have been advocating for state support of remonumentation efforts, to reestablish Public Land Survey System corners. This is a costly endeavor that is falling on county budgets. The Omnibus State Government bill establishes the policy MACS was seeking and a one-time appropriation of \$9.7 million, most of which will be available for grants to local governments to do this work.

**Status:** *Signed by the governor May 24, 2023 ([Chapter 62](#))*

## **SOLID WASTE MANAGEMENT**

### **SCORE Grants and the Solid Waste Management Tax ([HF1785/SF1587](#))**

SCORE grants are the primary source of state support for county mandated solid waste management work, and it remains a county funding priority. We were successful in securing a dedication of 3% of the SWMT revenues currently directed to the general fund to SCORE. This is estimated to bring an additional \$6.9 million in 2024-25 and \$7.3 million in 2026-27 to SCORE Grants (current base is \$18.45 million/year). This amount represents the largest increase in SCORE funding in over a decade. This also establishes the transfer language in statute, simplifying our future requests to increase the amount until the full 30% is achieved.

**Status:** *Signed by the governor May 24, 2023 ([Chapter 64](#)).*

### **SCORE Grants (base funding) ([HF2310/SF2438](#))**

SCORE Grants currently receive base funding from the environmental fund of \$18.45/year. The MPCA proposed an increase of \$2 million to this base appropriation and an additional \$2 million in one-time funds to be distributed through the SCORE formula to be used for waste prevention and reuse programs. Counties were supportive of these proposals and felt that the additional environmental fund appropriation made good sense. Heading into conference committee, we were hopeful that some increase would be passed. The final bill maintained the current base level.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Metropolitan Landfill Contingency Action Trust (MLCAT) ([HF410/SF440](#))**

MLCAT was established to address emergency and long-term care at landfills and waste disposal sites in the seven-county metro area. The state borrowed funds from the trust to balance general fund deficits in 2003 and 2005 with legislative triggers in place to repay the transfers with any lost earnings, but the repayments were later canceled. The current cost of full repayment is \$29.055 million. The fund balance is already inadequate to address the expected costs at eligible sites in the coming years, not to mention the long-term obligations. The Omnibus Environment bill passed a transfer of \$27.397 million.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Zero Waste Grant Program ([HF2693/SF2901](#))**

This was a new proposal, with one-time funding to create a zero-waste competitive grant program for nonprofits and local governments to do projects consistent with zero-waste practices such as electronic waste reuse and recycling, source reduction, market development, and organics recycling infrastructure.

**Status: Did not pass.**

### **Digital Fair Repair ([HF1337/SF1598](#))**

Digital Fair Repair legislation requires electronics manufacturers to make tools, parts, and documentation to diagnose, maintain, and repair digital electronic equipment available to independent repair providers and owners. Requires tools, parts, and documentation to be offered on fair and reasonable terms and provides exemptions. The bill was narrowed through the legislative process and language was included to address certain cyber security issues that were raised by opponents. That said, the final language will be one of the more impactful laws in the nation regarding fair repair.

**Status: Signed by the governor May 24, 2023 ([Chapter 57](#)).**

### **Cumulative Pollution Impacts/Environmental Justice ([HF3146/SF3211](#))**

The legislation requires annual reporting of air toxics emissions; requires a cumulative environmental analysis of permit actions that affect environmental justice areas; and new public engagement requirements for non-expiring permits and has been on the table at the Legislature for several years. The provisions were amended and narrowed through the process to apply only in the seven-county metro area, Rochester, Duluth, and for Tribes that choose to adopt the regulation. The cumulative impacts provisions apply for major air permits and solid waste facility permits.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**



### **Solid Waste Capital Assistance Program ([HF2310/SF2438](#))**

The Solid Waste Capital Assistance Program (CAP) has been funded with bonding dollars to support local government investment in solid waste infrastructure. The cost for such projects has been growing and the current cap on grants is not keeping up. The MPCA recommended increasing the grant limit from \$2 million to \$5 million per project, expanding the eligibility for the grants to include more project types, and to evaluate the greenhouse gas and environmental justice aspects of projects.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Solid Waste CAP Grants ([HF2880/SF2892](#))**

The Solid Waste Capital Assistance Grants support investments in solid waste infrastructure. The governor's proposed capital budget included \$49 million for six county projects and an additional \$12 million in the program focused on organics projects. The final Capital Investment agreement of \$1.5 billion in bonding and \$1.1 billion in cash did include six county solid waste projects for approximately \$53.7 million. However, it left out several projects that had been in line for funding and no general organics funding.

**Status: Signed by the governor June 1, 2023 ([Chapter 71/Chapter 72](#)).**

### **Waste Prevention and Recycling Grants ([HF2310/SF2438](#))**

The Waste Prevention and Recycling Grants and Loans program is a new initiative from the MPCA. This is one-time funding to provide technical assistance and grants to improve infrastructure for waste prevention, recycling, and composting projects with a focus on prevention of wasted food and food rescue, recycling market facility development, composting/anaerobic digestion facility development and expansion, and sustainable building and materials management. The Legislature approved \$25.88 million, available until 2027, for this program. \$3 million of this appropriation is directed to a biomass energy facility for a wood dehydrator to facilitate the disposal of Emerald Ash Borer (EAB) infested wood.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **PFAS Source Reduction Grants ([HF2310/SF2438](#))**

This will be a new grant program at the MPCA to fund PFAS source reduction efforts. The bill appropriates \$4.42 million for grants to industry and public entities. The MPCA has flexibility around program **implementation, so counties will want to engage with the agency about potential projects.**

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Solar Panel Recycling Report ([HF2310/SF2438](#))**

Counties have been discussing renewable energy decommissioning and potential solutions to efficiently deal with both valuable and troublesome end of life materials. This language will require a study and report that details the costs and requirements to manage solar materials effectively and efficiently through a reuse and recycling program and what alternative management would be if a program is not implemented. It will also require the MPCA to work with stakeholders, including local governments, to develop recommendations to the Legislature by January 2025.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Resource Management Report ([HF2310/SF2438](#))**

With legislative efforts growing to shut down waste to energy facilities and corresponding concerns about the environmental impact of landfills there was some early discussions about proposing a study to look at the role and environmental protections provided by these facilities. The idea took a turn when environmental justice advocates focused on the closure of these facilities offered concerning language that threw out current, science-based waste management hierarchy that counties rely on and have based their infrastructure investments in. AMC worked with advocates on the language to moderate the proposal. The MPCA will have to submit a report by July of 2025 that looks at the infrastructure, programs, policies, and resources that would be necessary to achieve a 90% reduction in solid waste disposal based on 2021 numbers by 2045. In developing the report, the agency must work with a wide breadth of stakeholders including representatives from local governments both in the metro area and Greater Minnesota.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Labeling of Compostable Products ([HF1351/SF1321](#))**

This bill modifies the requirements for labeling covered products as “biodegradable” or “compostable” to those that meet the ASTM approved by the Legislature. It is important for consumers to know that the products they purchase and often pay a premium for truly meet environmental standards. It is also important that products put into composting waste streams meet requirements and do not degrade equipment or the value to the compost.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Greater Minnesota Competitive Grant Program ([HF2310/SF2438](#))**

The Greater Minnesota Competitive Grant Program provides grant funds to communities for waste management projects. The new language expands the eligible uses for the grants to include more reuse and prevention opportunities as well as in corporation of compostable materials or yard waste.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Paint Stewardship Program Updates ([HF2310/SF2438](#))**

The paint stewardship program has been in place for some time now, but like any program minor adjustments and regulatory fixes are needed from time to time. The changes are seen as largely clean-up and program improvements including establishing better financial requirements for program reserves, creating a duty to inform, and limiting the use of assessment funds for lawsuits.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **Wood Waste and St. Paul Cogen Facility ([HF2831/SF2973](#))**

As Emerald Ash Borer (EAB) spreads across the state, counties must deal with a growing volume of wood waste, budget for costs associated with tree removal, and plan for reestablishing of community forests.. There is some investment in research and development of alternative opportunities, but nothing that can address the near-term needs at these volumes. The Cogeneration Facility (biomass-fueled combined heat and power plant) in St. Paul has been relied upon to manage significant volumes of wood waste and has received wood from sources in more than 20 counties. The facility was nearing the end of a current state brokered power purchase agreement with Xcel Energy and there are concerns about its ability to continue operations. This proposal sought funding for continued operation of the facility as well as a statewide grant program for local governments to respond to EAB issues. The Legislature did appropriate \$16.562 million to help with facility operations.

**Status: Signed by the governor May 24, 2023 ([Chapter 60](#)).**

### **MPCA Solid Waste Staffing ([HF2310/SF2438](#))**

Counties supported funding increases (\$1.54 million/year) for MPCA solid waste staff that was targeted to include new hazardous waste program staff and building capacity in the permitting team. We share the agency's objectives to increase the efficiency of inspections, permitting, and facility closure work.

**Status:** *Signed by the governor May 24, 2023 ([Chapter 60](#)).*

## **WATER RESOURCE MANAGEMENT**

### **Drainage Registry Information Portal ([HF2354/SF2679](#))**

The proposed drainage registry portal was first introduced in 2022 in a different form that raised significant concerns. The Drainage Work Group discussed the needs of advocates and were negotiating improvements to public notice through the early part of the 2023 session but did not reach consensus. The advocates for a state operated central database of all drainage projects opted to bring forward the legislation again without agreement. The new language was much improved from last year. It focuses on new systems, improvements, and reestablishments, and removes repairs which was a significant sticking point. It also would require that the information be reported after a project engineer has been appointed. However, without consensus reached by participants at the DWG we asked legislators not to pass the bill at this time.

**Status:** *Did not pass.*

### **Drainage Work Group Report ([HF2310/SF2438](#))**

While the Legislature agreed not to advance the drainage portal, they included a requirement that the Drainage Work Group evaluate and make recommendations regarding public notice requirements for drainage activities, including a drainage registry portal and regarding the definition and application of outlet adequacy. The DWG is to report back to the Legislature by February 1, 2024. They also required that the group review drainage authority powers to consider the abandonment and dismantling of drainage systems; to re-meander, restore, or reconstruct a natural waterway that has been modified by drainage; or to deconstruct dikes, dams, or other water-control structures. The DWG will be looking at all of these issues and working toward potential consensus recommendations for the Legislature next year.

**Status:** *Signed by the governor May 24, 2023 ([Chapter 60](#)).*

### **Watershed District Levy Cap ([HF1393/SF1608](#))**

Watershed districts have levy authority that is capped at .048% of the estimated market value or \$250,000. This cap has not changed, and it is tying the hands of some watershed districts to address issues that are part of their approved water management plans. The Omnibus Tax bill included an increase from \$250,000 to \$500,000 and moved the market value cap to 0.096%.

**Status:** *Signed by the governor May 24, 2023 ([Chapter 64](#)).*

### **Prohibition of Waste on Ice ([HF2745/SF2789](#))**

There has been growing concern about the amount and types of waste being left behind on lake ice during the winter. Some of Minnesota's most heavily used lakes for ice fishing shelters and other outdoor recreation have seen troubling amounts of solid and human waste left behind that ends up in the water body and along the shoreline in the spring and summer. This legislation is part of a multipronged effort to address the issue by prohibiting the depositing of garbage and other wastes on the ice of the state waters. Containers are permitted if they are secured to the shelter or conveyance and not placed directly on the ice.

**Status:** *Signed by the governor May 24, 2023 ([Chapter 60](#)).*

# General Government & Taxes

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For additional information on this section, please contact Matt Hilgart at 651-789-4343 or [mhilgart@mncounties.org](mailto:mhilgart@mncounties.org).

## OVERVIEW

AMC's priority surrounding **County Program Aid and property tax relief** were successful at the Capitol this year with a historic and ongoing investment of \$80 million/year (starting in FY 2025/pay July 20, 2024) alongside an array of expanded property tax relief mechanisms that include expansions to the homestead exclusion, senior property tax deferral program, and one-time investments in an expanded property tax refund mechanism and homestead credit. In addition, counties were successful in lobbying for additional investments in **PILT (Payment in Lieu of Taxes)**, a 3% rededication of the **Solid Waste Management Tax to SCORE**, as well as a **new housing affordability aid program**. [Click here to see a comparison of noteworthy tax provisions.](#)

One of the most publicly discussed topics of the session was **recreational cannabis legalization**. The AMC Cannabis Task Force met routinely throughout the past few years in anticipation of legalization discussions and tasked AMC staff with three county priorities: 1) ensuring strong local control authorities, 2) creating a strong and well supported state regulatory framework, and 3) creating some sort of revenue sharing to offset local government costs. While AMC *does not* have a position supporting general legalization, staff are proud of the inroads made on the above county priorities. Because of county input throughout the process, HF100 will require local zoning/land use approval prior to state licensure; provide local governments registration, compliance, and enforcement mechanisms; limit total licenses to 1 to 12,500 residents with local opt out above this threshold; provide an ongoing appropriation of \$10 million/year for Local and Tribal Public Health outreach and education related activities; and provide local governments with a 20% set aside of the new 10% cannabis gross receipts sales tax revenue. The total amount for counties (based on a revenue analysis) starts at approximately \$5 million in FY 2025 and is anticipated to grow significantly with the expansion of cannabis sales.

AMC was also proud to see multi-year efforts surrounding **pension and duty disability reform** pass with bipartisan votes this session. For the last several years, Minnesota has seen a rapid and steady rise in the total number of injured public safety personnel leaving their profession due to post traumatic stress disorder (PTSD). AMC worked closely with Rep. Kaohly Her and Sen. Nick Frentz along with a variety of stakeholders to support legislation that would create a new process for providing injured public safety officers protected and compensated mental health treatment in the hope that they recover and return to work. The bill provides reimbursement to public employers for continuing health insurance benefits (299A) for disabled employees and their families as well as reimbursement for costs related to the treatment provisions and salary/pension replacement during the treatment period. The \$100 million appropriation to this effort is an appreciated investment towards the total costs of these new benefits; however, AMC will continue to push for ongoing, dedicated funding to not have this worthwhile policy change become an unfunded mandate years later.

While the above accomplishments represent worthwhile (and historic!) achievements in a variety of general government issues, it is important to note that two major human resources issues passed that will have significant impacts on county operations. As covered routinely in our weekly session updates, DFL legislators pushed forward two significant HR-related proposals this year surrounding a new state-run paid family medical leave program as well as a significant revision to labor law regarding the collective bargaining of staffing ratios.

The final **paid family and medical leave program** will provide a maximum of up to 20 weeks of total leave for caregiving/family leave, medical, parental, safety, and deployment-related leaves. A “floating” employer premium of 0.7% of employee wages will be used to fund the program, which will first start paying out benefits in January 2026. An employer must pay at least half of the premium but may elect to charge back employees the remaining portion. County requested changes to the premium allocation, intermittent leave interactions, as well as a proposal to utilize existing sick/PTO banks were *not* incorporated. In addition, an omnibus Labor bill will revise public employers’ inherent management rights by requiring **collective bargaining over staffing ratios**. While advocates point to this clause as “only requiring a discussion if a collective bargaining unit is interested in the topic,” counties, cities, and schools expressed great concern about the new proposal’s potential impact to an already exasperated workforce shortage as well as negative impacts to a county’s ability to manage resources and client/customer needs.

## OMNIBUS TAX BILL

While a tax bill framework was agreed to in principle last year, the ultimate agreement fell prey to an end of session budget impasse that tanked bipartisan efforts on a collection of county and property tax-related priorities. As such, this year’s tax discussions continued many of the prior year’s policy discussions surrounding property tax relief, local government aids, social security relief, and more. In addition, the DFL majority focused heavily on investments in child poverty and low-income households with Gov. Walz calling on the Legislature to use the tax bill, “to make Minnesota the best state to raise a family in.” Both the House and Senate centered much of their new spending on proposals to expand the childcare tax credit, revamp the working family credit, and turn the renters’ credit into an income tax credit while increasing total benefits. These were all in an effort to cut poverty rates by a significant amount and invest in long held DFL priorities. Bipartisan efforts to *fully* exempt social security benefits from income tax did not move through the entire Legislature, although a significant expansion of Minnesota’s current exemption was included. The bill also includes a few revenue “raisers” (tax increases) to help fund provisions outside the tax bill. These provisions—particularly a proposed tax on foreign derived income—claimed a significant amount of attention for a certain period of negotiations but were ultimately agreed to by both chambers and the governor. Many of the components of this year’s tax bill may look familiar from year’s past. This is a result of there being a two-year absence in notable tax bills and a healthy amount of carryover provisions (particularly on property tax policy) of last year’s bipartisan—yet stalled—tax agreement. **Overall, specific to county priorities and platform items, counties can count major wins in traditional aid categories (CPA and PILT) along with new spending and investments in public safety and housing as well as additional property tax relief mechanisms that expand critical relief mechanisms while also limiting the expansion or creation of new tax shifts.**

### County Program Aid ([HF1377/SF1828](#))

AMC is extremely grateful for the inclusion of \$80 million/year increase in counties’ most critical general purpose aid program, County Program Aid (CPA). This historic increase will be split roughly 55% in the Tax Base Equalization Aid (TBEA) component and 45% in Need Aid. The increased appropriation will start in FY 2025 (first payment date July 2024). While the aid does not include a proposed inflationary mechanism to increase aid in the out years, this CPA increase is the largest ever received by counties in a given legislative year. AMC is grateful for the strong leadership of House Property Tax Chair Dave Lislegard and Senator Matt Klein, who pushed for property tax relief and local government aids to be a critical component of any tax agreement. As always, county commissioners and staff provided critical support, testimony, and outreach throughout the session to make the case for spending to legislators and tell the county story.

**Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).**



### **Payment in Lieu of Taxes/PILT ([HF825/SF697](#))**

Payment in Lieu of Taxes (PILT), another AMC priority, received a significant funding increase along with an additional boost to certain counties with large state land holdings. Sen. Hauschild and Rep. Lislegard championed a historic PILT funding proposal that increases payment rates from \$2/acre to \$3/acre for county administered and Commissioner-administered natural resources lands. In addition, HF825 (Lislegard)/SF697 (Hauschild) created a new aid for certain counties with large acres of PILT-eligible land compared to the county's total acreage. Counties who have more than 25% of their total acreage as PILT-eligible (this definition includes total acres of acquired natural resources land, transportation wetland, wildlife management, military refuge land, county administered, commissioner-administered, and land utilization project lands) will receive a new \$.18 per eligible acre payment. Counties with qualified lands representing more than 10% but less than 25% will receive a \$.8 per eligible acre payment. Included in the bill was also policy language requiring a report outlining the valuation methods used for the assessment of commissioner and county-administered lake shore lands as well as a requirement that county assessors do not value appraised acquired natural resources lands less than the 2022 or subsequent appraised value year. These efforts, collectively, represent AMC's PILT priority for the last several years and were led by the Northern Counties Land Use Coordinating Board (NCLUCB). Sen. Hauschild and Rep. Lislegard were successful in keeping their original proposal intact and incorporated into the final tax agreement.

**Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).**

### **Local Housing Aid**

*See more in Housing, Workforce, and Economic Development section.*

**Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).**

### **Public Safety Aid ([SF2416/HF3298](#))**

Gov. Tim Walz echoed a call from last year to use a significant amount of one-time surplus dollars for purposes of public safety investments. While the final tax bill fell several hundred million dollars short of the governor's proposal, the Legislature did pass a \$300 million one-time public safety aid for local governments with 30% of the aid going to counties and tribes—the county appropriation is roughly \$90 million. The aid may be spent broadly on public safety related expenses with specific references to providing public safety through community violence prevention and intervention programs, community engagement, mental health crisis responses, victim services, training programs, first responder wellness, and equipment and personnel costs. A county may not use aid dollars to fund pension related obligations, costs associated with alleged wrongdoing or misconduct, purchases of armored/tactical vehicles, tear gas, or chemical munitions, or with the costs of construction, remodeling, or improvement of a “police station, including related facilities.” This aid will be a one-time payment to local governments, certified by the Department of Revenue by September 1, 2023, and paid to each county by December 26, 2023.

**Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).**

### **Construction Materials Sales Tax Exemption ([HF1603/SF1519](#))**

AMC joined a broad coalition that included government, labor, and private organizations to continue multiyear lobbying efforts to extend the construction materials sales tax exemption to local government purchases. Currently, the state of Minnesota taxes purchases on local government construction projects (roads, bridges, hospitals, etc.). Over a decade ago, the state tried to “fix the problem” by creating an exemption process; however, the ensuing process is so convoluted and messy that nearly no local governments use it. Since then, there has been bipartisan support for simplifying the exemption process, but movement on the issue has always come down to a matter of cost. The House included as part of their omnibus tax proposal a provision that would have provided for a temporary construction materials sales tax exemption for local government purchases made after June 30, 2021, and before January 1, 2025. This proposal was a shadow of the original, local government-supported initiative to provide a comprehensive exemption for local government construction materials purchases and was ultimately left out of the end-of-session tax agreement.

**Status: Did not pass.**

### **Property Tax Relief Mechanisms**

CPA was not the only property tax relief mechanism AMC lobbied for at the Capitol this year. AMC staff lobbied for a wide range of legislative proposals—supported by recent revisions to AMC’s General Government platform—that expanded traditional property tax relief programs to help combat rising valuations driven by market dynamics and budget stresses. Provisions included in the tax bill:

- **Homestead Exclusion Expansion:** Increases value thresholds and the maximum exclusion for homestead market value exclusion--\$95K threshold, maximum exclusion of \$38K, maximum market value \$517K.
- **Property Tax Refund Expansion:** Reduces all eligible homeowner copays 3% and provides a one-time 20.6% PTR payment and renter credit payment (\$185 million for both).
- **Targeted Property Tax Refund Expansion:** One-time threshold reduction from 12% to 6% increase of property taxes and max refund increase from \$1,000 to \$2,500. Pay 2023 only.
- **Senior Property Tax Deferral Program:** Expands the senior property tax deferral program by increase household income limit to participate from \$60K/year to \$96K/year and reducing the number of years a person must have lived in their home from 15 to 5 years.

**Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).**

### **Solar Assessment Uniformity ([HF1099/SF1152](#))**

AMC worked in collaboration with the Minnesota Association of County Assessors to pass a proposal providing more uniformity in the taxation of parcels with solar generating facilities on them and close an unintentional loophole surrounding the tax classification of multiple solar installations that, combined, produce more than 1MW of energy. Solar industry representatives met with counties throughout the last couple of years and were supportive of efforts to clarify what was thought to be the current application of tax law. Stearns County Commissioner Joe Perske worked alongside esteemed and retired MAAO member Jeff Johnson to educate committee members and advocate for its inclusion in the final tax bill.

**Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).**

## Local Homeless Prevention Aid Revisions

In 2021, the Legislature passed a proposal to provide \$20 million/year (for 6 years) to go to counties to battle youth homelessness. AMC weighed in multiple times—both with the author, legislative staff, and through commissioner led testimony from Beltrami, Hennepin, Ramsey, Olmsted, and St. Louis counties. Staff were also successful in advocating for changes to the funding formula to promote a base floor amount, multi-year carry overs, as well as general guidance providing the maximum flexibility to counties to seek partnerships, creative approaches, and multi-dimensional services. In summer of 2022, community activists asked that the proposal be amended to include a role for Continuum of Care (COC) organizations. In addition, AMC supported the Legislature reviewing this new aid category to include separate funds to tribal governments. House Tax Chair Aisha Gomez presented a conference committee offer to the Senate with the aid category increased by \$10 million along with a new tribal carve out. While the final tax agreement did successfully include the tribal aid component, funding was not increased meaning that the tribal share will come from the anticipated \$20 million for counties. In addition, policy changes moving unspent dollars back to regional COCs were also left out. July 2023 will be the first year that counties receive these funds.

**FYI - General outline of current law:** Counties will now receive roughly \$17.6 million/year from FY 2024 (pay July 2023) to FY 2029. Tribes will receive roughly \$2.4 million/year. The Minnesota Department of Revenue (DOR) will certify aid amounts on or before August 1 of each year based on a county's ratio of students experiencing homelessness as certified by the Commissioner of Education. Rough estimated breakdowns for this year's payments can be found [here](#). Counties must use the funds to fund new or existing family homeless prevention/assistance programs or projects. Funds may be used for county programs and/or regional based county projects, other municipalities, tribes, or community-based nonprofit organizations so long as the program includes plans for:

1. Assisting families and children living in overcrowded conditions, paying more than 50% of their income for rent or lacking a fixed, regular, adequate nighttime residence.
2. Targeting unaccompanied youth in need of alternative residential settings.
3. Connecting families with social services necessary to maintain the families' stability in their homes (including but not limited to housing navigation services, legal representation, and family outreach).
4. Providing rental assistance for a time that can exceed 24 months and/or providing support and case management services to improve housing stability.

Any unspent funds must be returned to the Commissioner of Revenue by December 31 of the year following the year the aid was received. Returned funds are added to the overall distribution of aids certified in the following year. The DOR will produce a report on projects and programs funded by the aid no later than January 15, 2025.

**Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).**

## Property Tax Policy Proposals

Included in the omnibus tax bill are also a variety of new tax policy changes. AMC was grateful for legislators' general caution in creating unwarranted tax shifts with new rate classifications, exemptions, or exclusions.

