Association of Minnesota Counties

Legislative Session Summary

2021

Association *of* Minnesota Counties

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Overview

The 2021 Legislative Session felt more like a carryover of 2020 than a markedly new beginning to a budget year, as legislative dynamics from the previous year congealed together to create a total of 18 months and [eight special sessions-worth of legislative action.](#) While leadership remained largely the same—aside from a newly elected Senate Minority Leader Susan Kent and a break off "Independence" party composed of Senators Tom Bakk and David Tomassoni—the session proved entirely unpredictable as negative budget projections were turned on their heads in early March and a $1.9 trillion federal American Rescue Plan pumped more than $7 billion into the state coffers with many more questions than answers. Legislators raced—virtually!—to hold hearings to understand the guidelines, uses, and possible spending areas for the funds, hoping to find flexibility to spend some of the monies on caucus priorities.

In the end, the Regular Session proved to not be enough time to hammer out the final deal. Governor Walz, Speaker Hortman, and Majority Leader Gazelka addressed the media on the final day of Regular Session outlining broad budget target numbers (and rough policy parameters) of a deal but reminded the public they would need more time to finalize policy and spending language. Two weeks later, self-imposed deadlines for omnibus bill language went largely unmet. With a July 1st budget shutdown date approaching, pressure and bipartisan agreement to not shut down state government necessitated leadership to again implement a "tribunal structure" (harkening back to the final days of the 2019 session) to sort out policy differences and close major remaining packages such as Public Safety, Environment, and Taxes. The final agreement included a $1.3 billion increase over the base biennial budget as well as a set aside of $1.23 billion of ARP dollars for future legislative spending (the Legislature spent $1.1 billion of ARP funds as part of the agreement along with allocating $500 million to the Governor) and the creation of a Legislative Premium Pay Work Group to provide recommendations on how to spend a set aside $250 million bucket of funds.

Once the dust settled and bills were signed by the governor, counties were able to stand back, take a quick break, and look back at their achievements during a tumultuous year and half. At a glimpse, counties were able to stave off any conversations surrounding general purpose aid cuts, weigh in on several pandemic recovery measures, advocate for state repayment of Department of Health and Human Services billing errors, and lobby for historic investments in public health, youth homelessness prevention, and broadband funding among others.

AMC Priority Items Scorecard 2021

+ Success   +/- Partial Success   - Disappointment

COVID-19 RESPONSE	
+	AMC educated legislators on the role of local public health in COVID-19 response and $26 million per biennium in new, ongoing investment were made in local public health infrastructure.
SUPPORTING PANDEMIC RECOVERY EFFORTS	
+	Legislature approved significant investments to assist with pandemic recovery efforts in business, workforce, and housing areas including county involvement in local business relief and youth/family homelessness prevention.
BROADBAND FUNDING	
+	The Legislature approved $70 million for the State Border-to-Border Broadband Grant Program from the ARPA Capital Projects Fund. This is the largest, multi-year investment in the broadband grant program's history!
HEALTH AND HUMAN SERVICES WAIVERS	
+	In response to the advocacy of counites, the Legislature made permanent four priority DHS-granted waivers and modifications that were first implemented during the COVID-19 peacetime emergency.
PROTECTING COUNTY PROGRAM AID	
+	AMC protected counties from any attacks on counties' largest general purpose aid category (CPA).
COMMUNITY SUPERVISION	
+	The first increase to the CCA subsidy and CPO reimbursement since 2017 was approved in the amount of $2.642 million over the FY22/FY23 biennium. Also included is a probation funding working group tasked with addressing the probation funding inequity between counties through the creation of a new funding system.
TAX-FORFEITED PROPERTY COSTS	
-	AMC's proposal to hold back TFP revenue for cleanup and maintenance efforts was passed by the Senate but not acted on in the House. However, legislation was passed to allow for costs to remove abandon underground storage tanks on TFP to be paid for using the petroleum fund.
TRANSPORTATION FUNDING	
+	The Legislature approved an additional $220 million over base level funding for transportation, with one-time investments in the local road and bridge programs, arterial bus rapid transit, and a second daily train to Chicago as well as authorizing $413 million in trunk highway bonds over the next four years.