- **First tier agricultural homestead increase:** Increases first tier valuation limit for ag homestead at \$3.5 million starting in assessment year 2024. Limit increases by DOR every year thereafter.
- **Expansion of homestead to individuals with ITINs.**
- **4d changes:** Sets classification rate for 4d(1)-- low-income rental properties--to .25% but requires all new properties that were not classified as 4d(1) prior to assessment year 2024 to receive municipal approval prior to applying for MHFA approval for class rate. A property owner does not need to apply for this approval if the property is located in a city/town which has a net tax capacity of class 4d(1) that does not exceed 2% of total tax capacity. Requires owners to spend savings on rent stabilization, property maintenance, property security, property improvements, or to increase property's replacement reserve account. Also provides a small, targeted 4d transition aid for 2025/26 only for communities whose tax capacity falls by a certain amount due to new classification.
- **Disabled Veterans Homestead Exclusion changes:** No increases to exclusion base/ceiling. Allows surviving spouses of veterans who previously received an exclusion but then timed out to reapply.
- **MACO/AMC-supported changes to expanded property tax notice statement.**
- **Allowance to counties to set their own tax delinquency rates lower than the current 10% rate.**
- **Rededication of a portion of mortgage deed and registration taxes to a workforce and affordable development account.**

*Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).*

## Other Noteworthy Tax Provisions Included in Bill:

- One-time refundable tax credit payment equal to \$520 for a married couple/\$260 for single with an increase of \$260 per dependent up to an additional maximum credit of \$780. Certain income limitations apply in order to receive the credit.
- Expansion of current social security subtraction to allow full subtraction of income for married/joint filers with FAGI under \$100K or \$78K for single/head of household. Income subtraction phased out over these thresholds by 10% for each \$4K of AGI and \$2K of AGI over phase out for single/head of household until \$140K.
- New, ongoing \$35m/year Tribal Aid Category
- New Electric Generation Transition Aid program for counties, cities, townships, and school districts who lose a certain amount of tax base (4%) when a plant is retired—this aid phased out over 20 years.
- New SWCD Aid Category: \$15 million/year in FY 24/25; \$12 million/year in FYs 26/27.

*Status: Signed by the governor on May 24, 2023 ([Chapter 64](#)).*

# COUNTY OPERATIONS/GENERAL GOVERNANCE

For additional information on this section, please contact Nathan Zacharias, Policy Analyst at 715-222-2824 or [nzacharias@mncounties.org](mailto:nzacharias@mncounties.org)

## **Open Meeting Law Changes ([SF455](#)/[HF198](#))**

AMC worked with the League of Minnesota Cities on an effort to expand certain exceptions provided to remote meetings under Minnesota's Open Meeting Law. Counties are currently afforded the ability to meet remotely if they meet certain requirements including the posting of a remote member's meeting location and the requirement that that location be open to the public. This year, a proposal was put forth that would remove the requirement that the remote member's location be open to the public if that member were advised by a medical professional against being in a public place for medical or family reasons. A member may utilize this provision up to three times in any given year. SF455/HF198 was included in the Omnibus State and Local Government package.

**Status: Signed by the governor on May 24, 2023 ([Chapter 62](#)).**

## **Cybersecurity Funding and Policy ([HF1830](#))**

The State Government Omnibus Finance Bill (HF1830) contained three important cybersecurity provisions, including \$5.5 million in matching funds that unlocked \$20 million+ of federal money to boost local government cybersecurity infrastructure.

When it was passed in 2021, the federal Infrastructure, Investment, and Jobs Act (IIJA) set aside \$1 billion to states and territories to aid in upgrades to local government cybersecurity. These funds will be distributed to counties, cities, and tribal entities. The method by which distribution occurs is being determined by a statewide task force that includes three county members. We hope this limited funding will be successful and lead to the program being continued with state funding in the future.

Additionally, the state will spend \$27 million on cybersecurity tools that combat persistent and evolving cybersecurity threats. There is also \$24 million for the state to implement cloud computing for state agencies. This would free up local storage of information and applications, among other services. While this funding is not a direct appropriation to county governments, counties regularly interact with state systems and will benefit from these modernizations and upgrades.

Finally, a policy provision was included in the omnibus bill that defines state IT infrastructure as critical infrastructure. This allows the state to declare a peacetime emergency as well as allocate emergency aid in the case of a cyberattack.

All these provisions were originally included in the governor's budget and policy proposal to the Legislature. They also received bipartisan support during the committee process before they were amended into the omnibus bill, which bodes well for future cybersecurity funding. The State and Local Government Omnibus Bill, after being negotiated in a conference committee, passed the House 69-62, and passed the Senate 34-31.

**Status: Signed by the governor on May 24, 2023 ([Chapter 62](#)).**

## **Local Government Salary Cap Repeal ([HF1213](#)/[SF1086](#))**

After several sessions, local governments finally found success in repealing a 1980s law restricting total compensation benefits to government employees. For many years, counties have not been able to pay more than 110% of the governor's salary (set in 2005) adjusted annually for inflation—for context, the 2023 limit published by the Minnesota Department of Management and Budget (MMB) is \$206,939. While there is a process to appeal this cap, the process is tedious, unclear, and occasionally leads to inconsistent results. This year's Omnibus State Government package included a repeal of the current law effective upon enactment, May 25, 2023. While AMC is supportive of general local control powers, this particular provision was not included on our platform or priorities and was lobbied for successfully by LMC and MICA.

**Status: Signed by the governor on May 24, 2023 ([Chapter 62](#)).**



# ELECTIONS

## Early Voting ([HF558/SF1434](#))

Both the House and Senate led efforts to expand the number of days to vote in person this year at the Capitol. Rep. Luke Frederick and Sen. Jim Carlson authored provisions that would expand the total number of days an eligible voter could cast a ballot in person to 18 days prior to election day. [HF 558/SF 1434](#) Requires the county auditor to make a ballot counter and box available 18 days prior to a state/federal election. The bill also dictates certain days/times the county auditor's office must be open to administer voting including until 7PM the Tuesday evening before the election, 9AM-3PM the two Saturdays before the election, 9AM-3PM the Sunday immediately before the election and until 5PM the day before the election. While county election officials expressed optimism about the ability for voters to put their ballots directly into the ballot box—rather than securely storing envelopes in the current in-person absentee ballot process—officials also cited great concern about already acute election worker shortages and new requirements to be open certain nights and weekends, specifically until 5PM the day prior to election day when election officers are particularly busy.

**Status:** *Signed by the governor on May 24, 2023 ([Chapter 62](#)).*

## Restoration of Felon Voting Rights ([HF28/SF26](#))

The Legislature passed a law restoring voting rights for those who are not currently incarcerated. HF28/SF26 follows similar bipartisan efforts from past legislative sessions to provide individuals no longer serving prison sentences the ability to vote. Previously, individuals who had not completed their full sentence (often including probation, parole, and/or supervised released) were not eligible to vote. This meant that individuals who may have been out of prison but still on probation were not eligible to vote, causing confusion and additional work for election administrators and county attorneys. AMC has supported the restoration of felon voting rights on our platform for nearly a decade and joined a plethora of nonpartisan groups to support passage this year at the capitol.

**Status:** *Signed by the governor on March 3, 2023 ([Chapter 12](#)).*

## Voter Intimidation and Interference Protections ([HF635/SF1507](#))

Rep. Emma Greenman introduced a provision this year that would create criminal penalties for interfering with or intimidating an election official. Specifically, the bill laid out several instances—intimidation, interference, dissemination of personal information, obstructing access to polling places, and tampering with voting equipment, a ballot box, or the state's voter registration system—that will qualify as a gross misdemeanor. AMC joined MACO in supporting the bill and it was eventually included as part of the State Government Omnibus package.

**Status:** *Signed by the governor on May 24, 2023 ([Chapter 62](#)).*

## Elections Funding/VOTER FUND

AMC worked closely with the Minnesota Association of County Officers (MACO), Representatives Nathan Coulter, Emma Greenman, and Mike Frieberg this year to secure first-ever ongoing state aid to fund election administration costs at \$1.25 million/year. County commissioners Michelle Clasen, Karla Bigham, and Laurie Halverson helped testify at multiple committee hearings talking about the important roles that local government staff (and budgets!) play in running democracy's most critical function: elections. The county-supported proposal created a new "VOTER" fund (Voting Operations, Technology, and Election Resources Account) that would provide county governments annual aid payments—20% of aid sent out equally with the remaining 80% based on a county's share of registered voters—that could be used to help fund election equipment, cybersecurity investments, security-related infrastructure, printing and publication, postage, and staff costs.

Counties must coordinate with their cities and townships who administer elections to coordinate a distribution plan. A rough estimate of county and city costs incurred due to elections produced a rough estimate of over \$30 million/year in taxpayer-funded costs. While the included provision does not meet total funding needs (currently funded at \$1.25 million/year), it is important to note that for the first time, the State of Minnesota has committed itself to helping fund the costs of local election administration on an ongoing basis. AMC is hopeful to continue to work with election administrators in the future to advocate for additional funding to this proposal.

**Status: Signed by the governor on May 24, 2023 ([Chapter 62](#)).**

### **Ranked Choice Voting ([HF2486/SF2270](#))**

A proposal to create a statewide system for ranked choice voting took many detours this year after rushing out of the gate in both the House and Senate. The initial proposal would have created a path for Minnesota to implement statewide ranked choice voting in 2026. Election administrators, as well as the Secretary of State, urged caution on the pace of the development and cited numerous logistical and timeline questions that led many administrators to cite concern about successful implementation and impacts to voter confidence. The AMC Board of Directors acted during session to reiterate their longstanding support for the ability of local governments to decide whether they wanted to use RCV for their local elections but emphasized the Association's deference to election administrator concerns for broader use during state races and the proposed early implementation date of 2026. While RCV efforts enjoyed broad DFL support throughout the session, certain DFL members also shared concerns over moving too fast. In the end, these concerns diluted the bill and caused a late pivot to simply require the Secretary of State to conduct "a study of issues related to voter engagement, education, and improvements to the election system which can include, but is not limited to, assessing ranked choice voting." While AMC is disappointed the local option to implement RCV was not included in this compromise, counties stand in support of further studying statewide implementation of a RCV model prior to legislating this consequential change.

**Status: Did not pass.**

### **Miscellaneous Election Provisions**

The following elections provisions were also included in the omnibus state government bill:

- An AMC-supported provision to provide \$500,000 to assist local governments improve access to individuals with disabilities.
- An AMC-supported provision to allow all townships/cities under 400 registered voters to offer vote-by-mail in place of precinct polling places—previously this was only for municipalities outside the metro area.
- An AMC, MACO, and Minnesota Newspaper Association-supported provision to modernize requirements surrounding the publication of sample ballots.
- A new allowance for a specific type of ballot marking device targeted towards assisting voters with certain disabilities.
- Automatic Voter Registration for individuals applying for a driver's license or state identification card (but only those who are eligible to vote). There is also a provision allowing for AVR when someone applies for/renews MinnesotaCare or Medical Assistance applications.
- Efficiencies for electronic poll roster signatures.
- A requirement that the county must also establish an additional temporary polling place within a federally recognized Indian Tribal reservation for at least one day on a site agreed upon by the Tribe and county.
- Deletion of the requirement to reapply for absentee mail ballots (effective June 2024).

**Status: Signed by the governor on May 24, 2023 ([Chapter 62](#)).**

# HUMAN RESOURCES

## **Paid Family and Medical Leave (PFML) ([HF2/SF2](#))**

For years, DFL legislators have been offering proposals to expand state-mandated benefits surrounding paid family and medical leave (PFML). While past proposals looked very similar to efforts that were passed this year, they were often stymied by lack of GOP support in prior Legislatures with split party control. The 2022 midterm election changed this by ushering in dynamics of single party control with gubernatorial support that allowed DFL members to pass one of the most extensive state policies surrounding paid medical and leave benefits in history. HF2/SF2—authored by Rep. Ruth Richardson and Sen. Alice Mann—will provide up to 20 weeks of benefits for individuals with certain qualified leave conditions—personal, family, maternity/paternity/bonding, and exigency leaves. The program is modeled like unemployment insurance in that employers will be charged an annual premium (equal to .7% of an employee’s salary) with an ability to charge back in certain situations. It should be noted that the premium rate is floating and can be changed each year (but cannot exceed 1.2%) to meet program funding obligations. Certifications of premium rates must be published by July 31 of each year and will be in effect starting July 1, 2026, for benefits starting January 1, 2026—legislators used one-time surplus dollars to “front load” the program and administration costs so that premium collection would not be required prior to the disbursement of benefits.

Leave duration can be up to 12 weeks for a serious health condition plus up to 12 weeks for bonding, safety leave, family leave, or a qualifying exigency (military-related leave) for a total maximum of 20 weeks per year. Beneficiaries of the program must have a single, seven-day qualifying event and file an application for benefits with the new department responsible for administering this program. Total wage replacement earnings are calculated based on the state’s average weekly wage with a scale of higher wage replacement for individuals earning less than the state’s average weekly wage. Employers may charge back 50% of the premium costs to employees and may require the leave to run concurrently with the federal Family and Medical Leave Act (FMLA). Employers may seek exemption from the new program by supplementing a private plan replacement that provides the same, or greater, rights, protections, and benefits—the process for this exemption is not yet clear.

AMC worked with legislators throughout the session to identify opportunities to allow more flexibility in recognizing public employers’ current and historic commitment to providing strong medical and leave benefits. Local governments requested more flexibility in acknowledging current benefit programs by requiring a partial use of existing PTO/sick leave banks as well as requests for more coordination of intermittent leave periods and clearer authority to charge back half of the annual premium rate without having to go through the collective bargaining process. Local governments had limited success in lobbying for changes and were unsuccessful in incorporating general government priorities in the conference committee process.

**Status: Signed by the governor on May 25, 2013 ([Chapter 59](#)).**

### **Earned Sick and Safe Time (HF19/SF34)**

In addition to PFML, the Legislature also passed an earned sick and safe time proposal (ESS) that will require employers to provide a certain amount of sick time and safe time each year for each employee that has worked more than 80 hours in a year starting January 1, 2024. Specifically, employees will accrue one hour of sick and safe time for every 30 hours worked with a maximum earning of 48 hours each year. An employer must allow an employee to carry over unused sick and safe time up to a maximum of 80 hours unless they choose to pay out the unused time at the end of the year and front load the next year benefits at least for 48 hours for the year. Unlike PFML, sick and safe time is meant to cover conditions that are less serious or permanent than seven-day qualifying events required in PFML. For example, employees can use their earned sick and safe time for an illness, care of a family member with an illness or care requirements, absence due to domestic abuse, or inability to work due to the closure of a family member's school or care facility due to weather or a public emergency. Department of Labor and Industry has already created a [website](#) with more information, including employer reporting and notice requirements.

***Status: Signed by the governor on May 24, 2023 ([Chapter 53](#)).***

### **Staffing Ratios (HF1690/SF1633)**

One of the more controversial issues towards the end of session surrounded a proposal that drastically rewrote the scope of employee rights, union access, and bargainable conditions for public employee bargaining units. As introduced SF1633/HF1690 would require a public employer to provide certain data and information to exclusive employee representatives and provide access and space to meet with new employees. More importantly, the proposal also deleted a historic part of public employer inherent managerial rights by deleting public employers' ability to decide personnel sizes. Referred to as the *staffing ratio bill*, SF1632/HF1690 was originally brought forward due to concerns over teacher class sizes and nursing to patient/bed ratios but was written in a way to include all public employers and employees. AMC worked with a coalition of public employer groups to bring concerns to the forefront, particularly surrounding potential impacts of staffing ratios on the collective bargaining process, county budgets, and most importantly county operations and client services. In the end, hospitals—mainly because of threats from Mayo to pull over \$1 billion of investments out of the state—were exempted from the proposal, leaving remaining local governments affected.

***Status: Signed by the governor on May 24, 2023 ([Chapter 53](#)).***

### **Juneteenth (SF13/HF48)**

Juneteenth will be added to the list of official, state-recognized holidays this year after legislators successfully passed a standalone "Juneteenth" bill early in session and then passed a separate provision as part of the omnibus State Government Finance omnibus package that clarified the holiday will be official starting June 19, 2023—the first bill enactment date was for June 19, 2024. The same omnibus bill also changes Columbus Day (the second Monday in October) to Indigenous Peoples Day.

***Status: Signed by the governor on February 3, 2023 ([Chapter 5](#))--updated effective date through Chapter 53.***

## PENSIONS

There were unclear expectations of what this session would bring for the pension world after a major turnover in pension commission leadership as well as increased expectations of pension benefit investments post news of a DFL victory in the midterm elections and additional budget surplus resources. The commission got to work quickly taking up longstanding policy questions –including discussion on last session’s mandated report on whether to provide retirement enhancements to emergency telecommunicator pension plans—and mapping out a proposal for how to use the commission’s \$600 million one-time budget target to attempt to satisfy the plethora of pension-involved advocacy groups. Also demanding significant airtime this year were discussions related to duty disability and the impact of continued law enforcement departures on the Police and Fire pension plan (more on this below!). AMC worked with the Public Employees Retirement Association (PERA) and legislators on a variety of pension issues this year but spent most of our time working to push AMC’s priority surrounding expansion of mental health benefits to stem the increase in public safety officer departures.

### **Duty Disability/PTSD Reform ([HF1234](#)/[SF1959](#))**

For the last few years, AMC worked alongside the League of Minnesota Cities, Reps. Jamie Long and Kaohly Her and Sens. Nick Frentz and Jeff Howe to move proposals that would require—and pay for—mental health treatment for all public safety officers seeking to apply for pension duty disability or workers compensation benefits. At its core, the proposal would provide a new benefit to employees who experience mental duress and stress on the job by requiring (and compensating) for 24 weeks of professional treatment in the hope that that the employee would be able to return to work. During this time, the employee would be compensated for all treatment costs as well as provided with a continuation of all salary and employee benefits. If additional treatments were needed, the employee would be able to extend their treatment program for an additional eight-week treatment period. Conversely, the employee would also be able to return to work prior to the completion of the initial 24-week treatment program if their medical doctor and employer approved the early return. The bipartisan proposal garnered significant media and public attention throughout 2022 session but ultimately failed to become enacted due to stakeholder concerns and a lack of a 2022 session budget deal. In summer 2022, PERA presented new information showing that duty disability trends surrounding PTSD were not decreasing as previously anticipated and were so significant that they presented a funding deficiency in the Police and Fire plan. As such, employee groups previously concerned about changes became more invested in solving concerning trends and worked with PERA, public employers, and legislators to put together a compromise package of benefit changes that aim to stabilize long-term funding trends for the Police and Fire plan, update disability processes, as well as incorporate the AMC priority surrounding mental health treatment. While AMC is extremely grateful for legislators’ (particularly Rep. Her’s) valiant efforts to push stakeholders through the finish line, local governments still have concerns that the \$104 million appropriation to pay for treatment costs, PERA administration, and continued health insurance benefits is a one-time appropriation and not ongoing. AMC will continue to work with legislators who are committed to making sure these new programs and mandates are fully funded long-term.

Changes included in the broader compromise package (HF 1234) are summarized below:

- Beginning July 1, 2023, any employee seeking a duty disability pension from PERA due to PTSD/mental health trauma must first seek treatment as provided for in the bill (up to 24 weeks, with a possible extension). Employers may be reimbursed for the costs associated with as well as any uncovered healthcare/treatment costs not paid for by insurance. In addition, public employers will now be fully reimbursed for costs associated with [299A](#) continued health insurance benefits—previously, public employers were only partially reimbursed because of limited funding. In order to receive compensation for these items, public employers must provide either an employee assistance program or annual mental health training to their law enforcement members.
- Adjustment to the vesting schedule for PERA Police and Fire members so that full vesting is completed with 10 years of service and partial vesting at 5 years of service—those numbers were doubled under prior law.
- Increase of permanent total duty disability benefits to 99% of the member’s average high-five salary and an elimination of the workers’ compensation offsets against disability benefits.
- Creation of two new pension offsets that require a certain portion of reemployment earnings to pay for continued employee contributions to PERA pension benefits for those less than 20 years of services as well as a \$1 for every \$1 offset for reemployment earnings over 125% of an active member’s salary in a current/comparable position. There is also a \$1 for every \$2 in benefit offset for reemployment earnings over 100% but beneath 125%.

**Status: Signed by the governor on May 19, 2023 ([Chapter 48](#)).**

### **Omnibus Pensions Bill (HF3100/SF3162 & HF2950/SF3016)**

There were two major omnibus pension bills this year, one dealing with policy items (SF3016/HF2950) and the other spending and budget items (SF3162/HF3100). Combined, these bills included the following relevant provisions:

- Adjusts the vesting period for PERA General Plan members from five years to three years.
- Spends a significant amount of the pension target in providing a onetime cost-of-living (COLA) adjustments (equal to the difference between the plan COLA rate in effect and 2.5% for coordinated members and 4% for Police and Fire and teachers) and/or shoring up plan unfunded liabilities. The onetime COLA increase must be paid no later than March 31, 2024, and is only for members who have received at least 12 months of pension payments as of June 30, 2023.
- Changes the state’s assumed rate of return for all state pension plans from 7.5% to 7%.
- Eliminates the delay in the cost-of-living adjustment for both PERA General and PERA Correctional plans.
- Creates a “Minnesota Secure Choice Retirement Program” for employees in the private sector who have no opportunity to save for retirement through an employer-sponsored retirement plan. The program must be up and running by October 1, 2024.

**Status: Signed by the governor on May 19, 2023 ([Chapters 45, 46, and 47](#)).**



# CANNABIS LEGISLATION

## Legalization of Adult-use Recreational Cannabis ([HF100/SF73](#))

One of the most publicly visible (and debated!) topics of the year surrounded proposals to legalize adult recreational cannabis use. While legalization bills had been discussed previously (and even passed off the House floor), no general adult use legalization effort had a realistic chance of becoming law until political dynamics changed post-midterm election. In 2019, the AMC Board of Directors created an AMC Cannabis Taskforce anticipating legalization efforts and wanting to identify county priorities should any legislation move forward. This taskforce outlined three major county priorities: local control, strong state regulatory framework, and revenue sharing and local resources. Rep. Zack Stephenson and Sen. Lindsey Port introduced this session's legalization legislation and centered their focus on "legalization, regulation, and expungement." While the bills were introduced using a similar framework surrounding legalization, state licensing steps, diversity goals, and expungement, they deviated in their approach to local government control as well as tax policy—with the House including a much lower tax rate on products as well as limited local government involvement and control. AMC partnered with Sen. Lindsey Port and others in the Senate to advocate for the inclusion of AMC priorities surrounding full utilization of land use and zoning policies, enforcement and inspection duties, certain setback requirements for public spaces, an ability to cap the total number of retail licenses, as well as revenue resources for an assortment of expected local government costs related to legalization. While the final piece of legislation did not include everything local governments asked for, AMC is deeply appreciative of those who worked to make sure many county requests surrounding these items were included in the final agreement.

**The bill, as passed and signed into law, will provide the following AMC-supported efforts:**

- **Clear language allowing for governments to utilize their land use and zoning policies.**
- **A requirement that the Office of Cannabis Management check to make sure a prospective cannabis retail establishment meets local zoning and land use laws prior to issuing a state license for operation.** Inspection and enforcement related powers that provide for the opportunity for the local inspection authority to close a business for violations.
- **Opt-out mechanism for cities/counties** that have met the license per population requirement established in law—one active retail establishment per 12,500 residents.
- **The ability for counties to own and operate a municipal cannabis retail establishment.**
- **Revenue sharing for local governments by way of a new Local Government Cannabis Aid effective 2024 and ongoing.** The state will deposit 20% of proceeds collected from the new 10% gross receipts sales tax on cannabis products into the Local Government Cannabis Aid account. Each September, Revenue will certify the amount to be paid to each city and county and will pay the full amount of the city/county's aid December 26 each year. Counties receive 50% of the total Local Government Cannabis Aid account each year with cities receiving the other 50%. The county formula has a 20% set aside for equal payments to each county with the remaining 80% being allocated proportionally to each county according to the number of cannabis businesses located in the county.
- **Local government representation on the Cannabis Advisory Committee** (1 member from AMC, 1 member from LPHA). The Cannabis Advisory Committee will oversee the activities and work of the Office of Cannabis Management.
- **\$10 million/year in local public health resources (counties and tribal governments) for education and outreach efforts.** A requirement for the MDH Commissioner to collaborate with local health departments on developing education programs to raise public awareness about adverse health effects.
- **An ability to issue a moratorium/interim ordinance regulating, restricting, or prohibiting the operation of a cannabis business within a jurisdiction until January 1, 2025,** if a local government is conducting studies or holds a hearing for the purpose of considering adopting reasonable restrictions on manner of operations of cannabis businesses.

**Status: Signed by the governor on May 30, 2023, ([Chapter 63](#)).**

# Housing, Workforce, & Economic Development

For additional information on this section, please contact Jeanna Fortney, Policy Analyst, at 651-789-4323 or [jfortney@mncounties.org](mailto:jfortney@mncounties.org).

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## OVERVIEW

AMC was closely involved in advocating for state investments across the housing spectrum this session, working with several housing advocacy organizations and partners. Housing had a momentous year, with a historic \$1 billion+ in investments. Many bills were introduced with the goal of alleviating Minnesota's housing crisis through various strategies aimed at investing funds from the state surplus to expand existing successful housing programs and create new ones to fill gaps. Hearings focused on several themes—the need for workforce housing in Greater Minnesota, a lack of affordable housing across the state, and families facing housing instability.

House Housing Chair Michael Howard and Senate Housing Chair Lindsey Port were vocal throughout the legislative session about the overall lack of investment in housing which has put the state in a precarious situation for economic development and community stability. Both championed the [All Roads Lead Back to Home](#) housing agenda, dubbed the roadmap to solve Minnesota's Housing Crisis. The main controversy that appeared late in session was on identifying dedicated funding for housing through a metro-area sales tax. The tax was included in the House omnibus bill but was taken out of the Senate version in order to have more discussions with stakeholders. While republican committee members strongly pushed back on the idea of an added tax, the Housing Conference Committee ultimately felt it is necessary to provide the ongoing funding needed to address the metro area's severe housing challenges.

On the workforce and economic development front, the legislative session focused on the lasting impact of the COVID-19 pandemic, the statewide worker shortage, and racial disparities in earnings and employment. Throughout the Workforce and Jobs Committee hearings, many bills were heard that would give one-time funding to organizations and programs that are working to engage unemployed and underemployed workers or those who have dropped out of the labor force. The governor's [proposals](#) on workforce were similar, looking to establish the Targeted Populations Workforce Program underneath the Department of Employment and Economic Development, to engage individuals from low-income and diverse backgrounds in workforce development programs with wrap around supports and education and training components. The governor also proposed the Drive for Five program, focusing on Minnesota's five most in-demand sectors: construction, manufacturing, information technology, the caring professions, and educational and professional services. The program provides career pathways style training and job placement within these sectors.