AMC Works for Your Interests

Below you will find links to all of the letters submitted in the final week of the regular session to various conference committees outlining county priorities and positions across the policy arena.

Taxes	Youth homelessness prevention aid, business relief grants, volunteer driver reimbursement rates, MN Housing Tax Credit/Contribution fund, childcare credit, property taxpayer appreciation day proposal, 4D, local options sales tax proposals.
Public Safety	CCA/CPO funding, probation funding workgroup, emergency management grants, 911 telecommunications service fee, courthouse safety grants, use of deadly force effective dates, remote marriage license applications, child protection/parental representation, neuropsychology examination in PSI.
Housing	Housing programs funding, homelessness prevention and support funding, local housing trust fund grants, eviction expungement, rent control.
Transportation	Transportation funding, local roads/bridges funding, auto parts sales tax revenue, misc. transportation policy proposals.
Ag/Broadband	Broadband funding, AgBMP.
State Government/Elections	Competitive bidding law increases, mail balloting and polling place changes, provisional balloting proposal, restoration of felon voting rights, accessibility grants.
Jobs, HR, Workforce	Workforce development funding, business relief, paid family medical leave proposals, wage theft law administrative changes, childcare provider support.
Workforce Boards	Dislocated workers program changes, Minnesota Youth Program, Higher Education Career Advising Program.
Public Health	LPH grant funding, SHIP funding, local public health equity outreach, child and teen check-ups, medical assistance coverage for treatment/prevention of asthma, family home visiting, prevention programming proposals.
Health and Human Services	County HHS waivers, adult mental health grants, CABH cost shift, IMD repayment, telehealth, Emergency Services Program, background studies, Family First, metro housing demo, BSF reprioritization, proposed benefit carveouts, MnCHOICES.
Energy and Commerce	Resources recover/waste mgmt., abandoned underground storage tanks, county EV charging stations.
Environment	Tax-forfeited land proceeds, high-water mark, bulk transfer of water, PFAS evaluation, public waters inventory, MLCAT, state lands, 404 assumption, storm water rule, county ground water and geological atlases, carpet stewardship report, advanced recycling, mattress stewardship program, NRBG funding, landfill responsibility act, deed and mortgage fees.

Environment & Natural Resources

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

The 2021 legislative session looked a lot like the 2020 session regarding environment and natural resources policy. Despite both the House and Senate passing Omnibus Environment bills in 2020, key policy differences prevented compromise on anything, and no major environment legislation was passed last year. As a result, many of the proposals in those bills were revisited in and included in the omnibus bills again in 2021.

One of the most prominent obstacles to compromise on environmental legislation this year was on the administration's actions to adopt clean car standards, which were a source of continued contention and held up negotiations for a time. However, leadership agreements to resolve this budget bill set aside action on the contentious policy, allowing the administration to complete the rulemaking.

Only a few environment and natural resources bills passed on their own this session. Every issue AMC worked on—both pro and con —was wrapped up in the omnibus bills (HF1076/SF959). The way negotiations unfolded and the timing of finishing the special session meant that many things were dropped simply because there was not time to work out the details. This was a setback on some things and a benefit on others. However, many of those bills will get attention again in future sessions.

In addition to the work of the Environment and Natural Resources Committee, legislation in the Energy and Climate, Agriculture, Legacy, Housing, Commerce and Tax Committees was also tracked and more than 180 bills of interest to counties were flagged across all committees that related to issues under this subject area.

Funding for county programs and grants that support local investments was maintained this session. There were also increased investments to address issues such as Emerald Ash Borer (EAB), Chronic Wasting Disease (CWD), water resource protection, and per- and polyfluoroalkyl substances (PFAS) contamination. We will see net benefits in these environmental policies due to compromises that were made, and despite items that were left on the cutting room floor for this year. Here are links to the information for omnibus bills with significant environmental focus:

- Agriculture: Spreadsheet / Language / Summary
- Commerce and Energy: Spreadsheet / Language / Summary
- Environment: Spreadsheet / Language / Summary
- Legacy Finance: Spreadsheet / Language

AMC PRIORITY: TAX-FORFIETED PROPERTY

Use of Proceeds from Sales of Tax-Forfeited Lands (HF2162/SF908)

Counties are charged with the management of tax-forfeited properties and incur the costs required to clean-up and maintain these properties until they are returned to their best use. When properties can be sold back into private ownership, the revenue is distributed according to the statute which requires payment for some public investments and special assessments, as well as several permissive allowances before finally distributing the remaining funds to local taxing districts. While all the local jurisdictions benefit from the sale proceeds and reestablishing the property as a taxable asset, not everyone contributes to the costs associated with doing so. 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, mitigating some of the financial impact which benefits the whole community. This language was heard in the Senate and included in their Omnibus Environment Bill. It was not taken up in the House and failed to be accepted in the final budget bill.

Status: Did not pass.

ANIMAL AGRICULTURE

Feedlot General Permit Manure Restrictions (HF1296/SF566)

The most recent updates to the feedlot general permit made by the Minnesota Pollution Control Agency (MPCA) included restrictions on February and March manure applications and additional requirements for September and October applications. This legislation would have prevented a state feedlot permit from including these new restrictions or requirements and would have required revisions to permits that already included these provisions. Counties were successful in amending the original bill language so that this would not impact local government authority—a change that was made with the support of the author and advocates. This proposal was advanced in the Senate but received no hearing in the House. Compromise language was included in the Special Session Omnibus bill that focused on disallowing certain conditions on applications in October. The effective date would prevent implementation of this language if the federal Environmental Protection Agency (EPA) disapproves of this language in the statute.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

County Feedlot Program Funding (HF1063/SF909)

Funding for the County Feedlot program has remained stagnant or been decreased over the last decade. However, administrative requirements beyond the basic field work objects have continued to grow. This bill would have provided a modest increase ($500,000) in the state contribution to the work of county feedlot officers. The bill was heard in the Senate. The Senate and House budget bills both included a continuation of the current appropriation ($1.959 million/year), which was included in the budget agreement.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

DEDICATED ENVIRONMENTAL FUNDING

Legacy Funding Bill (HF1079/SF971)

The Legacy bill makes the appropriations of the voter approved three-eighths of one percent sales tax, which is distributed as 33 percent to the Clean Water Fund; 33 percent to the Outdoor Heritage Fund; 19.75 percent to the arts and cultural heritage fund; and 14.25 percent to the Parks and Trails Fund. The appropriations from each fund for 2022 are $127.8 million for the Outdoor Heritage Fund; $126.7 million for the Clean Water Fund; $73.1 million for the Arts and Cultural Heritage Fund; and $54.8 million for the Parks and Trails Fund.

The Clean Water Fund appropriations includes council recommendations for a number of programs, including:

- 1 Watershed, 1 Plan implementation - $21.197 million/$22.367 million
- SSTS: Enhanced County Inspections and Grant program - $2.912 million/year
- Critical Shoreland Easements - $1.234/year
- County Atlases - $900,000
- AgBMP Loan Program - $75,000/year

The biggest issue to be resolved and the most significant change from the council recommendations is the inclusion of $24 million for Soil and Water Conservation District (SWCD) capacity grants. There is also $5.6 million for the Conservation Reserve Enhancement Program (CREP) putting Minnesota less than $10 million from the total required to secure the full federal funding.

The Lessard-Sams Outdoor Heritage Fund appropriations remain one which the Legislature closely adheres to the recommendations of the Outdoor Heritage Council:

- Prairies - $42.784 million
- Forests - $12.476 million
- Wetlands - $22.389 million
- Habitats - $48.664 million

In total this year's bill would restore, enhance and/or protect 96,871 acres of wildlife habitat and 81 miles of shoreline.

The Parks and Trails Fund continues to be distributed according to the 40-40-20 split with approximately $21.7 million for the state system, $21.7 million for the metro area, and $10.857 million for greater Minnesota.

Status: Signed by the governor on June 26, 2021 – (Chapter 1) 2021 1st Special Session.