Minnesota's childcare shortage also received much attention as a detriment to economic development, especially in Greater Minnesota which lacks 42,000 childcare slots to meet current demand. Several bills addressing the state's childcare challenges were introduced to provide funding, training, and technical assistance to expand childcare offerings across the state, several of which were included in the final Jobs, Labor, and Economic Development Bill. It also established the Office of Child Care Community Partnerships within DEED to provide assistance to current and prospective childcare providers.

# HOUSING AND HOMELESSNESS

## Housing Omnibus Bill ([HF2335](#)/[SF2566](#))

The Housing Omnibus bill included a number of items AMC is supportive of and have advocated for over the past few legislative sessions, including investments in Housing Infrastructure Bonds (HIBs), added funding for Minnesota Housing Finance Agency (MHFA) programs including the Greater Minnesota Workforce Housing Program and Challenge Program, and development of a new program to preserve naturally occurring affordable housing, and funding for family stabilization programming. In total, the bill invests over \$1 billion in various programs and initiatives across the housing spectrum, including:

- \$200 million (FY24-25) for Housing Infrastructure Bonds.
- \$120.8 million (FY24-25) for the Challenge Program—funds development and rehab of ownership and rental housing to address housing needs of the local workforce.
- \$39 million (FY24-25) for the Greater Minnesota Workforce Housing Development Program.
- \$20.5 million for the Workforce and Affordable Homeownership Program for the biennium (\$20.25 in FY24 and \$250,000 in FY25). Adds counties as an eligible grantee.
- \$65 million for Family Homeless Prevention and Assistance Program (\$55 million in FY24 and \$10 million in FY25). Includes \$10 million set aside for tribal governments and \$2.4 million set aside for Neighborhood House.
- \$50 million for First-Generation Homebuyers Down Payment Assistance for FY24.
- \$90 million for a new community stabilization program to preserve naturally occurring affordable housing (NOAH).
- \$46 million for the Bring it Home Program—new state funded rental assistance program, to be run by administrators of the federal Section 8 program.
- \$5.5 million (FY24-25) for Homework Starts at Home grants for housing assistance to homeless families and those at risk of being homeless.
- \$10.6 million (FY24-25) for Bridges Rental Assistance—for persons with mental illness or families with an adult member with mental illness.
- \$4.8 million for Local Housing Trust Fund Grants in FY24.
- \$15 million for public housing rehabilitation in FY24.

The bill included a 0.25% sales tax for the metro area for local housing needs, with revenue allocated: 50% to counties, 25% to cities, and 25% to state rental assistance vouchers for the metro. This sales tax established dedicated funding for housing which the DFL strongly championed and is projected to raise \$353 million in the next biennium.

The bill also established a workgroup on how to better expedite rental assistance with the purpose of studying how to expedite both the processing of applications for rental assistance and the distribution of rental assistance funds to landlords. The workgroup is to be comprised of diverse group of stakeholders in the rental assistance arena, including four county administrators of emergency rental assistance (two from the metro and two from Greater Minnesota) appointed by the speaker of the house of representatives and by the senate majority leader.

**Status: Signed by the governor on May 15, 2023 ([Chapter 37](#)).**

### **State Rental Assistance Program ([HF11/SF11](#))**

Several efforts have been made over the last few years to establish a state funded rental assistance program, similar to the federally funded Section 8 program which serves only a fraction of eligible individuals and families. This year the House Housing Committee Chair Howard introduced the “Bring it Home” bill to create a state rental assistance program for low-income individuals and families who spend more than 30% of their annual income on rent. It came with a large fiscal note of \$4 billion to fully meet the statewide need. In committee, Chair Howard stated the bill is unlikely to pass with that amount of funding but wanted to present the number as it represents the actual need across the state.

***Status: Funded at \$46 million for the biennium in the Housing Omnibus, signed into law by the governor on May 15, 2023 ([Chapter 37](#)).***

### **Local Housing Affordability Aid ([HF1419/SF1752](#))**

AMC was incredibly excited about the Local Housing Affordability Aid program from Chair Howard, which initially included annual allocations of \$210 million to counties, \$60 million to cities with more than 10,000 residents, and an additional allocation for grants to smaller cities to address local housing needs. The funding distribution to counties is based on the number of households in a county that are cost-burdened divided by the total number of households in Minnesota that are cost-burdened. Qualifying projects include:

- Emergency rental assistance for low-income households.
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing.
- Development of market rate residential rental properties in Greater Minnesota (included in an amendment for which AMC advocated).
- Affordable housing development.

Prioritization should be given to projects that provide affordable housing to households that have incomes that do not exceed, for homeownership projects, 80% of the greater of state or area median income, and for rental housing projects, 50% of the greater of state or area median income. Priority may be given to projects that: reduce disparities in home ownership, reduce housing cost burden, housing instability, or homelessness, improve the habitability of homes, create accessible housing; or create more energy or water-efficient homes.

AMC strongly supported the bill and provided testimony at hearings, emphasizing the funding would be a significant asset to local communities to develop affordable housing and meet local housing needs.

***Status: Funded at \$6.8 million to counties annually, with an additional \$8.5 million for counties each year for FY24 and FY25, \$2 million to cities annually with an additional \$2.5 million each year for FY24 and FY25, and \$1.2 million to tribal nations annually with an additional \$1.5 million each year for FY24 and FY25 —included in Tax Bill—signed into law by the governor on May 23, 2023 ([Chapter 64](#)).***

### **Pathway Home Act ([HF444/SF388](#))**

A comprehensive bill to address homelessness was introduced early in session. Known as the Pathways Home Act, it appropriated money for many homeless services programs to address rising numbers of homelessness across the state. The bill included \$150 million for emergency shelter facilities, \$40 million for emergency services program (ESP) grants, \$25 million for Homeless Youth Act grants, and \$9 million for transitional housing programs. The bill was tracked through the Children and Families Committees, and facets of the bill were included in the Health and Human Services omnibus.

***Status: Emergency shelter capital funded at \$100 million, ESP received a \$30 million increase for FY24 and FY25 and a \$55 million increase in FY26 and FY27, with a new base budget of \$68.7 million, Homeless Youth Act funded at \$30.2 million, and Transitional Housing Programs funded at \$6 million in the HHS Omnibus—signed into law by the governor on May 23, 2023 ([Chapter 70](#)).***

### **Housing Infrastructure Bonds ([SF1094](#)/[HF302](#))**

The Senate Housing and Homelessness Committee Chair Port carried the bill on housing infrastructure bonds (HIBs) which authorized \$750 million for the program operated by the Minnesota Housing Finance Agency (MHFA). This bill would expand the allowed uses of HIBs, require the MHFA to give preference among comparable HIB proposals to housing affordable to low-income households, and require multi-family housing projects funded by HIBs to include accessible and sensory accessible units. The bill had strong support from housing advocates, including AMC, as a necessary vehicle to build affordable housing across the state.

**Status: Funded at \$200 million for the biennium in the Housing Omnibus, signed into law by the governor on May 15, 2023 ([Chapter 37](#)).**

### **Family Homeless Prevention and Assistance Program ([HF1440](#)/[SF1367](#))**

A frequent topic throughout the session surrounded the need for added emergency rental assistance. With the federally funded pandemic era program Rent Help MN sunsetting, a gap was left by many families in need of emergency rental assistance. The [Family Homeless Prevention and Assistance Program](#) (FHPAP) has long been the resource these families turn to but the funds are typically depleted within the first few weeks of the quarter. This bill would provide a one-time \$100 million appropriation in fiscal year 2023 to the Minnesota Housing Finance Agency (MHFA) for FHPAP, which provides short-term assistance for people who are homeless or at risk of becoming homeless. The assistance can include payments to cover rent, mortgages, or utility costs to avoid foreclosure or eviction. The committee hearings featured testifiers from FHPAP grantees who talked about the dire need for these funds from families across the state.

**Status: Funded at \$50 million for FY23—signed into law by the governor on March 30, 2023 ([Chapter 20](#)). Added funding for FY24-25 and FY26-27 was also included in the Housing Omnibus, as detailed above.**

### **Right to Shelter ([HF2272](#)/[SF2032](#))**

Minnesota Legal Aid initiated a bill which would have created a new mandate for counties to provide shelter to families experiencing homelessness within one business day of a request. The bill also required each county to develop a shelter plan detailing how the county would meet the shelter demand, identifying shelter resources, and how families can request shelter. AMC staff had ongoing conversations with the bill authors and stakeholders on the intent of the bill and the challenges with implementing such a mandate. AMC supports legislation that decreases homelessness and provides more housing and shelter options for families. Counties currently lack the infrastructure to comply with the mandate as presented in the bill, with shelter options lacking in many counties. In addition, there were concerns that the proposed funding mechanism would negatively impact programs currently funded through the Minnesota Family Investment Program (MFIP) consolidated fund, including employment services. AMC staff remain committed to working with advocates and authors to address concerns regarding the bill and to identify workable solutions in future legislative sessions.

**Status: Did not pass.**



# WORKFORCE AND ECONOMIC DEVELOPMENT

## **Jobs, Labor, and Economic Development Omnibus ([HF3028/SF3035](#))**

The final Jobs, Labor, and Economic Development bill included significant funding for workforce development and economic development programming, relying on the state surplus to infuse one-time funding in a variety of initiatives. Several of the standouts include:

- Minnesota Youth Program (MYP) funded at \$8.5 million each year (FY24 and FY25)—This program is operated by local workforce development boards and this funding doubles the current allocation.
- Drive for Five Program funded at \$10 million for each year, includes:
  - \$7 million for competitive job training grants in technology, labor, caring professions, manufacturing, and educational and professional services sectors
  - \$2 million for job placement grants for trade associations and chambers (this presents a great partnership opportunity for local boards)
  - \$1 million for business services reps across the state staffed by DEED—intended to work with employers in the Drive for Five industries and to connect them to jobseekers and resources.
- Established the Office of New Americans in the base at \$750,000 per year (added to the base).
  - This purpose of the office is to foster immigrant and refugee inclusion through an intentional process to improve economic mobility, enhance civic participation, and improve receiving communities' openness to immigrants and refugees by incorporating the needs and aspirations of immigrants and refugees, their families, and their communities for the benefit of all. The office will be housed at DEED but will work across agencies.
- Targeted Populations Workforce Programs funded at \$25 million each year for the biennium:
  - \$18.5 million for grants to CBOs with no more than \$1 million annual budget and has primary office located in a historically underserved community of color or low-income community.
  - \$1.5 million for DEI training for employers—small businesses can apply for grants of no more than 30k to implement DEI training programs.
  - \$5 million for Capacity building grants to eligible CBOs.
- Funding for various childcare programs to increase the availability of childcare offerings in the state—more details on these are below.
- \$500 million in the Minnesota Forward Fund, used to match federal investments in infrastructure and large-scale economic development projects in existing, new, and emerging industries made possible by Inflation Reduction Act and the CHIPS and Science Act.
- \$95 million for the new Providing Resources and Opportunity and Maximizing Investments in Striving Entrepreneurs (PROMISE) Act program, to make grants to businesses in communities that have been adversely affected by structural racial discrimination, civil unrest, lack of access to capital, loss of population or an aging population, or lack of regional economic diversification.

**Status: Signed by the governor on May 23, 2023 ([Chapter 53](#)).**

## **Greater Minnesota Child Care Facility Capital Grant Program ([HF1180/SF1610](#))**

This bill provided \$20 million for the Greater Minnesota Child Care Facility Capital Grant Program which funds grants for up to 50% of the capital costs of childcare facility projects. The applicant receiving a grant must provide for the remainder of the costs of the project, either in cash or in kind. The applicant must be outside of the metro area and eligible entities include: a city, county, or school district, or a joint powers board established by two or more cities, counties, or school districts, or private childcare providers.

**Status: Did not pass.**

### **Minnesota Initiative Foundation Funding ([SF1611](#)/[HF1074](#))**

The bill would provide \$6 million to the six Minnesota Initiative Foundations throughout the state for technical assistance including childcare planning in rural areas, engaging the private sector to invest in childcare, providing training for childcare workers, and recruiting childcare programs to participate in Parent Aware (Minnesota's quality and improvement rating system).

***Status: Funded at \$3.5 million for the biennium in the Jobs, Labor, and Economic Development Omnibus—signed into law by the governor on May 23, 2023 ([Chapter 53](#)).***

### **Grants for Child Care ([SF1612](#))**

The bill provides \$10 million to DEED to give to local communities to increase the number of quality childcare providers to support economic development. 50% of grant funds must go to communities located outside the metro area and grant recipients must obtain a 50% nonstate match. The funded projects must reduce the childcare shortage in the state, such as funding for childcare business start-up or expansion, facility modifications, incentives to retain employees, or improvements required for licensing. DEED must give priority to communities that have demonstrated a shortage of childcare providers. The bill was laid over for possible inclusion in the omnibus bill.

***Status: Funded at \$6.5 million for the biennium in the Jobs, Labor, and Economic Development Omnibus—signed into law by the governor on May 23, 2023 ([Chapter 53](#)).***

### **Minnesota Youth Program ([HF2127](#)/[SF2473](#))**

AMC Affiliate, the Minnesota Association of Workforce Boards (MAWB), championed a bill this session to bring added funding to the Minnesota Youth Program—the only state funded workforce program serving young people in all 87 counties. With a current base allocation of \$4.05M a year, the bill would have nearly tripled the annual allocation. MAWB members testified in support of the bill at Senate and House hearings. The program is extremely successful with high performance outcomes, yet only serves a fraction of eligible youth with current funding levels.

***Status: Funded at \$8.5 million each year in FY24 and FY25 in the Jobs, Labor, and Economic Development Omnibus—signed into law by the governor on May 23, 2023 ([Chapter 53](#)).***

# Human Services

For additional information on this section, please contact Matt Freeman, Policy Analyst, at 651-789-4340 or [mfreeman@mncounties.org](mailto:mfreeman@mncounties.org) or Angie Thies, Policy Analyst, at 651-789-4321 or [athies@mncounties.org](mailto:athies@mncounties.org).

## OVERVIEW

Unsurprisingly, the size and scope of the changes being proposed this year for human services were significant. With a historic surplus, many advocacy groups came to the table this session motivated that this year is finally the time their issue would get its just due, its necessary funding, and its time in the sun. Broad and ambitious priorities collided with the challenges that came with significant turnover and new members for the various human services committees in both bodies. Access to meet with and lobby relevant committee members was challenging for counties, as many legislators had so much learning to do and so many new proposals to understand and vet. From the outset, staff knew that navigating the legislative session could be challenging – a incongruous committee structure in the House and Senate was one of first (and ongoing) confusions of the session.

Counties played a mix of offense and defense at the Legislature in human services, working hard to push forward county priorities, while also vetting new proposals that were introduced and advanced at a rapid pace and seeking to have input to improve the implementation of changes for priorities that were clearly going to be passed by the majority. From the first few weeks of committee activity, it was clear where House DFL priorities for human services would land. Increasing access to childcare, codifying access to abortion services, and supporting human services workforce were top priorities. For the Senate, it was clear that supporting disability services was a priority for Sen. John Hoffman (DFL-Champlin) but priorities in the general health and human services space were harder to distinguish separate from Gov. Walz's priorities.

The governor's proposed budget reflected a \$2 billion increase in 2024/25, and a \$2.6 billion dollar increase in 2026/27 in human services spending, much of it falling under two issue framing buckets – Supporting Children and Families and Protecting the Health and Safety of Minnesotans. These numbers dwindled when joint targets were released in session – \$1.63 billion for Health and Human Services Committee spending (\$875 million for HHS – Children and Families and \$755 for Health and Human Services committee) and \$1.3 billion for Human Services Committee spending.

Despite full democratic control of the Legislature and the governor's office, there was still disagreement and conflict throughout session. Challenges and disagreements with targets and committee jurisdiction plagued the public health and human services area throughout session. The committee structures did not align and the issues allocated to each committee remained unclear, were disputed, or shifted throughout session.

Based on committee jurisdictions, legislative leaders decided that HHS committees would assemble two omnibus finance bills – one related to health and human services and one related to human services. The above-mentioned budget targets roughly aligned with the committee jurisdictions, with some exceptions.

The Human Services Committee final general fund spending to the Department of Human Services during the 2024-25 biennium ended up being \$14.11 billion – \$1.35 billion in new spending via HF284/SF2934 (Hoffman/Noor). The human services finance and policy omnibus bill (SF2934) addresses human services workforce issues, behavioral health, disability and adult services, limited healthcare, and licensing items. The Health and Human Services finance bill (HF2930/SF2995) – with language and spending from DHS from health care and the children and families' budget, as well as money and policy from the department of health, appropriated \$9.34 billion during the 2024-25 biennium, \$1.78 billion of which is new spending.

SF2934, the human services omnibus bill, invested in addressing the hiring and retention difficulties plaguing care providers across the state, from nursing homes to residential care facilities. DFLers say the bill includes the largest increase in state history for nursing homes, after automatic reimbursement rate adjustments, of \$847 million to reach the facilities over the next four years. The bill also includes a onetime \$100 million appropriation which would establish a nursing facility loan program for financially distressed nursing facilities.

GOP members disagreed that these new funds for nursing homes in SF2934 were sufficient to meet the needs of a nursing home industry that has been particularly challenged by the pandemic, workforce challenges, and delays in compensation based on value-based budgeting. As a result, Republicans negotiated an additional \$300 million for nursing homes as part of end of session capital investment/bonding negotiations.

The bill reflecting policy and budget items related to the Department of Health and DHS (SF2995) included healthcare, public health, children and families, child support, economic assistance, homelessness prevention, behavioral health, and general agency operations items. Described as a “colossus-saurus” by the GOP, this 845 page conference committee agreement on the health and human services finance bill — with language and spending from DHS from health care and the children and families budget, as well as money and policy from the Department of Health — was slow to be unveiled. The final language only unveiled the last morning of session, just hours before it was voted on.

Controversy was prevalent around several provisions in this bill (beyond the abortion provisions). Mayo Clinic weighed in on several provisions being considered in the bill, threatening to withhold investments in Minnesota if the provisions were included. A newly proposed Health Care Affordability Board would have penalized hospitals for exceeding health care growth targets. This was ultimately replaced with a provision for a new Center for Health Care Affordability, which seeks to increase transparency, as well as identify strategies that help reduce waste and low-value care, eliminate unproductive administrative spending, and enhance the provision of effective, high-value care. The other provision that prompted the Mayo Clinic’s threat to relocate a multi-billion-dollar project was the Keeping Nurses at the Bedside Act, which was ultimately pared-down and carried as a separate bill.

## **HUMAN SERVICES SYSTEMS MODERNIZATION**

This year AMC prioritized supporting major state investment in systems transformation and modernization to achieve efficient service delivery in health and human services. DHS/MNIT manage the major systems (MAXIS, METS, MMIS, MEC<sup>2</sup>, PRISM, SSIS, MnCHOICES, SMI) county workers use every day to deliver services to residents. These mission-critical systems capture data, automate complex program policies, and provide functionality to support human services administration. Many of these systems are aging (e.g., MAXIS, SSIS, PRISM and SMI are 20+ years old) and have not been fully modernized creating inefficiencies and burdens for county staff. Some are newer (e.g., METS, MnCHOICES, MEC<sup>2</sup>) but lack basic functionality needed to meet user needs. Especially considering the state surplus, 2023 was the time to catch up on needed investments to our system. To maximize how those investments better serve the worker and those accessing services, collaboration between the state and counties on these priorities was vital.

## Technology Modernization/Human Services System Transformation ([SF2934/Chapter 61](#) & [SF2995/Chapter 70](#))

The governor's 2024 proposed budget reflected a historic investment in our state human services technology and counties worked alongside DHS to support funding these long overdue investments. Across the two legislative public health and human services jurisdiction committees, the six Modernization/System transformation proposals advocated for by the governor (and supported by AMC) for human services sought \$198 million dollars in state general fund investments. There was bipartisan legislative agreement that this investment was long overdue and a good use of surplus one-time funds, however, legislators showed some hesitation to fund this full ask. Ultimately, the House and Senate did agree to significant spending in this area, but they were not in alignment with the administration on the timing or ongoing commitment to this system transformation work.

While final budget agreements nearly mirrored the total financial number requested for system modernization investments, they made significant modifications to the governor's proposal – particularly regarding how much money was ongoing versus one time and how funding was prioritized across various proposals:

Proposal	Governor's Budget			Final Agreement			% Funded
	FY 2024-25	FY 2026-27	Total	FY 2024-25	FY 2026-27	Total	
Service Delivery Transformation*	29,576	21,460	51,036	41,048	6,895	47,943	94%
Improve METS Functionality	18,033	966	18,999	30,034	966	31,000	163%
Improve MMIS*	14,141	0	14,141	10,606	0	10,606	75%
Provider Licensing Hub	16,335	8,994	25,329	20,741	0	20,741	82%
Integrated Services for Children and Families	26,136	14,898	41,034	31,682	0	31,682	77%
DCT Electronic Health Record	25,921	22,240	48,161	48,161	6,298	54,459	113%
Total			198,700			196,431	99%

DHS was also able to secure additional necessary funds to contract for MnCHOICES operations funding \$5.5 million (FY24-25), \$2.3 million (FY26-27). In addition to the money proposed for specific projects and work, the DHS Central Office Administration also received their full ask for funding for the DHS Systems Account – \$20.185 million in 2024-25 & \$23.244 million in 2026-2027. In addition to money dedicated to DHS for specific spending plans outlined in the administration's budget proposal, there was also an allocation for Information Technology Systems Improvement for Children and Families, \$20 million in one-time funding for the new Department of Children Youth and Families.

Along with these investments, counties also advocated for policy changes to assist in meeting our system challenges – one of these changes was to pursue paperwork reduction for child protection workers using the SSIS system (see more detailed section under Child Wellbeing) and another was to create a pilot to allow counties to be able to provide required training in-house to new employees on state technology systems. DHS currently provides this training, but only through a limited number of training slots and a backup has formed to access this training that has negatively impacted hiring and onboarding the necessary workforce (See more detailed section under workforce).

Overall, these investments que up the state to make significant improvements to the systems counties rely on – how well the dollars are spent will still rely on progress in shared decision-making and prioritization between counties and the state and strong execution and management by the state and its contractors.

**Status: Signed by the governor on May 23, 2023 ([Chapter 70](#) & [Chapter 61](#)).**



## **County Appropriation for Human Services System Transformation**

While the state invested significantly in their state-owned human services systems, the historic investment in system modernization unfortunately did not carry over to allocating dollars to counties for their costs related to human services system transformation. Although DHS provides technologies, counties also invest heavily in technologies that support, extend, and fill gaps in and around state systems. These county funded solutions focus largely on resident engagement, provider management, fiscal management, workflow management and data management. Counties asserted that it was only appropriate for the state to allocate a portion of state transformation funds and enhanced federal funding to counties for local innovation efforts and to offset the county cost of implementation of new state-provided technologies. The health and human services system should be built as a state-county enterprise. As the end-users of this technology, counties are in a position to pilot potential technology solutions, serve as a resource to the development process, and locally innovate to augment DHS technology improvements.

Unfortunately, AMC was unsuccessful in getting modernization/system transformation appropriations allocated to counties for implementation of local investment and changes related to system modernization, nor were we able to secure innovation funds for counties to be able to use to collaborate regionally on county prioritized local human services systems investments. Throughout session, counties introduced and worked with committee chairs on an amendment seeking this type of funding, with technology implementation funding allocated to counties being calculated as a percentage of any state system modernization allocation. However, this amendment was not given a public hearing and ultimately fell victim to competing budget interests within the committee targets. This type of funding will need to be an ongoing priority, as it is important that the Legislature recognize the interconnectedness of state and county investments to improve our technology infrastructure.

***Status: Did not pass.***

## **The Work Number (TWN)/Electronic Verification of Eligibility for Economic Assistance (HF238/[SF652](#) & [SF 2995](#)/[Chapter 70](#))**

Minnesota's SNAP and cash programs are state-supervised and county-administered. In order to ensure accurate and timely benefits administration that meets state processing guidelines, counties need access to available eligibility tools. TWN express service allows county eligibility workers to quickly determine if applicants are eligible for program benefits, thus ensuring that program benefits are extended to only qualifying participants. The Work Number® (TWN) is the service used by DHS and its county and tribal partners to provide employment and income verifications for CCAP, SNAP, MFIP, and Medicaid benefit determinations. TWN ensures county caseworkers can quickly, securely, and automatically verify an applicant's current employment and income information. The Department of Human Services has funded the contract for TWN and allowed the counties/tribes to use the service since 2014. The current contract continues this service through 2026; however, the current biennial funding was provided by COVID dollars and is set to expire on June 30, 2023, leaving the following three years without funding. In the proposed FY24-25 budget, Gov. Walz recommended investing partial funding for the contract, with the remaining funds unfortunately being shifted to the individual counties and tribes. AMC and MACSSA partnered with Equifax to submit a letter supporting full state funding for the contract for instant employment and income verification services for public assistance program eligibility. Counties were successful in opposing a potential cost shift to counties that could have occurred if this cost was not fully funded by the Legislature. The final bills secured additional funding for The Work Number to cover the remainder of the expected contract- \$4.9 million (FY24-25); \$4.4 million (FY26-27). (2023 Session Law Chapter 70, Line 402 of the Spreadsheet)

***Status: Signed by the governor on May 23, 2023 ([Chapter 70](#)).***

## MENTAL HEALTH/BEHAVIORAL HEALTH

AMC's priority supported developing Minnesota's mental health and developmental disabilities continuum of care so that it appropriately serves high needs and hard to serve individuals in communities throughout the state by investing in prevention, community-based services, placements for individuals with complex needs, and services for justice involved adults and children.

Counties recognized that state funding and regional investments are needed to address gaps in Minnesota's mental health infrastructure to ensure that appropriate and culturally competent services are available for children and adults with high needs in all communities. Counties also noted that Minnesota's mental and behavioral health infrastructure must include crisis stabilization and rehabilitation services, along with ongoing community support services to ensure placements in jails and emergency rooms are limited.