Environment and Natural Resources Trust Fund – LCCMR Bill (HF30/SF166, HF151/SF690)

The Environment and Natural Resources Trust Fund (ENRTF) is a combination of contributions and investment income, including 40 percent of the net proceeds from the Minnesota State Lottery. The Legislative Citizens Commission on Minnesota Resources (LCCMR) makes recommendations to the Legislature annually for appropriations. The Legislature was considering two sets for spending recommendations this year because the 2020 bill was not passed last session. The two bills were merged into the final Omnibus Environment and Natural Resources Budget bill. The 2020 package included 85 appropriations with $61.387 million from FY21 and $3.932 million recaptured from prior fiscal years. The 2021 package included 89 appropriations with $70.881 million from FY22 and $840,000 recaptured from prior fiscal years. Funded projects include:

- $3.5 million to DNR for EAB including grants to communities.
- $130,000 for DNR and Second Harvest to divert food waste from landfills.
- $2 million (FY21) and $3.092 million (FY22) to the University of Minnesota for County Geologic Atlases.
- $2.4 million for grants to locals for parks, trails and natural areas.
- $1.404 million MPCA to study PFAS in land applied biosolids.
- $250,000 to Dem Con for experiment on technology for point source PFAS reduction.
- $1.125 million (FY21) and $1.875 million (FY22) DNR for County Groundwater Atlases.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

ENVIRONMENTAL CONTAMINANTS

PFAS – Source Evaluation (HF1155/SF1410)

MPCA requested funding to evaluate PFAS sources going into wastewater and solid waste facilities as part of their budget. This is an important step in the development of reduction strategies. These facilities are both receivers, not producers, of PFAS. This legislative proposal was brought forward to specifically address wastewater efforts, but they offered a more robust approach to this analysis than the MPCA language. Legislators agreed to amend this bill to include analysis at solid waste facilities. Post-consumer and industrial products coming to solid waste facilities must not be excluded from this analysis.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

PFAS – Food Packaging Prohibition (HF79/SF70)

Certain PFAS chemicals have been proven to be harmful to human health. One common use for these chemicals is in food packaging, which offers direct pathways to human consumption/contamination. This bill prohibits the manufacture, sale, or distribution for use in Minnesota any food packaging that contains intentionally added PFAS.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

PFAS - MERLA (HF78/SF156)

This proposal would define PFAS as hazardous substance under Minnesota Environmental Response and Liability Act (MERLA). These chemicals are already prevalent in the environment and this change would open-up a variety of public entities including landfills to lawsuits that could have significant costs and implications. This will push liability to parties across the board, including public entities that did not create the pollution. The House author was open to language that would exempt these types of facilities and did not move the bill in hope of continuing to work on the language.

Status: Did not pass.

PFAS – Health Risk Limits (HF79/SF70)

This provision was included in the Food Packaging Prohibition legislation that was included in the Omnibus Environment Bill. There are concerns about setting Health Risk Limits in statute. These measures are usually set through the administrative process which is less impacted by political influences and follows the most current scientific information.

Status: Did not pass.

CLIMATE AND ENERGY

Clean Car Rulemaking (HF395/SF450)

This legislation would repeal the authority of the Minnesota Pollution Control Agency to establish automobile emission standards through rulemaking. This provision was included in the Senate Environment Omnibus bill. The issue was one of the most heavily debated and controversial of the last two sessions. The provision was dropped from the final budget bill agreement and the agency has since finalized the rule establishing new emissions standards. However, the rule will not be implemented until 2024, impacting model year 2025 vehicles, so the issue may return in future sessions.

Status: Did not pass.

100 Percent Carbon-Free Energy (HF278/SF643)

This legislation was a comprehensive energy reform package. With a primary goal was to move Minnesota to 100% carbon-free electricity generation by 2040. The bill, as introduced, raised concerns for waste-to-energy facilities that generate electricity as a value-added byproduct and financial component while managing solid waste in a preferable way to landfilling, according to the state's waste management hierarchy. If these facilities are shutdown, their environmental benefits are lost and the resulting increased landfilling would mean increased GHG emissions, which is contrary to the goals of this bill. The proposal was also amended to remove the renewable energy status of the Hennepin County waste-to-energy facility. These provisions did not become part of the final energy bill, but climate issues and mitigating GHG impacts will continue to be a matter that receives significant attention. Waste-to-energy facilities will continue to be pulled into this conversation regarding climate and environmental justice issues. With regard to these facilities, we are asking to have a broader conversation that includes the impacts of our present waste management alternatives: landfills.