Mental health investments made during the last legislative session only scratched the surface of the ongoing and growing needs of our state. The 2022 Minnesota Legislature's mental health omnibus funding package and a final compromise on competency restoration were important investments for our mental health continuum of care. This nearly \$93 million package passed two minutes before the end of the 2022 legislative session; an agreement reached after it became clear a broader spending package of an omnibus health and human services bill was not forthcoming.

Heading into the 2023 legislative session, there was universal recognition at the Legislature that additional investments, new services, and policy changes were needed this year to meet our state's needs. Unfortunately, the jurisdiction for this priority area quickly became muddled at the Legislature as behavioral health and mental health services funding and policy were split amongst numerous committees, with responsibility being debated, disputed, and shifted several times. A persistent priority discussion was finding the appropriate settings for serving those with particularly high needs or complex needs. While no silver bullet answers were identified, there were numerous investments and policy changes made across many areas in the behavioral health and mental health sphere that we hope will improve the continuum of care available across Minnesota.

### **Amendment of the 48 Hour Rule ([SF 2934/Chapter 61](#))**

In 2013, the Legislature passed a law that required prompt placement of civilly committed jail inmates into DHS facilities. This law has mostly applied to persons deemed incompetent to stand trial and subsequently committed to treatment. The law requires placements to occur within 48 hours. The 48-hour law and DHS's obligation to place justice-involved individuals in state facilities in a timely manner has been part of a hot button issue about the shortcoming of Minnesota's mental health system – particularly gaps in Minnesota's mental health continuum of care, difficulties in finding placements for complex and high acuity individuals, a trend of sending individuals – children and adults – out of state for placements due to lack of appropriate beds in Minnesota, and challenges with hospital decompression.

When the governor released his supplemental budget recommendations in mid-March, he released a proposal to address a recent class action [lawsuit](#) (and others) against DHS relative to the 48-hour rule that created a significant policy change. Their proposal created a different definition for when the 48-hour rule clock begins in state law, as well as changes to how placements can be prioritized for open beds in state operated services at Direct Care and Treatment. The 48-hour clock would start upon a medically appropriate bed becoming available and the placements would be prioritized by the office of the Medical Director based on acuity and their determination of who most urgently required emergency admission. DHS and the Attorney General testified to being unable to meet the current standard and raised concerns about the legal action they faced due to their inability to meet the standard laid out in statute.

County Sheriffs, County Attorneys, AMC, and MACSSA raised concerns with the administration and legislators about this proposed change and the lack of engagement with the appropriate stakeholders about the potential impact. Counties were quick to point out the original purpose of the 48 rule was to recognize the dual reality that secure placement is needed for some severely mentally ill individuals while at the same time, recognizing local jail facilities are not the appropriate placement for them. Currently, across Minnesota, too many affected individuals already await appropriate placement for weeks, or even months. Counties highlighted that the circumstances surrounding mentally ill, civilly committed individuals who languish in jails while waiting for proper admittance to a secure DHS facility to address their needs is at a crisis level and that the proposed change would exacerbate the problem.

AMC and MACSSA signed onto a letter signed by statewide organizations representing the 87 elected County Sheriffs, 87 elected County Attorneys, County Commissioners from all 87 counties, and the human services directors across Minnesota. It expressed opposition to the administration's language change and called out that this serious issue requires a dedicated effort to bring affected stakeholders together to solve this complex set of issues. This was also highlighted in a press conference featuring law enforcement partners.

During end of session negotiations, counties were not able to stave off all changes we opposed, but were successful (in partnership with county attorney and sheriff associations) in modifying the proposed changes to the 48-hour rule. This is an issue that will be back before the Legislature in 2024 and will take engagement and advocacy from counties to resolve to our satisfaction. These were changes passed in SF2934:

- Modifies 48-hour rule clock to begin when the Office of the Medical Director or designee determines that a medically appropriate bed is available. This expires June 30, 2025.
- Creates a Task Force on Priority Admissions to State-Operated Treatment Programs to evaluate the impact of the requirements for priority admissions under the 48-hour rule. Chaired by AG Keith Ellison and DHS Commissioner Jodi Harpstead, the task force includes one AMC member, one MACSSA member, one county attorney, and one sheriff. The task force is directed to evaluate the impact of priority admissions required under 48-hour rule on the ability of the state to serve all individuals in need of care in state-operated treatment programs. The report is due February 1, 2024, with the immediate expiration of the task force upon submission of the report. \$105,000 (FY24-25)
- Eliminates county cost share for mentally ill and dangerous individuals who await transfer from one state-operated facility to another. Effective July 1, 2023, through June 30, 2025. \$13.2 million (FY24-25).

**Status: Signed by the governor on May 23, 2023 ([Chapter 61](#)). (2023 Session Law Chapter 61, Article 8, Section 5,7, & 13)**

### **Eliminate County Cost Share for Individuals Committed as Mentally Ill & Dangerous (MI&D) Transferring Between State-Operated Facilities ([SF1926/HF1395](#))([SF 2934/ Chapter 61](#))**

Forensic beds are at capacity in Minnesota and individuals are “stuck” in beds that are inappropriate for their needs but unable to move because there is not a bed available. Minnesota Statutes, Section 246.54, provides for a provision to bill the county for 100% of the cost of care when the facility determines it is clinically appropriate for the client to be discharged (Does Not Meet Medical Criteria (DNMC)). This same statute outlines the exceptions to this provision, which includes clients who are committed as sexual psychopathic personalities and clients who are committed as sexually dangerous persons. Counties advocated that clients who are committed as mentally ill and dangerous (MI&D) to the public should be added as an exception. This would mean counties are no longer required to pay when counties are powerless to move the individuals to their next bed under a MI&D commitment when a client who needs to transition is moving from one state operated facility to another state operated facility.

In collaboration with the Minnesota Inter-County Association (MICA), MACSSA advanced [SF1926/HF1395](#) (Maye Quade/Wolgamott) which would eliminate the county cost share for mentally ill and dangerous (MI&D) individuals who are transferring between state-operated facilities. This bill received a hearing in the Senate and the provision was funded at 50% in the Senate Human Services bill as it headed to conference committee, with this appropriation receiving ongoing funding. Ultimately, final conference committee negotiations funded the provision as “Temporarily Eliminate County Cost Liability for Civilly Committed Persons Being Transferred within DCT,” with \$13.188 million allocated in FY2024-25. This covers 100% of the DNMC costs for MI&D individuals awaiting transfer within the DCT system, but only for the upcoming biennium. Leaders in both bodies struggled to fund proposals ongoing, or into the “tails,” and this funding structure allowed the conference committee to reflect SF1926 in a one-time commitment. Based on the administration’s inability to determine a long-term solution to the shortage of capacity in DCT facilities, final negotiations also accompanied this funding with a two-year reprieve of state law requiring placement under the 48-hour rule for DHS and the creation of a workgroup to seek a longer-term solution on this issue.

As this state funding is set to sunset, AMC will need to vigilantly advocate for this funding to be extended beyond this biennium.

**Status: Signed by the governor on May 23, 2023 ([Chapter 61](#)) (2023 Session Law Chapter 61, Article 8, Section 5).**

### **Acute Care Transitions Advisory Council ([SF 2934/ Chapter 61](#))**

Creates an Acute Care Transitions Advisory Council to advise and assist DHS in establishing and implementing a statewide approach to acute care transitions in Minnesota. Membership includes representatives from counties, including MACSSA and LPHA, hospitals, community providers, the State Advisory Council on Mental Health, tribal governments, labor unions, people with lived experience (including parents of children) and county attorneys. The plan is due to the Legislature in October of 2024.

**Status: Signed by the governor on May 23, 2023 ([Chapter 61](#))(2023 Session Law Chapter 61, Article 1,Section 82).**

### **Study to Expand Access to Services for People with Co-Occurring Behavioral Health Conditions and Disabilities ([SF2934/Chapter 61](#))**

Legislation directs DHS to create a study to evaluate options to expand access and services under the waived services programs to people with co-occurring disabilities and behavioral health conditions. It includes positive supports, crisis respite, respite, and specialist services. The Department of Human Services must engage stakeholders in their work. The goal is to reduce the number of people in hospitals, jails, and other acute or crisis settings. \$350,000 (FY24-25)

**Status: Signed by the governor on May 23, 2023 ([Chapter 61](#)) (2023 Session Law Chapter 61, Article 1, Section 74).**

### **Grant to Center for Rural Behavioral Health (MSU Mankato) ([HF586/SF1747](#)) ([SF2995/Chapter 70](#))**

Minnesota is facing a severe workforce shortage in the helping profession, including in behavioral health services. Counties and the state are looking for creative ways to recruit and retain individuals as well as bring efficiencies in training new staff as demands for services continue to rise. The state funded a grant to the Center for Rural Behavioral Health (MSU Mankato) to fund a new community behavioral health center for \$750,000 each of two years.

**Status: Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law Chapter 70, Article 20).**

### **New Standalone Direct Care and Treatment (DCT) State Agency ([SF2934/Chapter 61](#))**

The 2023 governor's budget proposal recommended the creation of a Department of Direct Care and Treatment. This was not a new proposal and was one that got a fair amount of traction in previous legislative sessions. Counties saw opportunities in breaking up DHS into more manageable sized agencies, but also expressed concerns about the creation of a stand-alone Direct Care and Treatment (DCT) agency and the potential effect of siloing coordination and collaboration when we know that an integrated care model has the best probability for improved outcomes. For several years, and with varying levels of success, counties have engaged with DCT in regular meetings to look at better ways to serve individuals, work toward more efficient communications, and build out our continuum of care beyond state-operated services. The work of DCT is intertwined with much of the health care, behavioral health, and long-term service and supports work of the department. Counties want to be part of this conversation to ensure that any jurisdictional changes do not move us further from our shared goal of improved outcomes for individuals.

Unfortunately, the proposal was only introduced and considered as part of the governor's bill and very little individual attention was paid to the issue so there were limited opportunities for counties to outline concerns in a committee hearing. Instead, counties relied on direct conversations with lawmakers to discuss county concerns. While the new agency was part of the final budget deal (effective January 1, 2025), counties were successful in influencing the composition of the board governing the new agency. The original legislation spelled out qualifications for executive board members but none of the qualifications included experience in delivering behavioral health services. Counties were successful in adding "experience in delivery of behavioral health services or care coordination" to the five-member executive board. These positions are appointed by the governor so counties will need to maintain their advocacy to put forward candidates meeting these qualifications.

**Status: Signed by the governor on May 23, 2023 ([Chapter 61](#)). (2023 Session Law Chapter 61; Article 8, Sections 1-3, 8-11).**



### **Mental Health Rate Increase ([SF2995/Chapter 70](#))**

The Legislature passed a 3% increase for all out-patient behavioral health services with annual inflation adjustments thereafter until a new rate methodology is developed. It is worth noting that these increases explicitly do not apply to rates negotiated with counties but directs DHS to increase capitation payments to reflect rate increases. This proposal comes with a \$17.6 million (FY24-25), \$48.5 million (FY26-27) price tag.

**Status: Passed. (2023 Session Law Chapter 70; Article 1, Section 35).**

### **Peer Recovery Supports ([SF2934/Chapter 61](#))**

Counties aligned with the governor's proposal to add counties to the list of eligible vendors for Medical Assistance billing for peer recovery supports. As our state moves to a direct access model for substance use disorder, many counties are trying to be creative in what they offer to fill gaps when individuals do not have access to a provider. Peer recovery supports are part of addressing needs. While not every county would do this, it can be a useful tool to get access to this proven support. AMC and MACSSA have advocated for years for counties to be classified as qualified vendors of peer recovery supports for purposes of billing Medical Assistance.

**Status: Signed by the governor on May 23, 2023 ([Chapter 61](#)). (2023 Session Law Chapter 61; Article 4, Section 9).**

### **988 Suicide and Crisis Lifeline ([SF2995/Chapter 70](#))**

In 2020, the Federal Communications Commission (FCC) formally designated 988 as a nationwide 3-digit number for mental health crisis and suicide prevention services. The implementation plan approved by the FCC established a two-year timeline to make 988 operational nationwide (by July 16, 2022), with calls routing through the National Suicide Prevention Lifeline. This year the Legislature passed 988 Suicide and Crisis Lifeline legislation to implement the system in Minnesota. The ensuing bill creates a telecom fee to fund call centers to answer calls, texts, and chats coming in from Minnesota area codes through 988. The fee will range from 12 cents up to 25 cents with proceeds being deposited into a special revenue fund—similar to 911 programs. The Department of Health is responsible for 988 and the new law clarifies the duties of the call centers including facilitating crisis services, collaborating with providers, offering follow-up services, and meeting the national requirements. \$4 million is appropriated for national suicide prevention lifeline grants until the fees are collected.

**Status: Signed by the governor on May 23, 2023 ([Chapter 70](#)). (2023 Session Law Chapter 70, Article 4, Section 57).**

### **Regional Behavioral Health Crisis Facilities ([HF669/SF676/Chapter 72](#))**

Former Senator David Senjem championed a bonding proposal in 2018 to establish regional behavioral health crisis centers across Minnesota. In 2022, Sen. Senjem again drafted legislation to provide money in the bonding bill for grants to local governments to pay for constructing or renovating facilities to house a wide range of services that treat people with mental illness or chemical-dependency disorders. However, the opportunity to invest additional bonding dollars to develop behavioral health crisis facilities was lost when there was no capital investment bill passed. This proposal was revived in 2023. While the originally proposed \$30 million appropriation did not survive, the bonding bill that passed did include \$10 million for regional behavioral health crisis facilities. Of this amount, \$6 million is for Dakota County for a crisis facility and \$2.5 million for a grant to the Human Development Center in Duluth.

**Status: Signed by the governor on May 30, 2023 ([Chapter 72](#)) ([2023 Session Law Chapter 72, Article 1 Section 18, Subd 4](#)).**

## **Increased Mental Health/Behavioral Health Grants ([SF2995/Chapter 70](#))([HF100/Chapter 63](#)) ([SF2934/Chapter 61](#))**

There were numerous investments this session in new and existing grants in the areas of mental health and behavioral health to expand the scope of programs and expand the continuum of care in Minnesota.

- Establishes a cultural and ethnic minority grant program to ensure that mental health and substance use disorder treatment supports and services are culturally specific and culturally responsive. *\$6 million per biennium; ongoing* (2023 Session Law Chapter 70, Article 9, Section 6).
- Additional funding for School-linked Behavioral Health Grants which go to community providers to co-locate in the schools and promotes consistency in payments for services (\$14 million in 24/25, \$9 million in 26/27)(2023 Session Law Chapter 70, Line 521).
- Additional funding for Mobile Crisis Grants (\$18 million onetime in 24/25) with accompanying policy language authorizing the Department of Human Services to establish a pilot program to expand mobile crisis and stabilization services to children, youth, and families. Requires mobile and stabilization staff to have at least six hours specific to working with families of children covering topics such as developmental tasks, family relationships, child and youth engagement strategies, culturally responsive care, positive behavior support, crisis intervention for children with disabilities, child traumatic stress and trauma informed care, youth substance use. (2023 Session Law Chapter 70, Article 9, Section 3).
- An additional \$2 million (per biennium) ongoing for the tribal crisis grants (2023 Session Law Chapter 70, Article 9, Section 3).
- Funding for New Psychiatric Residential Treatment Facility (PRTF) Start-up Grants (\$2.2 million in 24/25) (2023 Session Law Chapter 70, Article 1 and 9, Subd. 30).
- Funds for grants for substance use disorder treatment including culturally specific care and first episode programs. \$38M FY24/25 (2023 Session Law Chapter 63, Articles 1, 5, and 6).
- Model Jail Practices: Requires the Department of Health to distribute grants to implement model jail practices related to supporting children of incarcerated parents and their caregivers. Activities include parent education, correctional staff training, family-focused re-entry planning, and more. (2023 Session Law Chapter 70, Article 4).
- Early Childhood Mental Health: Additional funding for infant and early childhood mental health consultation. Increases funds by \$2.4 million per biennium ongoing. (2023 Session Law Chapter 70, Article 20).
- Culturally Responsive Recovery Community Grants: Establishes a grant program for startup and capacity building for new recovery community organizations serving or intending to serve culturally specific or population specific recovery communities. Provides \$4 million. Funds harm reduction and capacity building grants to Tribal Nations and culturally specific organizations of \$7.5 million. (Chapter 61, Article 4 and 5).
- \$10 million for Family Treatment Grants to fund start-up and capacity building grants to serve parents and their children. (2023 Session Law, Chapter 61, Article 4).
- Establishes start-up and capacity-building grants for prospective or new withdrawal management programs. \$1.7 million (FY24-25), \$2.2 million (FY26-27) (2023 Session Law, Chapter 61, Article 4, Section 12).
- Establishes start-up and capacity-building grants for current or prospective harm reduction organizations to promote health, wellness, safety, and recovery to people in active stages of substance use disorder. \$4 million (FY24) available through June 2027 (2023 Session Law, Chapter 61, Article 4, Section 13).
- Establishes start-up and capacity-building grants for prospective or new SUD treatment programs serving parents with their children. \$11.26m (FY24) (2023 Session Law, Chapter 61, Article 4, Section 22).

- \$2 million (FY24-25), \$4 million (FY26-27) for grants to tribes and five urban Indian communities for traditional healing practices and to increase capacity for culturally specific providers in the behavioral health workforce. (2023 Session Law, Chapter 61, Article 5, Section 22, Section 10).

Establishes grants to Tribal Nations or culturally specific organizations to enhance and expand capacity to address the impacts of opioid epidemic in communities. May be used for harm reduction supplies, develop infrastructure, and expand outreach. \$8 million (FY24) available through June 2027; additional \$5 million (FY24) for technical assistance (2023 Session Law, Chapter 61, Article 5, Section 22, Section 15).

**Status: Passed. Status: Signed by the governor on May 23, 2023 and May 30, 2023 (Chapter 70 & Chapter 61)(Chapter 63).**

### **Certified Community Behavioral Health Clinics ([SF2995/Chapter 70](#))**

Certified Community Behavioral Health Clinic (CCBHC) is an integrated clinic and service delivery model that uses a cost-based reimbursement structure. It is a one-stop shop, helping people access care quickly and better navigate a fragmented care system. Minnesota was one of the program's early adopters and currently has 13 CCBHCs, with another eight federal grantees coming online, giving the state a total of 21 within the next four years. In late 2023 DHS made the decision to remove Minnesota from the federal demo and relinquished significant federal resources in the process. After pushback from mental health advocates, the Legislature reinstated Minnesota's certified community behavioral health clinic (CCBHC) model of integrated payment and mental health service delivery. There is an exemption for CCBHC's from host county approval requirements included in the final language. \$30.8 million in savings (FY24-25); \$8.9 million in FY26 in savings found through participation in federal demonstration project.

**Status: Passed. Status: Signed by the governor on May 23, 2023 ([Chapter 70](#)). (2023 Session Law Chapter 70; Article 18, Sections 1-22)**

### **Working Group on Youth Interventions ([HF1830/Chapter 62](#))**

Creates a working group to develop recommendations on the design of a regional system of care for youth interventions, sustainable financing models and alternatives to criminal penalties. In addition to specific county administrators being named in the working group membership, there are two representatives from the Minnesota Association of Community Corrections Act counties and two representatives appointed by DHS with experience in child welfare and children's mental health. Group report is due February 15, 2024.

**Status: Passed. Status: Signed by the governor on May 23, 2023 ([Chapter 70](#)). (2023 Session Law Chapter 62, Article 2, Section 119).**

### **Mental Health and Education: Mental Health Lead Services position in Minnesota Department of Education, School Based Mental Health, and School Social Workers Billing MA ([HF2497/Chapter 55](#) & [SF 2995/Chapter 70](#))**

The Minnesota Department of Education will have a new position to serve as a source of information and support for schools in addressing the mental health needs of students, teachers, and school staff and in developing comprehensive school mental health systems in districts and charter schools. This position will create a clearinghouse of information, work with districts, share resources, facilitate coordination and cooperation among districts, provide advice upon request, and maintain a comprehensive list of resources for districts to use. Among their responsibilities will be aligning resources among the different state agencies, including the Department of Education, Department of Human Services, and Department of Health, to ensure school mental health systems can efficiently access state resources and must consult with the Regional Centers of Excellence, the Department of Health, the Department of Human Services, the Minnesota School Safety

Center, and other federal, state, and local agencies in their work. \$150,000 is appropriated each year for the comprehensive school mental health services lead. (2023 Session Law Chapter 55, Article 12, Section 13).

Legislation this session also directed the commissioner of health to provide grants to support and expand school-based health centers which provide health and mental health to students including preventive care, chronic medical care management, dental, vision, nutritional counseling, substance use disorder treatment, mental health, and crisis management. \$3.4 million (FY24-25); \$5.9 million (FY26-27) (2023 Session Law Chapter 70, Article 4, Section 59, Subd 2).

Changes were also made to change how School Social Workers can bill. New law allows school social workers to bill Medical Assistance for certain services if they are a mental health professional or a mental health practitioner under the supervision of a mental health professional. They can use a special education assessment or the IEP/IFSP instead of a diagnostic assessment to determine medical necessity. It is effective January 1, 2024, or upon federal approval. (2023 Session Law Chapter 55, Article 12, Section 16).

**Status: Signed by the governor on May 23, 2023 ([Chapter 70 & Chapter 53](#)).**

### **Hospitals – Avoidable Patient Days ([HF3342/Chapter 74](#))**

A new funding source for hospitals provides funding for “avoidable patient days” to hospitals. This is when someone with certain conditions laid out in the bill (such as mental health, substance use disorder) who was boarded in an emergency room because they did not meet the inpatient criteria or there was not another setting to which the person could be discharged safely. Hospitals will receive payments of up to \$1,400 per submitted qualifying avoidable patient day, as determined by the DHS Commissioner, to help pay for that care. The Legislature appropriated \$18 million one-time, to be administered until the resources are fully expended.

**Status: Signed by the governor on May 23, 2023 ([Chapter 74](#)). (2023 Session Law Chapter 74, Section 4).**

### **Ramsey County Youth Treatment Homes ([SF2909/Chapter 52](#))**

Legislation establishes up to seven therapeutic Ramsey County Youth Treatment Homes licensed by DHS in Ramsey County which may be locked facilities. The county must work with community stakeholders including impacted youth and families to establish the homes and must provide court-ordered intensive treatment and intentional healing for youth as part of a disposition of a juvenile court case. \$5 million FY24.

**Status: Signed by the governor on May 18, 2023 ([Chapter 52](#))(2023 Session Law Chapter 52, Article 2, Subd 8h).**

### **Mental Health for Health Care Professionals ([SF 2995/Chapter 70](#))**

The Legislature continued a program that paid for improving the mental health of health care professionals. This includes identifying the risk factors and the barriers that create unnecessary stress.

**Status: Signed by the governor on May 23, 2023 and May 30, 2023 ([Chapter 70](#)) (2023 Session Law, Chapter 70, Article 4).**

### **Mental Health Parity ([SF2744/Chapter 57](#))**

The Minnesota Department of Commerce will house a newly created Mental Health Parity and Substance Abuse Accountability Office. The Legislature also funds \$42,000 each year for ensuring health plan company compliance with Minnesota Statutes, section 62Q.47, paragraph (h). The purpose of the office is to create and execute effective strategies for implementing the requirements under the federal and state mental health parity and addiction laws. The office may oversee compliance reviews, conduct and lead stakeholder engagement, review consumer and provider complaints, and serve as a resource for ensuring health plan compliance with mental health and substance abuse requirements. \$100,000 in the second year is for the creation and maintenance of the Mental Health Parity and Substance Abuse Accountability Office under Minnesota Statutes, section 62Q.465. The base for fiscal year 2026 is \$225,000.

**Status: Signed by the governor on May 23, 2023 ([Chapter 57](#)) (2023 Session Law Chapter 57, Article 2).**

### **Online Behavioral Health Provider Locator ([SF 2995/Chapter 70](#))**

This provision provides ongoing funding to issue an RFP for an online behavioral health program locator tool, like Fasttracker, with enhanced functionality than currently exists. For example, the RFP will require that the awarded vendor include designations and information about programs that serve culturally specific or other targeted populations. It will also require continued expansion of the provider database allowing people to research and access mental health and substance use disorder treatment options. Online Behavioral Health Provider Locator is funded at \$1.3 million each of two years.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#))(2023 Session Law, Chapter 70, Article 20, Line 516).**

### **Withdrawal Management and Safe Recovery Site Grants ([SF2934/Chapter 61](#))**

Withdrawal Management and Safe Recovery Sites Grants will provide start-up funding for withdrawal management sites and safe recovery sites totaling \$1.5 million. Grants may be used for expenses that are not reimbursable under Minnesota health care programs. Safe Recovery site grants are for current or prospective harm reduction organizations to promote health, wellness, safety, and recovery to people who are in active stages of substance use disorder. Grants must be used to establish safe recovery sites that offer harm reduction services and supplies. Safe recovery includes safe injection spaces, sterile needle exchanges, opiate antagonist rescue kits, street outreach, etc. There is a onetime \$14.5 million appropriation.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 61](#)) (2023 Session Law Chapter 61, Article 4, Section 12 & 13).**

### **Public Awareness Campaign – Substance Use Disorder Treatment Services ([SF2934/Chapter 61](#))**

The Legislature appropriated funds for a public awareness campaign through the Dept of Human Services on substance use disorders. This provision provides funding to secure a third-party contract and staff resources to develop and initiate a statewide public awareness campaign for people to access SUD treatment services. The goals of the campaign are to increase awareness of the dangers of illicit and non-illicit drugs, to provide resources on how to access treatment through Minnesota Health Care Program (MHCP), to reduce stigma, and to spread hope, sharing that recovery is possible. Appropriates \$1.584 million.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 61](#)) (2023 Session Law, Chapter 61, Article 5).**



### **Project Echo ([SF2934/Chapter 61](#))**

Project Echo Links a set of experts to healthcare teams in any community via Zoom so that community providers develop the knowledge and expertise to manage their patient population. The grant must be used to establish at least four substance use disorder-focused Project ECHO programs at Hennepin Healthcare, expanding the grantee's capacity to improve health and substance use disorder outcomes for diverse populations of individuals enrolled in medical assistance, including but not limited to immigrants, individuals who are homeless, individuals seeking maternal and perinatal care, and other underserved populations. The Legislature appropriated \$2.6 million to Hennepin Healthcare to develop culturally responsive SUD programs. DHS is also offering \$400,000 for competitive grants for opioid-focused Project ECHO programs.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 61](#)) (2023 Session Law Chapter 61, Article 9, Section 2, Subd 18).**

### **Physician Training Program – Physician Peer Specialists ([SF2995/Chapter 70](#))**

This legislation creates a program to train pediatricians and primary care physicians alongside psychiatrists to improve their skills and knowledge treating patients with mental illnesses. This includes assessments, pharmacological therapy, and community resources. The Legislature funds this at \$1 million a year for two years.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law, Chapter 70, Article 4).**

### **Minor Consent for Mental Health ([SF2995/Chapter 70](#))**

A minor who is age 16 or older may give effective consent for nonresidential mental health services, and the consent of no other person is required.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law, Chapter 70, Article 4, Section 17).**

### **Farmer's Mental Health ([SF1955/Chapter 43](#))**

Appropriates \$100,000 a year for mental health outreach and support to farmers, ranchers, and others in the agricultural community. Mental health outreach and support may include a 24-hour hotline, stigma reduction, and education. Also appropriates \$260,000 each year for a pass-through grant to Region Five Development Commission to provide, in collaboration with Farm Business Management, statewide mental health counseling support to Minnesota farm operators, families, employees, and individuals who work with Minnesota farmers in a professional capacity.

**Status: Passed. Signed by the governor on May 16, 2023 ([Chapter 43](#)) (2023 Session Law Chapter 43, Section 2, Subdivision 3 & 5).**

### **Increased Access for Providers ([SF2744/Chapter 57](#))**

To ensure timely access by patients to mental health services, between July 1, 2023, and June 30, 2025, a health plan company must credential and enter into a contract for mental health services with any provider of mental health services that meets qualifications laid out in statute. A health plan cannot refuse to credential these providers on the grounds that their provider network has a sufficient number of mental health providers.

**Status: Passed. Signed by the governor on May 18, 2023 ([Chapter 57](#)) (2023 Session Law, Chapter 57, Article 2, Section 40).**

# HUMAN SERVICES/HEALTH CARE WORKFORCE

This legislative session saw significant investments in workforce and service rate increases, particularly in the Human Services Omnibus Bill. These investments focused on the need to attract and retain the necessary workforce to serve the needs of our state.

## **MNChoices Assessor Hiring Qualifications Barrier ([SF2934/Chapter 61](#))**

County workers providing MnCHOICES assessments are important to ensuring that individuals and families feel comfortable and confident that the determination of long-term care services is done accurately, efficiently, and in a person-centered manner. Like nearly every other field, counties struggle to find and retain MnCHOICES assessors that meet current statutory requirements which counties have concern may be creating unnecessary burdens. Based on county advocacy, DHS brought forward a proposal as part of the governor's initial budget recommendations. The final human services omnibus bill contains language that eliminates the requirement that MnCHOICES assessors have at least one year of home and community-based experience.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 61](#)) (2023 Session Law Chapter 61; Article 1, Section 17).**

## **Program Rate Increases ([SF2934/Chapter 61](#)) ([SF2995/Chapter 70](#))**

From nursing homes to residential care facilities, the human services finance bill seeks to aid the hiring and retention difficulties plaguing care providers across the state. Increasing rates for a number of programs, with the goal of stabilizing providers and increasing wages (and attracting and retaining workforce) was a major focus this session. Investments include:

- Nursing homes will receive automatic reimbursement rate adjustments and expect \$847 million to reach the facilities over the next four years.
- Intermediate care facilities for persons with developmental disabilities see a daily rate increase of \$40, as well as minimum daily operating payment rates set at \$275 for class A facilities and \$316 for class B facilities.
- \$100 million one-time appropriation for a nursing home grant program.
- \$122.09 million for elderly waiver increases and consumer-directed community supports parity.
- \$86.66 million to modify inflation adjustments in the disability waiver rate system (DWRS).
- \$46.59 million for disability and elderly waiver homemaker rate alignment.
- \$22.84 million for a 25% increase rates for home care nursing.
- \$1.91 million for critical access nursing facilities.
- \$680,000 for a nursing facilities rate study.
- \$4 million for peer workforce training grants. **(2023 Session Law Chapter 61, Article 9).**
- \$2.780 million onetime to provide loan forgiveness for mental health professionals. **(2023 Session Law Chapter 70, Article 20, Section 3).**
- Increases rates for PCA, waived services, CFSS, customized living, home health, home care nursing, chore servicers, home-delivered meals, EIDBI, home health aides, respite, homemaker, and chore services. Provides grants to increase the number of home and community-based services provided in rural Minnesota and appropriates \$17 million. **(2023 Session Law Chapter 61, Article 1 and 2).**
- Adjusts rates for ACT (adult crisis stabilization), IRTS Intensive Residential Treatment Services, for inflation starting January 1, 2024, using CMS' economic index. **(2023 Session Law Chapter 70, Article 1, Section 10).**

Grant programs also seek to build up and create employment opportunities:

- Grants to lead agencies to expand capacity that support people with disabilities to explore and maintain competitive, integrated employment opportunities. This funding can be used to enhance staffing, test innovative approaches, etc. This grant program is funded with \$500,000 in FY24 and \$2.5 million annually thereafter. **(2023 Session Law Chapter 61; Article 1, Section 8).**
- Cultural and Ethnic Minority Infrastructure Grant Program: Grants are to providers for people from cultural and ethnic minority populations including LGBTQ. Grant funds can be used for workforce development, conducting outreach and education, culturally responsive services, training providers on cultural humility and responsiveness, providing interpreter services in IRTS and children's residential treatment, and case-specific consultation. Funds at \$3 million a year. **(2023 Session Law Chapter 70, Article 9, Section 6).**
- Culturally Responsive Recovery Community Grants are created for startup and capacity building for new recovery community organizations serving or intending to serve culturally specific or population specific recovery communities. The appropriation provides \$4 million. Funds harm reduction and capacity building grants to Tribal Nations and culturally specific organizations of \$7.5 million. **(2023 Session Law Chapter 61, Article 4 and 5).**

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70 & Chapter 61](#))**

### **Workforce Incentive/Retention Grants ([SF2934/Chapter 61](#) & [SF2995/Chapter 70](#))**

Two very large workforce incentive grants were newly created this legislative session with \$90 million allocated for long-term care workforce incentive grants and \$7 million for long-term care workforce grants for new Americans.

DHS will establish a long-term service and supports workforce incentive grant program for retention, recruitment, and incentive payments. The workforce served would be Nursing, Home, and Community Based Services (HCBS), Behavioral Health, Early Intensive Developmental and Behavioral Intervention (EIDBI).

Grantees must use grant money to provide payments to eligible workers for the following purposes: (1) retention, recruitment, and incentive payments; (2) postsecondary loan and tuition payments; (3) childcare costs; (4) transportation-related costs; (5) personal care assistant background study costs; and (6) other costs associated with retaining and recruiting workers, as approved by the commissioner. Eligible workers may receive cumulative payments up to \$1,000 per year from the workforce incentive grant account and all other state money intended for the same purpose. \$90 million (FY24), \$2.03 million/year ongoing. **(2023 Session Law Chapter 61, Article 1, Section 10).**

DHS will also establish a New American Legal, Social Services, and Long-Term Care Workforce Grant program for organizations that serve and support new Americans: (1) in seeking or maintaining legal or citizenship status to legally obtain or retain employment in any field or industry; or (2) to provide specialized services and supports to new Americans to enter the long-term care workforce. This is funded one-time with a \$7 million appropriation. **(2023 Session Law Chapter 61, Article 1, Section 60).**

Keeping Nurses at the Bedside Act also included \$5,317,000 in fiscal year 2024 and 2025 for eligible nurses who have agreed to work as hospital nurses. The Legislature also funded health professional education loan forgiveness to the tune of \$2,780,000 one-time in fiscal year 2024. **(2023 Session Law Chapter 70, Article 20, Section 1 & 3).**

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70 & Chapter 61](#))**

### **Health Professionals Clinical Training Expansion and Rural and Underserved Clinical Rotations ([SF2995/Chapter 70](#))**

Expands the health professional rural and underserved clinical rotations grants. DHS will award health professional training site grants to eligible physician, physician assistant, advanced practice registered nurse, pharmacy, dentistry, dental therapy, and mental health professional programs to augment existing clinical training programs to add rural and underserved rotations or clinical training experiences, such as credential or certificate rural tracks or other specialized training. For physician and dentist training, the expanded training must include rotations in primary care settings such as community clinics, hospitals, health maintenance organizations, or practices in rural communities.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law Chapter 70, Article 4, Section 25).**

### **County Pilot for In-House Training for Economic Assistance ([SF2088/HF2141](#))**

Anoka County worked to move forward a pilot program to test the local delivery of training and technical assistance programs to help fill current workforce gaps. Counties are not able to hire and onboard staff timely due to constraints created by the DHS training schedule and classroom size limitations. Under the current training structure, when a county hires a new financial worker, they are required to attend training through the DHS to learn the basics of program policy and to get case approval access in the state system. The training is typically offered one time per month by a schedule set by DHS and is capped at 20 seats for all 87 counties and tribes. Counties need the flexibility to manage their workforce needs, hiring and training new staff based on the county need and not around the DHS training schedule and classroom slots available. The in-house training pilot was not intended to replace DHS training; County training and the fiscal cost of training remain the responsibility of DHS. SF2088/HF2141 (Abeler/Norris) was included as part of the Senate's omnibus bill but ultimately not agreed to in conference committee due to a fiscal note attached to the pilot to pay for additional DHS staff to oversee the work. DHS support and implementation of this type of pilot does not require changes in statute. AMC and MACSSA will continue to work during the interim to work through the challenges and backlog regarding training with DHS and to better outline what this pilot programs seeks to do, what flexibilities might be needed, and how counties and the state can jointly fill current training gaps.

**Status: Did not pass.**

### **Licensed Alcohol and Drug Counselor (LADC) ([HF1486/Chapter 49](#) & [SF2995/Chapter 70](#))**

There is a pressing need for more Licensed Alcohol and Drug Counselors (LADCs) across Minnesota, despite growing rates of addiction in the state. New state policy will assist in transitioning students who are pursuing LADC credentials entering into the workforce. Minnesota will now allow former students to practice for 90 days from when they received their degree or last received credit from a course. These workers must be supervised and paid.

**Status: Passed. Signed by the governor on May 18, 2023 and May 23, 2023 ([Chapter 49](#) and [Chapter 70](#)) (2023 Session Law Chapter 49 and Chapter 70, Article 6).**

### **Peer Specialists & Family Peer Specialist ([SF2995/Chapter 70](#))**

Peer Specialist: Creates a grant program for licensed providers to train mental health certified peer specialists and another to train mental health certified family peer specialists.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law Chapter 70, Article 17, Section 5 & 6).**

### **Culturally Diverse & Underrepresented Mental Health Professional Supervisors ([SF2995/Chapter 70](#))**

Funding to continue a program that pays for culturally diverse or underrepresented mental health professionals to become supervisors. The appropriation is for \$500,000 a year for two years.

*Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law Chapter 70, Article 5, Section 9).*

### **Health Care and Human Services Workplace Safety Grants ([SF 2995/ Chapter 70](#))**

Requires MDH to award grants to health care entities and human services providers to increase workplace safety in health care settings and human services workplaces. \$4.7 million (FY24).

*Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law, Chapter 70, Article 4, Section 109).*

### **Amendments to Home & Community-Based Services Case Management ([SF2934/Chapter 61](#))**

The Legislature made modifications to home and community-based services case managers with an increase in the number of case management education hours required (from 10 to 20) and inclusion of informed choice, cultural competency, community living planning, etc. as part of the education curriculum. This proposal was coupled with \$1.4 million (FY24-25) and \$416,000 (FY26-27). *(2023 Session Law Chapter 61; Article 1, Sections 18 and 20).*

The Legislature also directed DHS to seek HCBS waiver plans regarding shared services to expand access to these services, including guidance on how lead agencies determine the appropriateness of shared services through case management and/or care coordination. *(2023 Session Law Chapter 61; Article 1, Section 77).*

*Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 61](#))*

## **HEALTHCARE**

### **End of Continuous Enrollment in Public Healthcare programs – Unwinding the end of the peacetime emergency ([SF2265/HF2286](#)) ([Chapter 22](#))**

As the federal public health emergency came to an end (March 30, 2023), the Legislature briefly turned its attention to addressing the necessary “unwinding” of public healthcare program eligibility changes and ensure that eligible Minnesotans would not lose coverage under Medical Assistance and/or MinnesotaCare. County and tribal processing agencies, along with DHS, are charged with the work of verifying eligibility requirements for 1.5 million people who get health coverage through Medical Assistance and MinnesotaCare health insurance. Counties worked extensively with House Human Services Finance Chair Mohamud Noor to ensure that counties’ voice was reflected in any final legislation. Ultimately, SF2265 passed on March 30 with bipartisan support. The bill includes \$23.25 million in Department of Human Services (DHS) funding for its administrative work, \$36 million for counties to resume healthcare renewals, and changes to make MinnesotaCare available without premiums through June 30, 2024. By the end of session, DHS received an additional \$68.8 million (FY24-25) to do more of this transition work. This is one of the bills that moved with urgency early in the legislative session in order to allow DHS to seek federal approval and waivers for their state plan for resuming renewals. As a result of advocacy from AMC and MACSSA, the Legislature and governor recognized that counties and tribes who process Medical Assistance (MA) eligibility need additional support as renewals resume with a \$36 million appropriation dedicated to this purpose.



This funding includes a \$36 million allocation to counties for responding to COVID –19 impacts to the administration of Minnesota Health Care Programs. This allocation is to be used by county and tribal processing entities for support for staffing, technology, and other administrative needs related to eligibility redeterminations during the unwinding period. The funding comes in the form of an allocation in fiscal year 2024 to each county based on each county’s percentage of the state’s Medical Assistance population. Counties and Tribal Nations receiving these funds must keep track of their expenditures and maintain any supporting documentation.

**Status: Passed. Signed by the governor on March 30, 2023 ([Chapter 21](#)) (2023 Session Law Chapter 22, Section 4, Subd. 1(e)).**

### **Public Healthcare Coverage ([SF2995/Chapter 70](#))**

For nearly a decade, a priority for House Health Finance and Policy Chair Tina Liebling (DFL-Rochester) has been exploring a public health care option. There has been both Republican and DFL pushback to this in previous years, but this session Chair Liebling was successful in moving forward several proposals that put Minnesota closer to those discussions:

- Implementation plan for a [direct payment system](#) for MA and MinnesotaCare that must consider allowing for managed care opt-out and allows individuals to receive services through MA fee-for-service, county-based purchasing plans, or county-owned HMOs. **(2023 Session Law Chapter 70; Article 16, Section 9).**
- [Study](#) examining the benefits and costs of a universal health care financing system. **(2023 Session Law Chapter 70; Article 16, Section 19).**
- Actuarial and economic analyses of a MinnesotaCare public buy-in implementation plan, with a “[public option](#)” being available to consumers by January 1, 2027, at the earliest. **(2023 Session Law Chapter 70; Article 16, Sections 20-21).**

Counties and County-Based Purchasing (CBP) entities raised questions about the proposal’s impact on integration of human services and health care programs. Provisions proposing termination of the Prepaid Medical Assistance Program (PMAP) and managed care MinnesotaCare raised particular concerns around reverting to a DHS Fee for Service (FFS) model which would have devastating impacts on rural providers and enrollees due to low FFS reimbursement and lack of locally coordinated care. PMAP enrollees being allowed to opt out of managed care more openly also raised concerns; open enrollment periods in health care coverage exist to provide necessary stability and prevent costly, confusing member churn. Counties are also concerned about what case management and coordination of care would look like in an FFS focused system. While a number of these provisions were not included in the final bill that was passed, there is a need to closely monitor the proposals that did pass and where they may take access to public healthcare programs in Minnesota.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#))**

### **Rate increase for Nonemergency Medical Transportation (NEMT) ([SF316 & SF149](#)) ([SF2995/Chapter 70](#))**

Nonemergency Medical Transportation (NEMT) provides Medical Assistance (MA) enrollees with transportation to and from nonemergency medical service appointments. This program is essential for enrollees who have no other means of transportation to access health care services. MN State Statute 9505.0445, Section R, sets the rates paid to NEMT providers. Providers have stated that these rates are no longer sufficient. In 2022, some providers discontinued service to fee-for-service Medical Assistance (MA) enrollees in response to the current rates, citing record fuel prices, insurance rate hikes and workforce issues, among others. AMC and MACSSA advocated for the need for sustainable funding and sufficient rates to ensure stability for providers and access to necessary medical services across our state.

Legislation passed this year will increase rates and adjust for fuel cost surges. Specifically, SF 2995 will increase rates (by 10%) for non-emergency medical transportation and fuel price adjuster. The legislation will also direct managed care and county-based purchasing plans to provide a fuel adjustment for NEMT rates when fuel costs exceed \$3 per gallon. Rate increase: \$5.9 million (FY24-25), \$9.7 million (FY26-27) – NEMT and ambulance fuel adjustment: \$2.5 million (FY24-25), \$1.7 million (FY26-27). Legislation also increases fuel adjuster for ambulance services and directs managed care and county-based purchasing plans to provide a fuel adjustment for ambulance services when fuel costs exceed \$3 per gallon. NEMT and ambulance fuel adjustment: \$2.5 million (FY24-25), \$1.7 million (FY26-27).

**Status: Passed. (2023 Session Law Chapter 61; Article 3, Sections 5,7,8).**

### **Expansion of MinnesotaCare to income-eligible undocumented citizens (SF2995/Chapter 70)**

Starting in 2025, all low-income people will be eligible to enroll in MinnesotaCare, regardless of their immigration status. MinnesotaCare eligibility was expanded to include undocumented residents meeting income requirements. An estimated 40,000 people will be eligible for coverage under the expansion. This comes with a projected \$8.1 million (FY24-25), \$101.1 million (FY26-27) cost to the state.

**Status: Passed. Signed by the governor on May 23, 2023 (Chapter 70) (2023 Session Law Chapter 70; Article 16, Section 13).**

### **UBER/LYFT Bill – Protections establishment for TNC drivers (HF2369/SF2319)**

Gov. Walz vetoed his first bill just after the end of legislative session that would have mandated higher pay and job security for Lyft and Uber drivers in Minnesota, saying the legislation was not ready to become law. The bill would have required that transportation network company (TNC) drivers be paid a minimum of \$5 per ride, or at least \$1.45 per mile and 34 cents per minute in the metropolitan area. Walz expressed concerns this bill could make Minnesota one of the most expensive states in the country for rideshare. When vetoing the bill, he also signed an executive order commissioning a study about the working conditions of ride-hail drivers and how potential changes could affect costs and access for riders. Concerns were raised by some counties regarding how the legislation would impact residents with disabilities who rely on Lyft rides to get to work and to appointments.

**Status: Passed but vetoed by the governor May 25, 2023.**

### **Dental Services Covered Under Medical Assistance] (SF2995/Chapter 70)**

The Legislature passed an expansion of MA to include coverage of medically necessary dental services. Providing dependable access to and strong utilization of dental care is essential across all of Minnesota. This plugs a vital gap in MA dental care coverage dental service. Effective January 1, 2024 or upon federal approval. \$30 million (FY24-25); \$47.7 million (FY26-27) (2023 Session Law Chapter 70, Article 1, Section 11 & Section 31 & Article 20 Line 768).

To increase dental access for underserved populations and promote innovative clinical training of dental professionals, the commissioner of health will also be issuing clinical dental education innovation grants. Appropriations are for \$1,122,000 in FY24 and FY25.

**Status: Passed. Signed by the governor on May 23, 2023 (Chapter 70) (2023 Session Law Chapter 70, Article 5 Section 10).**

### **Increased Providers ([SF2744/Chapter 57](#))**

The Legislature made significant changes in the Commerce bill related to how MDH will measure network adequacy. The current system is measured by having providers within a certain number of miles or minutes – 30 for mental health.—but this does not tell you if the provider is taking new patients or has openings. The new law adds psychiatric residential treatment facilities to be covered and will look at additional criteria (and can add others). It also adds psychiatric residential treatment facilities to several insurance-related sections of law including network adequacy requirements, group policy coverage, and provider discrimination.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 57](#)) (2023 Session Law Article 2, Sections 6, 39, 41, 45).**

### **Changes to Required Healthcare Coverage ([SF2744/Chapter 57](#)) ([SF 995/Chapter 70](#))**

Changes to required health care coverage also will change what services Minnesotans will be able to access and at what cost. Commerce bills eliminated co-payments and deductibles on preventative items and services. **(2023 Session Law Chapter 57, Article 2, Section 16).**

The Legislature also required that all health plans that provide coverage for mental health, alcoholism, or chemical dependency benefits must also provide reimbursement for benefits delivered through the psychiatric Collaborative Care Model. **(2023 Session Law Chapter 57, Article 2, Section 45).**

The Legislature also extended telephonic health access an additional two years. This extends temporary permissible use of audio only to July 1, 2025. \$16.7 million (FY24-25); \$1.4 million (FY26). **(2023 Session Law Chapter 70, Article 1, Section 41).**

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 57](#)) ([Chapter 70](#))**

## **ECONOMIC ASSISTANCE PROGRAMS**

### **Cash Simplification and Alignment Bill ([SF2995/Chapter 70](#))**

Minnesota Family Investment Program (MFIP), General Assistance (GA), and Minnesota Supplemental Assistance (MSA) had antiquated procedural requirements that are not uniform with other public assistance programs. Minnesota's administrative process around cash programs disincentivized families from having earned income in addition to costing counties tens of thousands of hours processing the "churn" of families on and off programs (rather than focusing on program outcomes) and destabilizes families already in crisis. Updating and simplifying these processes has the potential to mitigate crises for families who may have had income in the past and lost a job and instead allows us to calculate benefits on a family's forward-looking situation. Counties advocated for the state to institute in cash assistance six-month reporting, prospective budgeting, and removal of nonrecurring income from income calculations as tools to help stabilize families toward self-sufficiency.

In partnership with Hennepin County, AMC and MACSSA were successful this session in passing HF466 (Noor) as part of the final HHS omnibus bill. This proposal includes four modifications to the Minnesota family investment program (MFIP):

- Moves from month-to-month reporting periods to six-month reporting.
- Moves from retrospective reporting to prospective reporting.
- Modifies hardship extensions and sanctions.
- Phases out and repeals the diversionary work program (DWP) effective March 1, 2026.

Counties and DHS were aligned on this proposal, aside from the elimination of DWP. Counties and DHS did not agree on the short- and long-term impacts of the DWP repeal, which led to disagreement on a fiscal note. Our bill authors shared skepticism on the fiscal impact of this proposal but funded the proposal at DHS's level in the final bill. Ongoing, counties will be actively engaged with DHS to follow the fiscal impacts of DWP repeal.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law Chapter 70; Article 10).**

### **General Assistance ([SF2995/Chapter 70](#))**

In addition to the work of counties on cash assistance/MFIP simplification, DHS and legislators moved forward with several modifications to general assistance (GA) to increase the benefit levels and align eligibility determination timelines with MFIP. The Legislature increased the GA grant to \$350 a month and adjusts that amount going forward every year equal to the change in the consumer price index. There are also modifications to drug testing requirements for individuals receiving MFIP and SNAP, including a directive to counties to provide information on substance use disorder treatment programs to individuals who test positive for illegal drugs. Finally, the final budget agreement also includes modifications to housing supports to align with other cash assistance programs. General Assistance benefit increase and program modification. \$16.7 million (FY24-25); \$46.9 million (FY26-27).

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) (2023 Session Law Chapter 70; Article 10, Sections 18-21, 33-37, 47, 95-96).**

### **Metro Housing Demo ([SF2995/Chapter 70](#))**

Legislation passed that expanded the counties eligible for what is known as the “Metro Housing Demonstration Project” – a successful program that addresses homelessness through rental assistance and support services. The project mirrors traditional rental assistance with a person paying 30% of their income toward rent. When a demo participant transitions onto another rental assistance resource they can retain their services, creating important services continuity, and the vacated demo rental assistance can then be redistributed to a new person. The proposal would have increased the number of vouchers from 226 to 500 and added Carver, Scott, and Washington Counties to the statute. This is a proven program that deserves to be funded appropriately and expanded to additional counties across the state. The policy change was enacted, which adds Carver, Scott, and Washington Counties to “Metro Housing Demo,” but without additional funding to serve more families. (2023 Session Law Chapter 70; Article 11, Section 4).

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#))**

### **Economic Supports – Housing and Homelessness ([SF2995/Chapter 70](#))**

The final budget deal also includes several provisions aimed at increasing access to housing supports and reducing homelessness in the Health and Human Services Bill (more details can be found in the AMC section on Housing):

- \$30.72 million for extra funding for the Homeless Youth Act; Funds safe harbor shelter (\$4.25 million; \$2.5 million), homeless youth act (\$30.272 million; \$30.272 million) transitional housing (\$6 million; \$6 million), emergency shelter programs. (2023 Session Law Chapter 70, Article 11).
- Transition to Homelessness: Establishes projects within the Department of Human Services to prevent or end homelessness for people with mental illnesses. Services include clinical assessment, mental health or SUD treatment, direct assistance funding. \$10 million each biennium. (2023 Session Law Chapter 70, Article 17).

- Establishes presumptive eligibility for housing supports for certain individuals. (2023 Session Law Chapter 70; Article 11, Section 3).
- Establishes a homeless youth cash stipend pilot project in Hennepin and St. Louis counties. (2023 Session Law Chapter 70; Article 11, Section 13).
- Funds emergency shelter facility grants with \$100 million (one-time). (2023 Session Law Chapter 70; Article 11, Section 14).
- \$11.4 million for projects with the Heading Home Ramsey continuum of care.
- \$11.4 million for Hennepin County homelessness projects.

There were numerous other investments in housing outside of the Health and Human Services Bills:

***Omnibus Tax Finance and Policy Bill – 2023 Session Law Chapter 64***

- Reduction in county local homeless prevention aid from \$20 million to \$17.6 million annually with a new \$2.4 million dedication to tribal governments. (Article 4, Section 22).
- New statewide local housing aid to cities, counties, and tribes. Total aid of \$45 million (FY24-25), \$20 million (FY26-27). (Article 4, Section 24).
- New tribal nation aid of \$35 million per year as opt-in program with distribution formula outlined. (Article 4, Section 25).

***Omnibus Education Finance and Policy Bill – 2023 Session Law Chapter 55***

Establishes a new special education homeless pupil aid to school districts calculated, in part, based on the additional cost of transporting students to a shelter care facility or permanent and/or temporary homes in another district. (Article 7, Section 14).

***Omnibus Housing Finance and Policy Bill – 2023 Session Law Chapter 37***

- \$5.5 million (FY24-25) for Homework Starts at Home grants for housing assistance to homeless families and those at risk of being homeless. (Article 1 appropriations).
- \$10.6 million (FY24-25) for rental housing assistance for persons with mental illness of families with an adult member with mental illness.
- \$55.27 million (FY24) and \$10.27 million (FY25) for family homelessness prevention and assistance. \$10 million set aside for tribal governments and \$2.4 million set aside for Neighborhood House.
- \$46 million (one-time) for rental assistance program through Minnesota Housing Finance Agency. (Article 2, Section 2).
- Creates metropolitan sales tax for housing purposes which is projected to raise \$353 million in the next biennium. (Article 5, Sections 1-4).

***Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#))***

## **ADULT SERVICES**

***Vulnerable Adult Act Redesign ([SF2934/Chapter 61](#))***

The original Vulnerable Adult Act (VAA) was passed in 1980 and the program and statute were in serious need of redesign to match our state's changing demographics and current challenges within existing statutes. Counties supported looking at tools such as the Adult Abuse Reporting Center to ensure that the state has the tools necessary to protect vulnerable adults from abuse, neglect, and financial exploitation. This work is not one-time and, as such, counties asked the committee to consider ongoing funding as proposed in the governor's budget. Funding for Phase II of Vulnerable Adult Act redesign efforts which includes \$23.2 million (FY24-25), \$7.6 million (FY26-27) for DHS work and \$17.13 million (FY24 allocation available through June 2027) in grants to counties and tribes. (2023 Session Law Chapter 61; Article 2, Section 7).



The Legislature also established a Legislative Task Force on Aging to review and develop state resources for an aging demographic with a January 15, 2025, report due and expiration of the task force shortly thereafter. (2023 Session Law Chapter 61, Article 2, Section 120).

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 61](#))**

### **Nursing Homes Funding ([HF3342](#)/[Chapter 74](#))**

From the outset of session, one of the main legislative priorities for Republicans was nursing home funding. With nearly every omnibus funding bill that came through House and Senate finance committees, Republicans were prepared with amendments to add funding for nursing homes. As session drew to a close, it was clear that Democrats were not in a position to significantly fund nursing homes. While the House omnibus human services bill came the closest to offering financial relief to nursing homes, it was not enough to win Republican support.

As omnibus bill after omnibus bill closed up and it was clear that Democrats did not need to satisfy this desire of Republicans to garner their votes on any bills, it looked like the funding may not happen despite the enormous surplus. However, legislative negotiations also included a bonding bill which requires 3/5 vote in the House and Senate. If Democrats wanted to pass a capital investment (bonding) bill, they would need to appease at least enough Republicans to bring that bill to the finish line. Investments in nursing homes (and some additional Republican bonding projects) was enough to make that happen.

In the final hours of the legislative session, lawmakers struck a deal to give nursing homes the lifeline they needed. A bill totaling nearly \$270 million for nursing facilities passed the Legislature unanimously.

The bill provides grants to nursing homes of a minimum of \$225,000 totaling \$173.5 million, workforce incentive grants of \$75 million designed to help recruit and retain workers, and \$21.3 million in a temporary daily rate add-on in fiscal year 2024 and \$15.2 million in fiscal year 2025. The bill was also amended to add \$18 million for partial reimbursements to hospitals for qualifying avoidable patient days.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 74](#)) (2023 Session Law Chapter 74).**

### **Substance Use Disorder (SUD) and Opioid Settlement Related Provisions ([SF2995](#); [SF2934](#))**

Several provisions that pertain to increasing access to treatment, services, and preventing substance use disorder, including opioid use disorder passed during the 2023 legislative cycle. The provisions were included in both the Health and Human Services Omnibus bill ([SF2995](#)) and the Human Services Omnibus bill ([SF2934](#)). Office of Addiction and Recovery – elevates and creates this office within the Minnesota Department of Management and Budget (MMB). The office was formally a subcabinet position. (Chapter 61, Article 4).

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 61](#)).**

## CHILD WELLBEING

[SF2995 \(Session Law Chapter 70\)](#) was the primary vehicle for provisions within the area of children and families, an area identified by the governor and legislative leaders as a focus for the 2023 legislative cycle. The following areas represent provisions contained in this bill unless otherwise noted, with reference points noted as applicable. Of note, AMC priorities of funding for Community Resource Centers and Family First Prevention Services Act (FFPSA) were included in the governor's budget proposal and therefore lack originating bills.

### **Community Resource Centers (Family Resource Centers) ([SF2995/Article 14](#))**

[Community Resource Centers](#) was funded at \$7.1 million in FY 2024 and establishes community resource center grants to provide culturally responsive, relationship-based service navigation and supports for expecting and parenting families. The funding will help sustain existing efforts, assist in further development of a statewide network of community-based resources, and establish a community resource center council, which will inform governance, outcomes, and additional resourcing requests.

**Status: Passed.**

### **Family First Prevention Services Act ([SF2995/Article 14](#))**

During the 2023 legislative session, the third phase of legislation that supports implementation of Family First/FFPSA passed including: implementation and administrative funding \$25 million (FY24-25); \$26.6 million (FY26-27)

- Kinship navigator services \$1.5 million (FY24-25); \$1 million (FY26-27)
- Family assessment response \$10.1 million (FY25-25); \$12 million (FY26-27)
- Evidence-based practices grants \$8.4 million (FY24-25); \$8.2 million (FY26-27)

The provisions require the commissioner to establish a grant program to support prevention and early intervention services provided by community-based agencies, as part of efforts to implement and build upon Minnesota's Family First Prevention Services Act Title IV-E Prevention Services plan. Legislation outlines allowable uses of grant funds and specifies that appropriated funds must be transferred to a special revenue account. In addition, a grant program was established to support adoption and implementation for formal kinship navigator services as outlined by the federal Family First Prevention Services Act. While included in the conference report, informal kinship services were not included in the final bill that passed.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)).**

### **Department of Children, Youth and Families ([SF2995/Article 12](#))**

Legislation that authorizes the creation of a Department of Children, Youth and Families (DCYF) passed during the 2023 Session. The provision authorizes the Minnesota Department of Management and Budget (MMB) to establish a transition team and instructs the transfer or programming to being on July 1, 2024, with a Commissioner of DCYF being named on or around the same time. DCYF will incorporate the Children and Family Services Division as they currently exist within the Department of Human Services and slivers of programming within the Department of Public Safety and the Department of Education, with additional details and information forthcoming. In consideration of models like the State Community Health Action Council (SCHSAC), AMC was successful in working with the Cabinet and authors to pass an amendment that instructs the transition team to coordinate with intergovernmental partners and make future governance recommendations. The appropriations related to the creation of DCYF are as follows:

- \$2 million (FY24) to DHS
- \$16.3 million (FY24-25), \$2.2 million (FY26-27) to MN Management and Budget
- \$4.3 million (FY24-25), \$7 million (FY26-27) for Department of Children, Youth and Families
- \$20 million (FY 2024) to modernize information technology for programs impacting children and families.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)).**

### **Child Care ([SF2995/Article 12](#))**

The area of childcare received significant attention during the 2023 legislative cycle, resulting in significant policy changes and financial investments detailed below. Of note, this area will be impacted by a background study, licensing shifts, and technology upgrades within the Department of Human Services. Funding has been dedicated to centralizing a licensing hub that is ultimately expected to ease administrative burden at the state and county levels when processing licensing applications, notices, reviews, actions, and audits.

- Expands the definition of “applicant, childcare and family” to include foster care families, relative custodians, and successor custodians or guardians” in order for those persons to be eligible to receive childcare assistance.
- Reprioritizes funding priorities for the basic sliding fee program at \$7.8 million in FY 24-25 and \$17.4 million in FY26-27 and ongoing.
- Directs DHS to allocate additional basic sliding fee childcare money for 2025 to counties and Tribes to account for the change in the definition of family and updated maximum rates.
- Directs DHS to develop a cost estimation model for early care and learning programs and requires the commissioner to consult with relevant stakeholders and report to the Legislature by January 30, 2025.
- Increases the maximum rate paid for childcare assistance to be the greater of the 75th percentile of the 2021 childcare provider rate survey or the rates in effect at the time of the update. \$146.4 million (FY 24-25); \$277 million (FY 26-27).
- Centralized provider registration for Child Care Assistance Program providers. \$330K (FY 24 -25); \$110K (FY26-27).
- Implements continuous licensing process for family childcare providers \$708K (FY24).
- Establishes a grant program for childcare providers to access technology intended to improve the providers’ business practices.
- Establishes a grant program to distribute money for the planning, establishment, expansion, improvement, or operation of shared services to allow family childcare providers to achieve economies of scale.
- Directs DHS to develop a childcare and early education professional wage scale (\$1 million FY24-25).
- Directs the commissioner of human services to continue providing childcare stabilization grants through December 31, 2023 - \$42.5 million (FY 24).
- Defines “census income” in the chapter of statutes governing economic assistance program eligibility verification. Exempts census income from the CCAP asset limit. Excludes census income when determining the equity value of personal property.
- Provides up to 20 hours a week of childcare for parents on MFIP child only. (Chapter 70, Article 13)

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)).**

### **Sex Trafficked Youth Proposals ([SF2995/Article 14](#))**

Several policy provisions were updated to more effectively serve youth at risk of sex trafficking. AMC staff monitored the legislative proposals in coordination with the Minnesota Association of County Social Service Administrators (MACSSA). Passed provisions include:

- Establishment of a new, non-caregiver sex trafficking assessment track.
- Adds representatives of agencies providing specialized services or responding to youth who experience or are at risk of experiencing sex trafficking or sexual exploitation to the multidisciplinary child protection team.

- Definition of non-caregiver sex trafficker established, modified in definition of “substantial child endangerment,” included in definition in Tribal notice and instruction to local welfare agencies on performing assessment among additional clarifying policy provisions.
- Adds non-caregiver sex trafficking assessment to the local welfare agency response. Requires the local welfare agency to conduct a non-caregiver sex trafficking assessment when a maltreatment report alleges sex trafficking by a non-caregiver; requires an immediate investigation if there is reason to believe a caregiver, parent, or household members engaged in child sex trafficking or other conduct warranting an investigation \$102K (FY24-25); \$34K (FY26-27) for SSIS enhancements.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)).**

### **Family Home Visiting ([SF2995/Article 4](#))**

Home Visiting continues to be regarded by legislators as an investment that helps strengthen families. While not funded at the levels proposed by the governor and Senate, SF2995 funded family home visiting at \$4 million per biennium on an ongoing basis, representing an increase in funding and access of home visiting services across Minnesota.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)).**

### **Supplemental Security Income (SSI), Retirement, Survivors and Disability Insurance (RSDI) and Federal Cast Benefits ([SF2995/Article 14](#))**

The utilization of SSI and RSDI benefits has increasingly received national attention, with states and jurisdictions considering proposals that redirect these benefits from supporting cost of care expenditures for children in foster care to instead earmarking them for utilization by the youth upon exiting foster care. AMC staff worked in coordination with MACSSA staff and the Department of Human Services to pass language that directs the commissioner of human services to develop a plan to preserve and make available the income and resources attributable to a child in foster care to meet the best interests of the child \$340 (FY24). The plan will include recommendations for the following:

- Policies for youth and caregiver access to preserved federal cash assistance benefits payments.
- Representative payees for children in voluntary foster care for treatment.
- Family preservation and reunification.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)).**

### **Paperwork Reduction Act ([SF2995/Article 14](#))**

AMC and MACSSA staff worked closely with Scott and Pine counties to pass legislation that directs the Department of Human Services to contract with an independent consultant to perform a thorough evaluation of the social services information system (SSIS). This evaluation will include recommendations to be made and recommendations for selecting a platform for future development of an information technology system for child protection. Additionally, this provision requires the commissioner to conduct a study and develop recommendations for improving SSIS data entry requirements for child protection cases and requires a status report to the Legislature by June 30, 2024.

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)).**

## Children's Mental Health Proposals ([SF2995](#))

The area of mental health received significant attention during the 2023 legislative cycle, resulting in the passage of provisions that expand access to children's mental health programming, collect additional information on the utilization and need of services in this area, and increase funding available for Psychiatric Residential Treatment Facilities (PRTFs). AMC and MACSSA staff lobbied for the passage of these provisions and recognize that ongoing work and investment will be needed in this area in future years.

Passed provisions include:

- Allows a minor who is 16 or older to consent to nonresidential mental health services and the consent of no other person is required. Defines nonresidential mental health services as outpatient services provided to a minor not residing in a hospital, inpatient unit, or licensed residential treatment facility or program.
- Provisions included in passage that allow programs providing children's residential mental health services, except for child protection or voluntary foster care for treatment placements, to list of vendors eligible for room and board payments from the behavioral health fund.
- Specifies the allowable uses for start-up grants to prospective psychiatric residential treatment facility (PRTF) sites and allows for services related to, but distinctly separate from PRTF services to be delivered in the same facility. Effective July 1, 2023. \$2.2 million (FY24-25).
- Defines "lived-experience engagement" in the chapter of statutes governing economic assistance program eligibility and verification.
- Provides additional funding for school-linked behavioral health grants \$14,081,000 (FY24-25) and \$9 million in (FY26-27).
- Establishes Medical Assistance coverage requirement for Psychiatric Residential Treatment Facilities.

[Chapter 57](#)

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)) ([Chapter 57](#))**

## Other Noteworthy Child and Family Provisions ([SF2995](#) unless otherwise noted):

- Quality parenting initiative (QPI) grant program to implement QPI principles and practices to support children and families experiencing foster care placements. *\$200K per biennium ongoing.*
- Requires the commissioner to annually allocate \$80,000 to the federally recognized Tribes that have not joined the American Indian Child welfare initiative. Lists eligible Tribes, allowable uses of funds, reporting requirements, and the procedure for redistributing funds if a Tribe becomes an initiative Tribe. *\$1.6 million per biennium beginning in FY 24/25 and ongoing.*
- Funding dedicated to the Mille Lacs Band of Ojibwe to join child welfare initiative. *\$8.8 million (FY24-25); \$15.9 million (FY26-27).*
- Funding for additional Tribes in the Indian Child Welfare Initiative - *\$17.2 million per biennium (ongoing).*
- Establishes the family, friend, and neighbor grant program to promote children's social emotional learning and health development, early literacy, and other skills. *\$3 million FY 24-25; \$5 million FY 26-27.*
- Establishes the community solutions for healthy child development grant program in the Department of Health to improve child development outcomes, reduce racial disparities, and promote racial and geographic equity. Directs MDH to appoint members to a Community Solutions Advisory Council by July 1, 2023, and must convene the first meeting by September 15, 2023. *\$6 million – (FY24-25); \$5.3 million (FY26-27).*
- Requires the Minnesota Department of Health (MDH) to establish the Healthy Beginnings, Healthy Families Act. Allows MDH to make grants to counties and tribes to implement model jail practices and support children of incarcerated parents and their caregivers. *\$21.2 million (FY24-25); \$5.3 million (FY26-27).*



- Requires MDH to establish the Help Me Connect Resource and Referral System for children prenatal through age eight. *\$1.4 million (FY 24-25); \$1.8 million (FY26-27).*
- A Task Force on Pregnancy Health and Substance Use Disorders is established to recommend protocols for when health care providers should order toxicology testing for a birthing parent and newborn – including representatives from MACSSA.
- Brief DA: Allows a brief diagnostic assessment to be used for children under age six. Eliminates the requirement to use the CASII or Early Childhood Service Intensity Instrument.
- Allows foster youth to stay on Medical Assistance (MA) until the age of 26, including youth who were enrolled in MA in another state.
- Chapter 52, Article 2 includes a provision that funds a matching grant program to provide legal representation for children in need of protection or in out-of-home placement. *\$300K (FY24-25).*
- Chapter 52, Article 3 establishes and funds an office of appellate counsel for parents to provide legal representation to parents who are appealing child protection cases but cannot afford an attorney. *\$2.2 million (FY24-25); \$3.1 million (FY 26/27).*
- Supported Decision Making - Chapter 61, Article 1 creates a grant program to educate people on supported decision making as an alternative to guardianship and conservatorship. *\$4 million (FY 24/25).*
- Chapter 52, Article 2 includes a provision for Crossover and Dual Status Youth that funds crossover youth practice model programs to serve youth involved in both the child welfare and juvenile justice systems. *\$2 million (FY 24/25).*

**Status: Passed. Signed by the governor on May 23, 2023 ([Chapter 70](#)).**

### **Indian Child Welfare Act (ICWA)/Minnesota Indian Family Preservation Act (MIFPA) ([SF667](#))**

In March 2023, the Minnesota Legislature passed language ([SF667/HF1071](#)) that codified ICWA protections into existing MIFPA statute. AMC and MACSSA engaged in this work, testifying to the importance of family preservation and family reunification, while strengthening supports and increasing resources available to tribes and counties with the goal of better supporting children and families. The impetus of the legislation was the pending United States Supreme Court decision on the constitutionality of the Indian Child Welfare Act. The United States Supreme Court upheld ICWA's constitutionality in the [Haaland v. Brackeen decision](#) by a vote of 7–2.

**Status: Passed. Signed by the governor on March 16, 2023 ([Chapter 16](#)).**

# Public Health

For additional information on this section, please contact Kari Oldfield-Tabbert, Policy Analyst, at 651-789-4354 or [koldfield@mncounties.org](mailto:koldfield@mncounties.org).

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## OVERVIEW

Early in session, several local public health priority topics were included in the governor's budget bill, which laid a strong foundation for those priorities moving forward. The budget proposal included funding for local public health infrastructure and public health emergency preparedness and response. Additionally, it included funding to expand family home visiting services, drug overdose and prevention, long COVID response and tracking, and many other items of interest. Both the House and Senate also dedicated significant time to addressing exposure to lead, particularly in drinking water. Discussions around adult use cannabis legalization also included various topics relevant to local public health.

There were numerous budget targets set that impacted the public health space including \$755 million for Health and Human Services, \$875 million for Health and Human Services children and families' topics, \$1.3 billion for Human Services, and \$240 million to address lead lines. Both House and Senate Health and Human Services omnibus proposals were lengthy with many impacts to the work of local public health. At the end of session, a conference committee was appointed to negotiate a final omnibus budget bill. Negotiations mostly occurred behind closed doors, but agreement was reached in the last days of session.

**At the conclusion of session, several priority items for both AMC and LPHA were included in the final agreement. Not including other categorical or competitive grants, a total of approximately \$57.5 million per biennium in new base funding is available to local and tribal health departments for supporting foundational public health responsibilities, public health emergency preparedness and response, and community-based work related to adult use cannabis legalization.**

### Public Health System Transformation ([SF 2995](#)/[HF 2930](#))

AMC and LPHA advocated strongly for this priority item. The final bill agreement included a provision that will provide an additional appropriation of \$9,844,000 per year of base funding to support local health department foundational capabilities, \$535,000 a year to support tribal health departments and \$321,000 for Public Health AmeriCorps to expand the public health workforce. The formula for distribution of funds will be set by the commissioner of MDH in consultation with the State Community Health Services Advisory Committee (SCHSAC). Funds must first be used for public health foundational responsibilities. Once a health department can demonstrate that those obligations are fulfilled, the funds may be used for local priorities developed through the community health assessment and community health improvement planning process.

**Status: Signed by the governor on May 24, 2023 ([Chapter 70](#)).**

### Public Health Emergency Preparedness and Response ([SF 2995](#)/[HF 2930](#))

This was another base-funding related priority that AMC and LPHA advocated for over the past two years. Historically, public health emergency preparedness and response grants were only funded at the federal level. This provision specifically establishes a local and tribal emergency preparedness and response grant program at the state level, with \$8,400,000 per year of ongoing funding. The formula for distribution of funds will also be established in consultation with SCHSAC and requires annual reporting to MDH on the use of funds.

**Status: Signed by the governor on May 24, 2023 ([Chapter 70](#)).**

## Other Omnibus Budget Bill Priorities That Impact Local Public Health ([SF 2995](#)/[HF 2930](#))

The bill included numerous other provisions that impact local public health agencies and the health of communities:

- **Rural Health Advisory Committee** – Adds a local public health seat to the current Rural Health Advisory Committee. The appointee must reside outside of the seven-county metro area. Appointments for the committee are made by the governor.
- **Tobacco and Nicotine Cessation** – Adds Medical Assistance coverage for tobacco and nicotine cessation products, including services delivered by mental health practitioners.
- **Community Health Workers** – Provides funds to MDH to support the Community Health Worker workforce at \$1,942,000 per biennium. The funds are to be used to strengthen, expand, and evaluate the community health worker workforce. Grants or contracts can be awarded to strengthen the community health worker workforce, with at least one recipient being a not-for-profit community organization.
- **Comprehensive Drug Overdose and Morbidity Prevention Act** – Provides funding for comprehensive drug overdose and morbidity prevention at \$24,416,000 each in FY 24-25 and 26-27. The goal of the program is to address and prevent drug overdoses in Minnesota. The program includes initiatives such as increasing access to nonnarcotic pain management services, implementing culturally specific interventions, enhancing overdose prevention for people experiencing homelessness, and promoting substance misuse prevention in pregnant individuals and their infants. The legislation specifically states that local public health agencies and other entities will be consulted by MDH as needed to carry out the goals of the grant. Government entities are eligible recipients of grant funds established by the language and funds will focus on addressing and preventing the negative impacts of drug overdose and morbidity.
- **Lead in Drinking Water** – Focuses on establishing a grant program targeting reduction of lead in drinking water in schools and childcare facilities at \$1,000,000 per biennium.
- **Office of African American Health** – Establishes the Office of African American Health at MDH to address the specific public health needs of African American communities. The office is tasked with developing solutions and systems to tackle health disparities. The office will convene the African American Health State Advisory Council, conducting analysis and developing policy recommendations, coordinating community engagement, conducting data analysis and research, administering special emphasis grants to improve African American health outcomes, and providing public health workforce immersion experiences for students.
- **Office of American Indian Health** – Establishes an Office of American Indian Health at MDH to address the unique public health needs of American Indian Tribal communities in Minnesota. The office is responsible for coordinating with Tribal Nations and community-based organizations to identify health disparities, develop public health approaches for achieving health equity, strengthen capacity of American Indian organizations, administer grant funding, provide leadership on health strategies, offer technical assistance during public health emergencies, develop immersion experiences for American Indian students, and promote workforce development strategies.
- **School-based Health** – Provides funding at \$3,364,000 in FY 24-25 and \$5,966,000 in FY 26-27 for grants to support existing school-based health clinics and expand to new areas.
- **Long COVID** – Dedicates \$6,292,000 per biennium to conduct community assessments and epidemiologic investigations to monitor and address impacts of long COVID. The language specifically cites partnership and consultation with local public health agencies. Grants will be awarded to community-based organizations to implement evidence-informed actions and educate survivors and community members.
- **HIV Prevention** – Provides funding at \$4,534,000 in FY 24-25 to support HIV prevention programs that directly addresses health inequities. Funding is also available to agencies to assist with HIV outbreaks.

- **Uninsured and Underinsured Adult Vaccine Program** – Supports the Uninsured and Underinsured Adult Vaccine program for the purchase of routine immunization doses at \$2,940,000 in FY 24-25.
- **Climate Resiliency** – Directs MDH to establish a program with the goals of raising awareness about climate change and monitoring the public health effects of climate change and extreme weather events. It directs MDH to offer technical support and resources for climate resiliency to local health departments, local governments, and other organizations. The bill appropriates \$1,012,000 each in FYs 24-25 and 26-27 to support this program.
- **Sexual and Reproductive Health Services Grants** – Changes the name of Family Planning Special Projects grant program to “Sexual and Reproductive Health Services Grants” and provides \$13,904,000 in additional funding per biennium. It explicitly states that the goal of the state is to increase access to sexual and reproductive health services for people who experience barriers. Eligible recipients for funds include Community Health Boards.
- **Fetal Alcohol Spectrum Disorder Grants** – Grants of \$1,000,000 per biennium focused on prevention of fetal alcohol spectrum disorder.
- **Lowered Blood Lead Level** – Lowers the blood lead level in statute from 10 to 3.5 micrograms of lead per deciliter of whole blood in any person that requires intervention. It is funded at \$294,000 in FY 24-25 and \$122,000 in FY 26-27 for state-related costs of implementation.
- **Public Health Emergency Contingency Account** – Provides a one-time investment of \$2,500,000 in the Public Health Response Contingency Account for FY 24.
- **Alzheimer’s Public Information Campaign** – Establishes an Alzheimer’s Disease public information campaign funded at \$486,000 each biennium in FY 24-25 and 26-27.
- **Tobacco and Nicotine Settlement Funds** – Establishes a tobacco use prevention account in the special revenue fund. Any future funds resulting from settlement agreements or litigation related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of electronic nicotine delivery systems or other illegal actions contributing to youth nicotine use will be deposited into the account. The funds in the account are appropriated to MDH for tobacco and electronic delivery device use prevention projects, public information programs, health promotion and education materials, and statewide tobacco cessation services. The law will impact funds connected to the recent JUUL lawsuit settlement.
- **Food Shelf Funding** – Provides funding at \$6 million each in FY 24-25 and 26-27 to support the Minnesota Food Shelf Program.
- **Prepared Meals Food Relief** – Provides funding at \$3.5 million in FY 24-25 for prepared meals food relief grants. Requires DHS to establish a prepared meals grant program to provide hunger relief to Minnesotans experiencing food insecurity and who have difficulty preparing meals due to limited mobility, disability, age, or limited resources to prepare their own meal. Grantees eligible for funds include nonprofits and American Indian Tribes with a history of providing and distributing prepared meals customized for the population that they serve.
- **Diaper Distribution** – Requires DHS to award competitive grants to eligible applicants to provide diapers to under resourced families statewide at \$1,098,000 in FY 24-25 and \$1,106,000 FY 26-27.

**Status: Signed by the governor on May 24, 2023 ([Chapter 70](#)).**

## **Public Health Provisions in Adult-Use Cannabis Legalization Bill ([SF 73/HF 100](#))**

AMC and LPHA advocated on this bill based on direction from AMC's Cannabis Task Force. In addition to a seat on the cannabis advisory council for an AMC representative, there is also a seat for the Local Public Health Association of Minnesota appointed by the association.

The bill also provides \$10 million per year to local and Tribal health departments for creating and disseminating educational materials, providing safe use and prevention training, education, technical assistance, and community engagement.

The bill also includes provisions related to cannabis education programs. It establishes a long-term coordinated program to raise public awareness about the adverse health effects of cannabis use by individuals under 25. There is a requirement to collaborate with local health departments with youth engagement. It also requires creation of a program to educate pregnant individuals, breastfeeding individuals, and those who may become pregnant about the health risks associated with prenatal exposure to cannabis and the effects on infants and children. Home visiting programs and child welfare workers will receive materials, training, and technical assistance so they can educate on safe cannabis use in homes with young children.

Further health-related inclusions in the bill are a \$2.5 million appropriation each year to establish a Center for Cannabis Research within the School of Public Health to investigate the effects of cannabis use on health and research other topics related to cannabis. It also requires MDH to conduct research and collect data to assess the prevalence of cannabis use as well as trends in hospital-treated cannabis poisoning and adverse events.

***Status: Signed by the governor on May 30, 2023 ([Chapter 63](#)).***

## **Pollution Control Agency Funds Recovery to Local Public Health for Community Mitigation ([SF 1068/HF 645](#))**

The environment, natural resources and climate bill included a provision stipulating that if the Minnesota Pollution Control Agency recovers funds through a lawsuit or settlement of \$250,000 or more, 40% of the money must be distributed to a community health board (CHB). The CHB is then required to meet directly with the residents potentially affected by the pollution that was the subject of the litigation or settlement to identify the residents' concerns and incorporate those concerns into a project that benefits the residents. It allows the CHB to recover reasonable costs incurred to administer the project. This also requires the CHBs that receive funding to submit a report on their work to the Senate and House committees with primary jurisdiction over environment policy and natural resources.

***Status: Signed by the governor on May 24, 2023 ([Chapter 60](#)).***

## **School Meals for Children ([SF 123/HF 5](#))**

This legislation provides free school meals for breakfast and lunch to Minnesota children, regardless of the income of their families. It will take effect beginning in the 2023-24 school year. The bill provides reimbursement to schools for students that are not already covered by federal programs.

***Status: Signed by the governor on March 17, 2023 ([Chapter 18](#)).***



### **Emergency Food Shelf Appropriation ([SF 71/HF 213](#))**

This bill provides a one-time \$5 million in emergency funding to food shelves in Minnesota. The funding is available through June 30, 2024.

**Status:** *Signed by the governor on March 2, 2023 ([Chapter 11](#)).*

### **Lead Service Line Grant Replacement Program ([SF 30/HF 24](#))**

The bill establishes a grant program in Minnesota to replace lead drinking water service lines. The program provides grants to recipients including community public water suppliers, municipalities, and residential drinking water system suppliers. The grants can be used for removing and replacing lead service lines, repaying debt, performing necessary construction activities, and providing education on the benefits of removing lead service lines. Priorities for the funding include addressing imminent threats to public health, targeting areas with children who have elevated blood lead levels, targeting areas with children under five such as schools and daycares, and consideration must be provided for lower-income and other disadvantaged communities. It sets a goal of removing all lead service lines in public drinking water systems in Minnesota by 2033. The legislation appropriates \$240 million as a one-time appropriation in FY 2024 to the Public Facilities Authority to provide grants and funding is available until June 30, 2033.

**Status:** *Signed by the governor on ([Chapter 39](#)).*

# Public Safety & Corrections

For additional information on this section, please contact Carli Stark, Policy Analyst, at 651-789-4335 or [cstark@mncounties.org](mailto:cstark@mncounties.org).

2023 was a productive year full of historic investments in public safety and corrections. Public safety is often one of the last bills to be agreed upon during the legislative session, but this year it was one of the first budget bills passed. Committees in both bodies spoke a lot about community engagement and its importance for public safety, which can be seen in the large investment into community-based and local programs. Many of the new or expanded grant programs passed this year are available to local governments and have broad uses to allow for counties to continue current programs and provide innovative new approaches at the local level.

## STANDALONE BILLS

### **Restoration of Voting Rights for Unincarcerated Individuals with Felony Conviction** **([HF28/SF26](#))**

Chapter 12 makes changes to voting rights for individuals that have been convicted of a felony. Until the enactment of the new law, individuals with a felony conviction were unable to vote while under sentence for the felony, which includes terms of both probation and prison. The new law allows individuals with felony convictions to vote if they are not incarcerated in a local jail or state prison. It also requires the Secretary of State to create informational materials and for the commissioner of corrections, jail administrators, and probation or supervised release agents to provide notice of an individual's restoration of voting rights.

**Status: Signed by the governor on March 3, 2023 ([Chapter 12](#)).**

### **Competency Attainment Changes ([HF121/SF255](#))**

In 2018, the Department of Human Services announced it would no longer provide inpatient competency restoration services. That left a gap in services for those that are unable to regain competence but do not meet the criteria for civil commitment. In 2019, a Competency Restoration Taskforce was established and worked to define service gaps and what an effective competency restoration program should include, but no state law or policy changes had yet been enacted. During the 2022 session, a state-funded State Competency Restoration Board was created to create a curriculum for competency restoration and manage a staff of forensic navigators.

Chapter 14, passed this year, changes the name of the board and all references to competency restoration to "competency attainment." It also updates effective dates of the previous bill to give the Board access to the funding appropriated last year. The Competency Attainment Board has not yet been established; therefore, the change was necessary to ensure the funding from the last biennium could still be used.

**Status: Signed by the governor on March 16, 2023 ([Chapter 14](#)).**

### **Disaster Assistance Contingency Account ([HF1278/SF2307](#))**

The Legislature transferred \$40 million to the Disaster Assistance Contingency Account to assist in the local cost share of federal financial assistance under FEMA's Public Assistance Program.

**Status: Signed by the governor on April 17, 2023 ([Chapter 26](#)).**

# PUBLIC SAFETY AND JUDICIARY OMNIBUS BILL

[\(HF2890/SF2909\)](#)

## Public Safety Appropriations

The public safety omnibus bill includes \$880 million of increased spending along with many policy changes that have the potential to significantly change the way public safety operations are carried out in Minnesota.

Many of the appropriations will benefit counties including:

- Community Supervision Funding - \$43 million per year, ongoing.
- Interstate Compact for Adult Supervision Transfer Reimbursement - \$250,000 per year, one-time.
- Public Safety Radio Communication System (ARMER) Equipment Grants - \$2 million per year, one-time.
- Community Crime Intervention and Prevention Grants - \$70 million, one-time.
- Federal Victims of Crime Funding Gap - \$11 million each year, one-time.
- Crossover and Dual Status Youth Model Grants - \$1 million each year, one-time.
- Youth Intervention Programs - \$3.5 million each year, ongoing.
- Public Safety Answering Points - \$28 million per year, ongoing.
- NextGen911 Transition Grants - \$7 million, one time.
- Statewide Emergency Communications Board - \$1 million each year, ongoing.

## Community Supervision Reforms

*Article 17* includes a significant county priority that has been years in the making. Based on an AMC Community Supervision Workgroup, legislative changes were enacted that will streamline and enhance community supervision by implementing reforms that promote effective interventions, equitable funding for state and local governments, and increased transparency through data collection. These changes are met with a historic increase in funding of \$43m in ongoing, annual funding, representing the largest increase in history for community supervision. While the total amount falls short of AMC's full request, legislators expressed a desire to come back next year to advocate for more funding.

Under the new funding formula, each county will receive a base amount of \$150,000, with an additional per diem rate of \$5.62 per felony/supervised release client, and 50% of misdemeanor, gross misdemeanor, and juvenile clients from the previous years' probation survey. The total allocation will be prorated if the legislative funds fall short of the required formula. However, no county will receive less than the appropriation received in fiscal year 2023. Additionally, Tribal Nations will receive \$250,000, unless they choose to participate in the Community Corrections Act. This is a big change for the community supervision system and will be a more transparent and predictable funding method for counties.

All counties and the Department of Corrections will be required to submit comprehensive plans every four years with an updated plan every two years. Previously, only counties were required to develop comprehensive plans for probation services. However, the reform now mandates the Department of Corrections to also create and submit a comprehensive plan to the county boards that it serves. This expansion ensures that both counties and the Department of Corrections collaborate to ensure that public safety is being addressed in every county.

Including the Department of Corrections in the comprehensive planning process promotes collaboration between local probation agencies and the Department of Corrections, ultimately improving the quality and effectiveness of probation services.

The bill also creates a new statewide advisory committee composed of various stakeholders, including probation directors, county commissioners, behavioral health providers, representatives from relevant committees and divisions, and individuals who have been supervised under different delivery systems. The committee's primary role is to provide written advice and policy recommendations to the commissioner on a range of topics, such as supervision standards, risk assessment, case-planning, services, training, and evaluation. Its purpose is to ensure collaboration, expertise, and oversight in shaping community supervision practices in line with best practices and promoting successful outcomes for individuals under supervision.

Despite efforts by AMC and other county partners, the bill includes the sunset of supervision fees without funding to replace that revenue stream. The collection of supervision fees will no longer be allowed starting in August of 2027. This gives counties four years to transition those fees out, but also four years to get the funding formula fully funded or the fee revenue replaced.

### **Sexual Assault Examination Costs**

*Article 5, section 46*, changes the responsibility of payment for sexual assault examinations from the county to the state and appropriates funds to the state for that purpose.

### **Community Crime and Violence Prevention Grants**

The legislation establishes a grant program administered by the commissioner of public safety to fund community-based programs aimed at crime and violence prevention. The programs should provide direct services, be culturally competent, and demonstrate measurable outcomes.

The grant program supports community-based programs that make neighborhoods safer and prevent crime. Eligible programs include those for children and youth at risk of getting involved in crime, after-school and summer activities for at-risk children, programs that discourage drug and gang involvement, neighborhood crime prevention initiatives, programs that enhance education and prevent school dropout, interventions for repeat juvenile offenders, collaborative programs for at-risk youth, successful programs for high-risk students, services for homeless youth, truancy reduction programs, innovative community-led crime prevention programs, programs addressing sex trafficking risks and teenage prostitution, mentoring for at-risk youth, community violence prevention programs, mediation programs to resolve conflicts peacefully, and programs supporting individuals and families affected by gun violence.

Applicants must specify program details, outcomes, community involvement, and geographic areas served. Priority is given to collaborative programs that have local government and law enforcement support, community involvement, are aimed at disparity reduction, and that serve communities disproportionately impacted by violent crime.

### **Regional and County Jails Study and Report**

*Article 11, section 33*, requires the commissioner of corrections to conduct a study and provide recommendations regarding the consolidation or merger of county jails and alternatives to incarceration for individuals with mental health disorders. The commissioner is required to actively involve and gather feedback from citizens residing in communities affected by potential changes in jail consolidation or merger. Additionally, the commissioner must consult with various stakeholders, including county sheriffs, county and city attorneys, chief law enforcement officers, administrators of county jail facilities, and district court administrators. All parties contacted by the commissioner must promptly provide the requested information.

In 2021, a similar provision was proposed but it was tied to funding requests in the capital improvements bill. Modified language is included in the same part of this year's bill and requires the commissioner to evaluate the need for any construction or expansion projects for jail facilities that require state funding. The evaluation will be informed by the report mentioned above.

### **County Discharge Plans for Individuals with Serious and Persistent Mental Illness**

This provision requires counties or local government to complete a discharge plan for offenders with serious and persistent mental illness who are being released from county jails or regional jails. The commissioner of corrections is mandated to develop and distribute a model discharge planning process for these individuals. At least 60 days before an offender's release, the county human services department must be involved and may execute the provisions outlined in the model discharge planning process. This includes completing a discharge plan at least 14 days prior to release, which may involve assisting with medical assistance applications, making case management referrals, facilitating the acquisition of identification, scheduling appointments with mental health providers, and providing prescriptions for necessary medications.

The bill allows counties to establish reentry coordination programs to support prisoners in reintegrating into the community. These programs can encompass various services, such as meeting immediate basic needs after release, assisting with medical assistance applications, and obtaining identification, providing medication prescriptions, coordinating services with county services agencies, and collaborating with community mental health or substance use disorder providers.

### **Office of Restorative Practices and Restorative Practices Initiatives Grants**

The bill establishes the Office of Restorative Practices, defining "restorative practices" as programs or policies incorporating core principles like voluntariness, agreement by those affected by harm, reintegration into the community, and honesty. These practices, including victim-offender conferences and community conferences, can be used at any stage, from prevention to court involvement. The legislation emphasizes meaningful outcomes like community connection, relationship restoration, empathy, and addressing underlying issues, while engaging affected individuals and diverse community members in collaborative decision-making. It encourages tailored solutions, informed by child development science, to address harm, promote healing, and foster a sense of belonging.

The office was appropriated \$4 million each year of this biennium and \$2.5 million ongoing for grants to support restorative practices initiatives, offering approved applicants grants of up to \$500,000 annually. The Office of Restorative Practices establishes a minimum number of applications required each year, reopening the process if the minimum is not met. Eligible recipients include nonprofit agencies, local governments, educational agencies, and Tribal governments, with a restorative practices advisory committee potentially supporting multiple entities based on community needs. The application must include a list of committee members, letters of support, a description of the planning process, and a project document outlining goals, activities, partners, community engagement, and evaluation plans. Grant amounts are determined based on the expected number of individuals served by the local restorative practices initiative.



## **Juvenile Detention Alternatives Initiative**

The Juvenile Detention Alternatives Initiative (JDAI) was transferred from the Association of Minnesota Counties to the Department of Corrections in 2019. There were discussions about the program going to the Department of Public Safety the last two years, but nothing came of those discussions. However, this year, the program is moving to Metropolitan State University with a transfer of \$500,000 per year to support the program. \$220,000 of that money is to support JDAI programs run by local governments, federally recognized tribes, and agencies.

## **Probation Sentence Maximums**

The Minnesota Sentencing Guidelines Commissioner proposed a 5-year cap on probation sentences in 2020. That cap went into effect when the Legislature did not vote to reject the proposal. That cap did not include any retroactivity, which is a priority for some legislators. This year, the cap was enacted into statute with retroactivity that allows some people to get their probation sentenced reduced to 5 years if they would otherwise be eligible if sentenced after the date of enactment.

## **Minnesota Rehabilitation and Reinvestment Act**

The Minnesota Rehabilitation and Reinvestment Act (MRRRA) was a key priority for the Department of Corrections this year and made significant changes to release authority of the commissioner and programming in prisons. It consists of four key components: (1) a comprehensive assessment and personalized rehabilitation plan; (2) early release for individuals that actively participate in activities such as substance use disorder treatment, mental health counseling, vocational skill training, and education that is specified in the personalized plan; (3) the potential for a shorter period of community supervision by meeting goals outlined in a release plan; and (4) reinvestment of any savings resulting from a reduction in imprisonment into victim support services, supervision services, crime prevention and intervention initiatives, correctional programs, and the state general fund.

During testimony, the commissioner of corrections was unable to provide any anticipated costs related to running the new program and could not estimate the potential savings without further development of the program details. The program will not go into effect until at least 2025.

## **Civilian Oversight Councils**

*Article 10, section 25*, allows local governments to establish civilian oversight councils to review law enforcement agencies. The councils have the authority to investigate complaints, make recommendations for discipline, and propose policy changes. However, the recommendations are advisory in nature, and the chief law enforcement officer retains the discretion to oppose and not implement them. The civilian oversight council can also conduct its investigations, including the power to subpoena witnesses and documents, and submit findings of misconduct to the chief law enforcement officer and the Peace Officer Standards and Training Board. Data collected by the council in relation to peace officer investigations are treated as personnel data and are subject to relevant data privacy regulations.

## **Private Prison Prohibition**

The bill contains two provisions that prohibit state and local governments from housing inmates in private correctional facilities. It specifically excludes privately-owned residential facilities, such as halfway houses, group homes, work release centers, or treatment facilities that provide for the care, custody, and rehabilitation of inmates released under specific provisions such as work release.

### **Juvenile Detention Facility Rule Changes**

*Article 11, section 7*, of the bill places strict restrictions on strip searches in juvenile detention facilities. They can only be conducted if there is an immediate contraband concern, alternative methods have failed, and the chief administrator approves. Strip searches must be done by a trained professional, documented, and reported to the commissioner.

It also prohibits physical or social isolation as a disciplinary measure in juvenile detention facilities, except when necessary for safety and in accordance with commissioner-approved rules. The commissioner has authority to address violations, and an annual report must be submitted, including data on strip searches, isolation, injuries, and demographics of affected juveniles.

### **Juvenile Risk Assessment Instruments**

*Article 11, section 25*, requires the use of a risk-assessment instrument for children in custody. If a child is not released by the officer or probation agent who took them into custody, the supervisor at the detention facility must use a fair and inclusive tool to decide whether the child should be released or kept in detention. The tool considers factors like whether the child may harm others or fail to appear in court. The assessment must determine the best placement for the child, either continuing detention or noncustodial community-based supervision, to minimize risks while ensuring fairness.

### **No Knock Search Warrant Changes**

*Article 9, section 5*, implements restrictions on the use of no-knock search warrants. Under the new law, officers can only obtain a no-knock warrant if there is an immediate threat of death or serious bodily harm to the officers executing the warrant or others present in the premises. Additionally, the law now mandates that officers must demonstrate that they cannot conduct a search of the premises when it is unoccupied and provide a judge with a comprehensive list of the known occupants of the property, including the number of individuals who are under the age of 18.

**Status: Signed by the governor on May 19, 2023 ([Chapter 52](#)).**

# Transportation & Infrastructure

For additional information on this section, please contact Emily Murray, Policy Analyst, at 651-789-4339 or [emurray@mncounties.org](mailto:emurray@mncounties.org)

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## OVERVIEW

AMC's Transportation & Infrastructure Policy Committee priority for the 2023 session focused on combined support for a comprehensive transportation funding bill that includes new, dedicated revenue for roads, bridges, and transit in addition to support for a bonding bill that would include funding for statewide transportation-related programs such as the Local Road Improvement Program (LRIP), the Local Bridge Replacement Program (LBRP), the Local Road Wetland Replacement Program (LRWRP) and the Busway Capital Improvement Program. Individually, these two items have been AMC priorities for the past several years. The goal to merge these two into one priority this year stemmed from the fact that the 2023 session was a budget year with a strong emphasis on the need for transportation funding coupled with the fact that there was no bonding bill last session during a traditional bonding year. AMC is happy to report a successful outcome on these two long-time transportation and infrastructure priorities. Here is a look at how it all unfolded.

## TRANSPORTATION

The 2023 session started with reprising roles for Sen. Scott Dibble and Rep. Frank Hornstein each serving as Chair of the Transportation Committee in their respective legislative bodies. They both served in this position simultaneously back in 2013-2014, the last time there was a DFL "trifecta" in the state. Picking up where they left off at that time, Chairs Dibble and Hornstein went into this session with a priority to pass a comprehensive transportation funding bill.

Before the conversation turned primarily to funding, there were two items that the Legislature fast tracked in the first weeks of session. One of the transportation items left unresolved from the 2022 session included securing state matching funds for the federal Infrastructure Investment and Jobs Act (IIJA) funding to maximize our state's ability to compete for discretionary grant dollars as well as a direct appropriation from the Legislature to access the formula fund increase. [HF26](#) (Koegel) appropriated \$315.5 million from the trunk highway fund in fiscal year 2023 to MnDOT for state road construction work on the trunk highway system. A holdover item from last session that did not get accomplished, it was important for this increase in the State Road Construction Budget to pass early on in session to allow MnDOT to spend increased federal highway dollars from the IIJA. Additionally, the Driver's License for All bill, [HF4](#) (Gomez) was a top priority for the Legislature and was one of the first bills the transportation committee heard. The bill would allow a person to obtain a driver's license or state identification card without showing proof of legal presence in the United States. After both items successfully passed out of committee, the focus on funding came front and center.

### **Comprehensive Transportation Finance and Policy Bill ([HF2887](#))**

While the state was experiencing a historic budget surplus going into the 2023 session, the Highway Users Tax Distribution (HUTD) fund revenues were down. This was a message AMC shared throughout session to further support the need for passage of a comprehensive transportation funding bill. MnDOT Commissioner Nancy Daubenberger presented before the House and Senate Transportation Committees in January, stressing the fact that transportation revenues were not keeping up with inflation. The County State Aid Highway (CSAH) fund was down \$17.5 million in 2023 compared with 2022. AMC worked with Rep. Erin Koegel (DFL-Spring Lake Park) to introduce [HF2501](#) which would provide a one-time appropriation to the CSAH and Municipal

State Aid Street (MSAS) funds for the loss in revenue that was received in 2023 as compared with the amount received in 2022. In the days following the MnDOT Commissioner's presentation, counties were given the opportunity to come before the House and Senate Transportation Committees, including a presentation from AMC Transportation & Infrastructure Policy Committee Chair and Pope County Commissioner Gordy Wagner to share more detail on the projected need for both county state aid highways and county roads, highlighting the impact that inflation is having on counties in terms of the cost of road resurfacing, bridges, equipment, and wait time. Commissioner Wagner emphasized our support for new, dedicated revenues and shared our long-time platform language supporting increases in a multitude of funding sources to secure additional revenue.

The governor's transportation budget recommendations focused on \$722 million from the general fund for transportation investments over the next four years, with half for the trunk highway fund to match IIJA federal funding opportunities and the other half to match multimodal investments. In addition, his recommendations included \$100 million in one-time general fund dollars to provide local match for federal grants. In terms of new revenue, the governor's recommendations proposed a tab fee restructure, which would bring in \$700 million in new HUTD fund revenue. The proposal included an annual adjustment beginning at 160% of Manufacturer's Suggested Retail Price (MSRP), declining to 100% in the second year and declining an additional 10%/year thereafter. The governor also included a new dedicated regional sales tax of 1/8% for transit operations and capital beginning October 2023.

When budget targets were released at the end of March, transportation received a much higher target than usual, totaling \$1.075 billion. With only \$130 million in the "tails" for the next biennium, it was clear that most of the target was one-time money from the state surplus. While this still left room for new revenue in the form of constitutionally dedicated fee increases either through tab fees or MVST it did not leave enough room in the tails for a full statutory dedication of the auto parts sales tax revenue to transportation. With an omnipresent focus on the need at all levels of the transportation system, the following is a look at the funding provisions contained in HF2887, the Omnibus Transportation Finance and Policy Bill and the path each provision took to make into the final package. [AMC created the following chart](#) that includes a high-level overview of the transportation funding provisions included as part of the HF2887 Conference Committee Report and signed into law by Gov. Walz as [Chapter 68](#).

### **Tab Fees**

Following the governor's budget recommendations, both the House and Senate bills included changes to the rate and depreciation schedule for tab fees. As a reminder, this revenue is one of the three main sources of constitutionally dedicated revenue flowing into the HUTD fund which then funnels to the CSAH fund. The other HUTD fund revenue sources are the motor fuel tax revenue and motor vehicle sales tax revenue. The House proposal increased the tab fee rate to 1.985% for vehicles registered prior to November 16, 2020, and 1.95% for those on or after that date. The Senate proposal increased the rate to 1.54% for vehicles registered prior to November 16, 2020, and 1.575% for those on or after that date. Both versions also proposed a change to the depreciation schedule. The final package ultimately used the Senate approach for the rate and depreciation schedule. The depreciation schedule is as follows:

- 100% in the first year
- 95% in the second year
- 90% in the third year
- 80% in the fourth year
- 70% in the fifth year

- 60% in the sixth year
- 50% in the seventh year
- 40% in the eighth year
- 25% in the ninth year
- 10% in the tenth year
- \$20 for the 11<sup>th</sup> year and older

Revenues from the increased rate for tab fees and changes to the depreciation schedule amount to the largest increase in new revenue flowing to the HUTD fund, with a projected \$258 million in additional revenue by FY2026.

### **Indexing of Motor Fuels Tax**

The last time Chairs Dibble and Hornstein were working on a comprehensive transportation funding bill in 2013, the desire to increase the gas tax was front and center. This year, the idea was something that most legislators on both sides of the aisle balked at when mentioned. Additionally, indexing the motor fuels tax was not an idea that was discussed during committee hearings this session, so imagine everyone's surprise when in the final days of session, it was reported that indexing might be included in the final package. While it is not a new idea in that Chair Hornstein included indexing in transportation funding proposals in 2019 and 2021, but it was not included in any version of the House or Senate bill this year until the very end. The final proposal would index the gasoline excise tax and the special fuel excise tax to the Construction Cost Index (CCI), capped at 3% per year. This is expected to equal a three cents per gallon gas tax increase immediately, and a five cents per gallon increase by FY2027, equivalent to \$137 million in additional revenue to the HUTD fund by FY2027.

### **Motor Vehicle Sales Tax (MVST)**

Rate equalization of the Motor Vehicle Sales Tax (MVST) has been proposed in the past and was not a surprise to be included in both the House and Senate bills this session. Rate equalization would bring the current MVST from 6.5% to the standard sales tax rate of 6.875%. MVST revenue is distributed based on a 60/40 split with 60% going to the HUTD fund for roads and bridges and 40% going to transit. The transit portion is further broken down by a split of 36% metro and 4% Greater MN. While both the House and Senate included rate equalization in their bills, they proposed different changes to the transit distribution. The Senate proposed having 34.5% go to Metropolitan Area Transit and 5.5% to Greater MN Transit while the House had a slightly lower amount for the metro at 34.3% Metropolitan Area Transit and 5.7% to Greater MN Transit. The final package went with the House proposal with a MVST rate of 6.875% distributed 60% roads and 40% transit with the transit portion at 34.3% to Metropolitan Area Transit and 5.7% to Greater MN Transit. MVST rate equalization is projected to bring in almost \$32.5 million in additional revenue to the HUTD fund by FY2026.

### **Retail Delivery Fee**

The retail delivery fee was a new revenue source that was proposed this session to address the lagging sources of HUTD fund revenues into the future. Since we consistently hear that the gas tax is a dying source of revenue, it was important to look at new ideas outside of a mileage-based fee system, which has been discussed and studied in the past. Rep. Erin Koegel led the charge on the delivery fee front and was successful in getting it added to the House bill. Surprisingly, the Senate also added the provision to its bill despite not having a standalone bill hearing on the proposal in committee. Both the House and Senate bills started with a 75-cent retail delivery fee, though the Senate and House distributed the new revenue differently:



	SENATE DISTRIBUTION SF3157	HOUSE DISTRIBUTION HF2887
<b>DELIVERY FEE</b>	<ul style="list-style-type: none"> <li>• 70% HUTD Fund</li> <li>• <b>20% CSAH Fund</b></li> <li>• 9% MSAS Fund</li> <li>• 1% to a newly created Food Delivery Support Account</li> </ul>	<ul style="list-style-type: none"> <li>• 33% to HUTD Fund</li> <li>• <b>18% to CSAH Fund</b></li> <li>• 12% to MSAS Fund</li> <li>• 24% to Small Cities Assistance Account</li> <li>• 12% to Town Road Account</li> <li>• 1% to a newly created Food Delivery Support Account</li> </ul>

By the time the Senate bill was heard in the Senate Taxes Committee, there was an amendment to remove the delivery fee from the bill. While Chair Dibble continued to support the delivery fee, there were concerns from several members of the Taxes Committee that resulted in removing the provision entirely to ensure there were enough votes to move the bill out of committee and on to Senate Finance. The provision remained in the House bill, making it one of the bigger items that needed to be resolved in conference committee. In the end, the delivery fee was lowered to **50 cents on orders over \$100** with several exemptions, including an exemption for food delivery – both hot (Uber eats) and cold (grocery delivery) as well as orders with only tax-exempt items like prescriptions, medical devices, and baby products. It also excludes small businesses with retail sales of less than \$1 million. The revenue from the retail delivery fee will be distributed to a newly created Transportation Advancement Account which will be discussed in more detail later. The retail delivery fee projections are not as clear as the other sources, but current estimates show it could bring in close to \$65 million in FY2026.

### Auto Parts Sales Tax Dedication

Last session, most of the focus on increased transportation funding came from the desire to dedicate all the revenue from the sales tax on auto repair parts to transportation. Previously, there was a flat amount of revenue totaling \$145 million annually going into the HUTD fund from the sales tax on auto repair parts with the rest of the revenue remaining in the general fund. Proposals from past years as well as individual bills introduced this session would have dedicated 100% of the revenue to transportation with most going to the HUTD fund and a smaller percentage dedicated for townships and small cities. With the news of the transportation budget target not including enough money in the tails to fully dedicated all the auto parts sales tax revenue to transportation this year, the question remained as to whether it would be included in the House and Senate omnibus bills. In the end, both the House and Senate bills included a full statutory dedication of this revenue to transportation, but each bill phased in the revenue at separate times. The House proposed to add an additional \$33 million/year for FY24-27 to the HUTD fund in addition to the current \$145 million/year going to the HUTD fund. For FY28 and after, 100% of the revenue would be dedicated to the HUTD fund. The Senate proposed a much slower phased-in approach over the next ten years. The final package ultimately went with the Senate language, which modifies the allocation of the state general sales tax revenue attributed to automotive repair and parts as follows:

- (1) 43.5% to the HUTD fund
- (2) A % to the Transportation Advancement Account:
  - In FY24, 3.5%
  - In FY25, 4.5%
  - In FY26, 5.5%

- In FY27, 7.5%
- In FY28, 14.5%
- In FY29, 21.5%
- In FY30, 28.5%
- In FY31, 36.5%
- In FY32, 44.5%
- 56.5% in FY33 and thereafter; and
- (3) the remainder in each fiscal year to the general fund

By FY33, 100% of the revenue from the auto parts sales tax will be dedicated to transportation, with 56.5% going to the Transportation Advancement Account and 43.5% going to the HUTD fund. While the revenue going to transportation will only grow between now and FY2033, by FY2026 it is projected to include an additional \$19 million for transportation.

### **Metropolitan Area Sales Tax**

While the governor included a 1/8% sales tax in the metro area for transit in his budget recommendations, it was expected that legislative proposals would be higher. Transit advocates lobbied hard to get this percentage raised. House and Senate proposals both started with 0.75% sales tax in the seven-county metro area. On the House side, the tax was proposed to be distributed 5/6<sup>th</sup> to the Metropolitan Council for transit, and 1/6<sup>th</sup> to the Transportation Advisory Board (TAB). On the Senate side, the 0.75% sales tax would be distributed 83% to the Metropolitan Council and 17% to the seven metro counties. Throughout the committee process, most of the changes happened to the Senate language while the House proposal remained intact. In the Senate Taxes Committee, the percentage of the tax was dropped to 0.5% and on the Senate floor, the 17% going to the seven metro counties was further broken down to include a more detailed distribution based 70% on CSAH needs and 30% on population.

Leading up to the conversation in conference committee on the metro area sales tax, there was a concerted effort by several of the metro counties to apply the Senate approach to distribute a portion of the sales tax directly to the metro counties, with a desire to increase that percentage higher than 17%. Conversations continued throughout the conference committee process and commissioners and staff from the seven metro counties worked tirelessly to come to an agreement they could all support that would increase the percentage going to them directly, while still ensuring that the revenue would be used for transit and transit adjacent purposes. Transit advocates pushed hard for the conference committee to accept the House language that kept the sales tax at 0.75% with the amount going to the Metropolitan Council locked in at 83% which meant the amount going to the seven metro counties would not increase from 17%. The final conference committee report was released, and the sales tax remained at 0.75% with the proceeds of the tax allocated as follows:

- 83% to the Metropolitan Council
  - 95% for transit system purposes including operations, maintenance, and capital projects.
  - 5% for active transportation as determined by the Transportation Advisory Board (TAB)
- 17% to the seven metro counties for uses specified under the Transportation Advancement Account

It is important to note that with the addition of this new metro area sales tax, the Metropolitan Council will cover all guideway and busway operating and ongoing capital maintenance costs going forward. This was an important piece of the language for metro counties. The revenue from the metro area sales tax is projected to bring in an additional \$575 million by FY2026. The sales tax will go into effect on October 1, 2023.

## Transportation Advancement Account

Revenues directed to the Transportation Advancement Account (TAA) include (1) the 17% distribution to the seven metro counties from the 0.75% metro area sales tax; (2) a percentage of the auto parts sales tax revenue, which is a small percent initially and eventually grows to 56.5% of the revenue in FY33 and thereafter; and (3) the revenue from the retail delivery fee.

The TAA is created in the special revenue fund and funds must be distributed as follows:

- 36% to metropolitan counties
- 10% to CSAH
- 15% to Larger Cities Assistance Account
- 27% to Small Cities Assistance Account
- 11% to the Town Road Account
- 1% to a newly created food delivery support account

Distribution of the 36% of the TAA to the seven metro counties is based 50% on CSAH needs and 50% on population. A metropolitan county must use the revenue as follows:

- 41.5% for active transportation and transportation corridor safety studies,
- 41.5% for repair, preservation, and rehabilitation of transportation systems without adding capacity, and
- 17% for transit purposes; complete streets; projects, programs, and operations activities that meet the requirements of a mitigation action (GHG/VMT).
  - Funds must supplement and not supplant existing sources of revenue.

The CSAH portion of the TAA is expected to see \$8.3 million in additional revenue in FY2026 and the portion directed to metropolitan counties is projected to receive an additional \$30 million in FY2026.

## Other Funding Items

In addition to the constitutionally and statutorily dedicated revenues referenced above, there were notable one-time general fund cash investments in the following programs:

- \$18 million to the Local Road Improvement Program (LRIP)
- \$18 million to the Local Bridge Replacement Program (LBRP)
- \$4.3 million to a newly created Local Transportation Disaster Support Account and \$1 million ongoing annually
- \$216.4 million in federal match discretionary grants
  - \$10 million max per project
- \$2 million for federal grants technical assistance
  - Grants may not exceed \$30,000.

The final agreement also included several named projects or earmarks in the bill. Finally, there was \$153 million in trunk highway bonds included for the Corridors of Commerce Program.

## Transportation Policy Provisions

In addition to the funding provisions included in both the House and Senate positions, there were also numerous policy provisions in the final conference committee report. Many of the provisions were included in both the House and Senate bills but with varying levels of same/similar language. Below is a breakdown of some of the top policy provisions AMC was following that made it into the conference committee report and were included in Chapter 68:

- **Advisory Council on Traffic Safety:** The language creates a new Advisory Council on Traffic Safety, established to advise, consult with, assist in planning coordination, and make program recommendations to the commissioners of public safety, transportation, and health on the development and implementation of projects and programs intended to improve traffic safety on all Minnesota road systems. The advisory council will serve as the lead for the state Toward Zero Deaths program. The advisory council includes a representative from AMC and the MN County Engineers Association (MCEA). Counties welcome the opportunity to work with all members of the advisory council on policies, programs, and services affecting traffic safety.
- **Safe Road Zones:** One of the duties of the Advisory Council on Traffic Safety is to make recommendations to the commissioners of public safety and transportation on supporting the local authority with implementation of safety measures of each safe road zone. One of the safety measures listed includes establishing a speed limit under 169.14, subdivision 5i, which states that upon request by the local authority, the commissioner (of transportation) may establish a temporary or permanent speed limit in a safe road zone other than the limits outlined in statute based on an engineering and traffic investigation. Both AMC and MCEA have long-standing platform positions supporting the exclusive role of the Commissioner of Transportation in establishing speed zones on all roadways and under this new language, the authority for setting speed limits in a safe road zone still resides with the Commissioner of Transportation. It is helpful to outline the steps necessary to change a speed limit in a “Safe Road Zone”:
  - ▶ (1) There must be a “local request” – defined as a formal request collectively submitted by the chief law enforcement officer of a political subdivision serving the proposed safe road zone, the local road authority for the proposed safe road zone, and the chief executive officer, board, or designee by resolution of the political subdivision encompassing the safe road zone.
  - ▶ (2) Upon receipt of a “local request” the commissioner (of transportation), in consultation with the commissioner of public safety, must consider designating a segment of a street or highway as a safe road zone.
  - ▶ (3) The Advisory Council on Traffic Safety must make recommendations to the commissioners of public safety and transportation on supporting the local authority with implementation of safety measures for each safe road zone.
  - ▶ (4) Safety measures may include ... establishing a speed limit under 169.14, subdivision 5i.
  - ▶ (5) Even if the advisory council recommends establishing a speed limit under 169.14 subdivision 5i as a safety measure for the safe road zone, the language states that the Commissioner of Transportation *may* establish a temporary or permanent speed limit in a safety road zone based on an engineering and traffic investigation.
- **Greenhouse Gas Emissions Impact Assessment:** AMC worked hard to share our concerns with the provision included in both the House and Senate bills and ultimately included in the final report that would require an assessment of greenhouse gas emissions for all grade separated interchange projects and capacity improvement projects on the trunk highway system that are not in the Statewide Transportation Improvement Program (STIP) or have not submitted a layout to MnDOT for approval by February 2025. It would apply to capacity improvement projects with a cost of \$15M or more in the metro area and \$5M or more in Greater Minnesota. If the project is not in conformance with the greenhouse gas emissions reduction targets and the vehicle miles traveled reduction targets, there must be a change in the scope or design of the project and perform a revised assessment, interlink sufficient impact mitigation, or halt the project development and disallow inclusion of the project in the STIP. AMC and MCEA led a coalition of groups that shared concerns with the proposed language and offered suggestions. Legislative efforts were successful in adding language relating to safety, adding to the list of mitigation options, and creating a working group. MCEA has two representatives on the working group, which is charged with:

- Development of a process for impact assessment,
- Development of an impact mitigation plan,
- Consideration of options related to funding GHG emissions mitigation activities in conjunction with transportation capacity expansion projects, and
- Consideration of options for alternative mitigation options.

The working group will result in a legislative report due February 1, 2024. The working group must submit findings and recommendations, including any recommendations for legislation. The effective date is February 1, 2025, which allows for the working group to include any recommendations for legislation that could be considered during the 2024 session.

- **Corridors of Commerce:** In addition to the \$153 million in trunk highway bonds included in the bill for the Corridors of Commerce Program, the language also included programmatic changes to help achieve regional balance throughout the state. The following regional allocations were included:
  - (1) Metro projects: at least 25% and no more than 27.5% of the funds are for projects that are located within, on, or directly adjacent to an area bounded by marked Interstate Highways 494 and 694.
  - (2) Metro Connector Projects: at least 35% and no more than 37.5% of the funds are for projects that:
    - Are not included in clause (1); and
    - Are located wholly or primarily within a greater metropolitan county; and
  - (3) Regional Center Projects: at least 35% and no more than 40% of the funds are for projects that are not included in clause (1) or (2).
- **Truck size and weight provisions:** Included in the final report were three truck size and weight provisions that were worked on last session. The first was a change to the Forest Products Special Permit allowing a road authority to issue a permit for an increased total outside width of a vehicle hauling forest products. The second was a change to the Special Farm Products Permit to include raw or processed grass seed in the definition of qualifying agricultural products. Finally, a provision to allow towing and recovery vehicles to exceed the length and weight limitations when towing a disabled or damaged vehicle was included. AMC worked closely with proponents on all the above bills over the past two years to make sure the changes proposed were agreeable to counties and we could remain neutral.
- **Metro Counties LOST Report to Legislature:** Language proposed in the House bill was included in the final report that would require metro counties that have implemented the county transportation sales and use tax to provide a report to the Legislature. The report must include the actual sales tax collections by the county over the previous five calendar years and an estimation of the total sales tax revenue that is estimated to be collected by the county in the current year and for the next ten calendar years as well as the amount expended or proposed to be spent on planning, construction, operation, or maintenance of guideways; non-guideway transit and active transportation uses; highway uses; and uses not otherwise specified; and an estimated balance of unspent or undesignated county sales tax revenue. Similar proposals have been put forward in previous years without success, but metro counties remained neutral this session.
- **Transit Rider Investment Program (TRIP):** Language was included that would require the Metropolitan Council to implement a transit rider investment program that provides for TRIP personnel deployment, fare payment inspection, administrative citation issuance, rider education and assistance, and improvements to the transit experience.
- **Transit Service Intervention Project:** A Transit Service Intervention Project is established to provide coordinated, high-visibility interventions on light rail transit lines that provide for enhanced social services outreach and engagement, code of conduct regulation, and law enforcement. The Metropolitan Council must establish the intervention project and must seek the participation of certain entities to provide for coordination of the intervention project, including each county within which a light rail transit line operates. The Met Council must establish social services intervention teams that consist of county-based social services personnel, *as available*.



- **Metropolitan Governance Task Force:** A Metropolitan Governance Task Force is established to study and make recommendations to the Legislature on reform and governance of the Metropolitan Council. Included in the membership of the task force is one county commissioner representing counties in the metropolitan area, appointed by AMC. The task force must study and evaluate options to reform and reconstitute governance of the Metropolitan Council, including an analysis of the costs and benefits of:
  - Direct election of members to the Metropolitan Council.
  - A combination of directly elected and appointed members to the Metropolitan Council.
  - A council of governments which would replace the current Metropolitan Council.
  - Reapportioning responsibilities of the Metropolitan Council to state agencies and local units of government.
  - Adoption of a home rule charter for the governance of the Metropolitan Council.
  - Any other regional governance approaches that are viable alternatives to the current structure.
- **Bridge Grant Program – Historic Bridges:** Efforts led by MnDOT and supported by AMC and MCEA to include rehabilitation in the Bridge Grant Program were added. The language would allow political subdivisions to use grants made under this section to rehabilitate bridges, including paying the costs of acquiring and rehabilitating and reconstructing historic bridges.
- **Independent Expert Review Provisions:** Both the House and Senate positions included provisions put forward from the Driver and Vehicle Services Independent Expert Review. Legislative action will positively impact county deputy registrar’s offices, including a \$6 million infusion of cash into the system, fee increases, and a \$1 surcharge.

*Status: Signed by the governor on May 24, 2023 ([Chapter 68](#)).*

## BONDING

### Capital Investment Package ([HF669](#) and [HF670](#))

While the 2023 session was the first year in the biennium and technically a budget year and not a bonding year, the consensus was that a bonding bill would be a priority this year. Despite it being a bonding year, the 2022 session ended without a bonding bill even being introduced. At the time, all we knew was that there was a leadership agreement to include a \$1.4 billion bonding bill as part of the final agreement. There was no language presented to the public, just a general framework for how it might be broken down.

Fast forward to the 2023 session and legislators in both the House and Senate were eager to present a bonding bill in the first few months. This timing is early for bonding, which is often jokingly referred to as “dessert” and one of the final bills discussed during a legislative session. This is typically the case because bonding becomes part of end of session negotiations since votes from the minority party are needed for the supermajority vote required for passage. The governor presented his proposed capital budget at the end of January that included the following investments in transportation-related programs:

- Local Road Improvement Program (LRIP): \$144 million GO
- Local Bridge Replacement Program (LBRP): \$108 million GO
- Local Road Wetland Replacement Program (LRWRP): \$16.8 million GO/\$7.2 million GF
- Bus Rapid Transit: \$72 million GO

When the delete everything amendments to HF669 and HF670 were initially presented in mid-February, House Capital Investment Committee Chair Fue Lee (DLF-Minneapolis) and Senate Capital Investment Committee Chair Sandy Pappas (DFL-St. Paul) referred to them as the “2022 Bonding Bills” – while despite not seeing any actual bill language at the end of the 2022 session, the contents of these two bills comprised the framework of the leadership agreement. HF669 was the more traditional bonding bill focused on general obligation (GO) bonds and HF670 was a general fund cash bill. Combined, the two bills totaled \$1.9 billion in capital investments across the state, with \$1.5 billion in GO bonds and \$391.75 million in cash.

HF699 included the following GO funding amounts for the four programs AMC was tracking through support for our transportation funding priority:

- Local Road Improvement Program (LRIP): \$79 million GO bonds.
- Local Bridge Replacement Program (LBRP): \$67 million GO bonds.
- Local Road Wetland Replacement Program (LRWRP): \$12 million GO bonds.
- Bus Rapid Transit: \$72 million GO bonds.

As initially presented, there was a placeholder for House and Senate GOP priority projects listed on the spreadsheet under the Department of Education for \$94 million in GO bonds and \$185 million in cash for library construction grants. These projects were added via amendment on the House Floor when it was scheduled for the Calendar for the Day in early March. Adding the GOP priority projects was key to ensuring GOP minority votes for the bill on the House Floor. The House DFL majority needed eleven GOP votes in support of the bill for passage and they received overwhelming bipartisan support with 21 GOP votes, and HF669 passed by a vote of 91-43. HF670 only needed a simple majority for passage but passed by a vote of 98-36.

The same day the House passed HF669 and HF679, the Senate GOP announced at a press conference that the two bills were “dead on arrival” in the Senate until tax cuts were taken up. In order to meet the supermajority needed for passage on the Senate Floor, the Senate DFL needed seven GOP green votes. Over a week after the House passed the two bills, the Senate took up HF669 on the Senate Floor and none of the Senate GOP members voted in favor of the bill and it failed by a vote of 33-32. Chair Pappas made the motion to reconsider the bill, which passed, followed by a motion to have it laid on the table. Because HF669 did not pass, the Senate did not take up HF670.

Discussions turned next to whether the DFL would move forward with an all-cash bill that would likely be smaller in size than the two initial proposals. In the weeks following, there was a good deal of partisanship that took place between the Senate DFL and GOP members of the Capital Investment Committee. There were several weeks that we heard nothing on an overall package but committee hearings on individual bills and projects continued. Additionally, when budget targets were released, the bonding targeted was announced at a whopping \$2.298 billion. While it was initially rumored that part of this target amount would be reserved for next year, it was still a large enough target for them to pass a substantial cash bill this year if a bonding bill were abandoned.

Later in March, the Senate Capital Investment Committee heard [SF1021](#) (Dibble) which would provide \$150 million in GO bonds for local roads (LRIP) and \$200 million in GO bonds for local bridges (LBRP). AMC and the MN County Engineers Association (MCEA) strongly supported Sen. Dibble’s bill and shared relevant LRIP and LBRP statistics since the 2020 bonding bill to help prove the need. Over the next five years, counties and cities have identified 634 priority bridge replacement projects, requesting \$290 million in state bridge funds.

Additionally, the most recent solicitation for LRIP received over 400 applications totaling \$344 million in requests, far exceeding the \$75 million in GO bonds available in the 2020 bonding bill. AMC shared these points when HF669 and HF670 were heard in committee as well.

The fate of the bonding bill was still in flux in the final week of session. During the preceding weeks, there were many offers traded between the Senate DFL and GOP to try and find agreement on a final package. In the final week of session, when it seemed like a deal would not be made, the Senate DFL put out a [\\$1.3 billion cash only bill](#) that included significantly less in total investments for the transportation-related programs that AMC had been advocating for this session. In the proposed cash bill, there was only \$20 million in GO bonds for LRIP and LBRP, \$44.5 million for bus rapid transit, and only \$3 million in cash for the LRWRP. AMC and MCEA shared our concerns with the cash bill during a Senate Finance Committee hearing, noting that the proposed bill did not include enough to cover the significant statewide need.

In a final twist on the Saturday before the last day of session, all four leaders struck a deal that included \$300 million over four years in emergency funding for nursing homes to get the needed Senate GOP votes for a bonding bill. **The final capital investment package totaled \$2.6 billion in investments across the state, with \$1.5 billion in bonding (HF669) and \$1.1 billion in cash (HF670).**

The following investments were included in the final version of HF669:

- Local Road Improvement Program (LRIP) Undesignated: \$78.954 million GO bonds.
- Local Road Improvement Program (LRIP) Townships: \$6 million.
- Local Bridge Replacement Program (LBRP) Undesignated: \$67 million GO bonds.
- Local Road Wetland Replacement Program (LRWRP): \$12 million GO bonds.
- Busway Rapid Transit: \$72 million GO bonds.
- Safe Routes to School: \$2.4 million GO bonds.
- Active Transportation Program: \$1.2 million GO bonds.
- Greater Minnesota Transit Capital Program: \$3 million GO bonds.

In total, LRIP will received just shy of \$103 million in investments this session between the GO bond amounts listed above and the \$18 million cash included in the transportation finance bill. For LBRP, the total investment is \$85 million between the \$67 million in GO bond amount listed above and the additional \$18 million in cash included in the transportation finance bill. These amounts are undesignated, but in addition, the combined capital investment bills included \$146.42 million in named road projects and \$41.9 million in named bridge projects. More detail can be found in the final [combined spreadsheet](#) for both bills.

***Status: Signed by the governor on June 1, 2023 (Chapters [71](#) and [72](#)).***

# BROADBAND

For additional information on this section, please contact Nathan Zacharias, Policy Analyst at 715-222-2824 or [nzacharias@mncounties.org](mailto:nzacharias@mncounties.org)

## **Border-to-Border Broadband Grant Program Funding and Policy Changes ([SF1955](#))**

Whether the state would fund additional broadband infrastructure grants this year was unclear at the beginning of session. Previous years' bill authors either lost reelection or were in the minority party. Additionally, hundreds of millions of federal broadband dollars loomed on the horizon, though it was unclear exactly how much or when the funds would arrive in state coffers.

AMC met with numerous members of the House and Senate Agriculture Committees and eventually secured Rep. Kristi Pursell (DFL-Northfield) and Sen. Judy Seeberger (DFL-Afton) as primary bill authors for [HF2313/SF2169](#). The bill, as introduced, would have spent \$276 million over the next two years to fund the Border-to-Border Broadband Grant Program. The bill also increased the per-grant cap from \$5 million to \$10 million per project. AMC secured eight bipartisan coauthors in the House and four bipartisan coauthors in the Senate.

The bill received a hearing in the House on March 7, 2023, and March 20, 2023, in the Senate. Both bills were heard by the Agriculture Committee. During the committee hearings, an amendment was adopted that split off a portion of the funding and sent it to the Lower Population Density Program. This program targets areas of the state with lower populations and, therefore, smaller tax bases. Since the Office of Broadband Development gives higher scores to applicants with local funding, we found that smaller counties were having a harder time securing grant dollars than larger counties. Often these areas are the hardest to serve because there are fewer homes per mile. Both bills were laid over for possible inclusion in the committee's omnibus funding bill.

When global budget targets were released by the Speaker of the House, Senate Majority Leader, and Gov. Walz, we found out that broadband would receive \$100 million over the next two years. While this number was less than what we asked for, we were very pleased that there would be funding to bridge the gap between now and when federal funding arrives in the state. \$60 million will be spent on the standard broadband grant program and \$40 million will be spent on the Lower Population Density Program in addition to making that program permanent (it was a pilot program that began in 2022). The per-grant increase from \$5 million to \$10 million per project was also included. The bill then moved quickly through the committee markup process, with differences between the two omnibus funding bills resolved in a conference committee.

The Agriculture Omnibus Finance Bill ([SF1955](#)) was one of the first budget bills passed and signed into law in the 2023 session. It passed the House 85-44 and passed the Senate 49-17 on May 11, 2023.

**Status: Signed by the governor on May 18, 2023 ([Chapter 43](#)).**



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