Status: Did not pass.

Waste-to-Energy – Renewable Status (HF746/SF922)

Waste-to-Energy facilities are considered renewable by state and federal standards and eligible for renewable energy credits. This bill and components of several larger energy bills sought to remove that status from state law. This bill deletes landfill gas and resource recovery from the definition of "biomass" in the renewable energy objective statute.

Status: Did not pass.

Evergreen Energy – Wood Waste Management (HF1255/SF1047)

Emerald Ash Borer (EAB) is moving into new areas of the state with each passing year and is heavily impacting communities in the metro area currently. Part of the challenge presented by EAB is how to manage the large amounts of wood waste being produced. Evergreen Energy Power operates District Energy in St. Paul that uses wood waste to produce energy and steam that helps to power, heat, and cool the downtown area. In 2020, wood waste sourced from 16 counties amounted to approximately 240,000 tons. The current purchase agreement with Xcel Energy is nearing its end and several factors contributed to concern about renewal. The companies reached an agreement that required legislative approval to extend the operation of this facility. Without this facility, communities would have a big gap in the management of this waste stream and face additional costs as they attempt to quickly develop alternatives.

Status: Signed by the governor on May 25, 2021 – (Chapter 23) 2021 Regular Session.

Electric Vehicle Charging Stations at County Facilities (HF2234/SF2416)

The House Energy Omnibus bill included funding and language to install Electric Vehicle (EV) charging stations at state parks. Before the bill was moved out of committee this language was added to fund EV charging stations at County Government Centers. AMC expressed interest but also asked several questions about counties' authority to decide whether to participate, at what locations, as well as the financial and installation considerations that the county should be a primary decision maker on.

Status: Did not pass.

Solar on Closed Landfills (HF1879/SF1678)

The Legislature received a report this year that outlined the potential for solar installations at closed landfills. This legislation created a pilot project to put that report into action at a closed landfill in Anoka County.

Status: Signed by the governor on June 24, 2021 – (Chapter 4) 2021 1st Special Session.

LAND USE PLANNING AND REGULATION

Ag Land Preservation Program (HF2638/SF2537)

AMC adopted a new platform plank last year that supported changes to the Ag Land Preservation Program. Specifically, we want more flexibility for landowners in the rural program. There are two programs one in the metro area and one that is operated in three rural counties. The basics of the program and the goals are essentially the same. However, the metro area program, which has greater development pressure, has more flexibility and greater compensation. This legislation would allow landowners to remove acres from the program three years after submitting the paperwork rather than the current eight-year timeline. The bill would also allow for small solar installations of 1MW or less on program acres. These bills were introduced late in the session, and we will look to continue this conversation with legislators next year.

Status: Did not pass.

Granny Pod Exemption (HF1840/SF915)

In 2016, Minnesota created statewide requirements for Temporary Family Health Care Structures, also known as "granny pods." AMC worked with the authors at that time to allow counties to have an opt-out from the statute and address these structures through local ordinances. Many counties have adopted the opt-out resolution and permit these structures at the local level. This bill would have deleted the opt-out, thus eliminating local control of these structures. AMC worked with the author who agreed not to advance this proposal.

Status: Did not pass.

Rural Event Center Regulations (HF1015/SF524)

This legislation modifies the definition of "place of public accommodation" by lowering the occupancy from 200 or more people to 100 or more; and requires fire sprinklers to be installed in a place of public accommodation if, on or after August 1, 2008, the facility was constructed, added to, altered, or has an occupant load of 300 or more people. These changes were introduced to provide more leniency for sprinkler requirements at "wedding barns."

Status: Signed by the governor on June 30, 2021 – (Chapter 10) 2021 1st Special Session.

DNR Lands Bill (HF133/SF514, HF1250/SF1286)

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. This year, two years of provisions were included because the 2020 session failed to pass the bill as part of the Omnibus Environment and Natural Resources legislation. Though separate bills were introduced for the 2020 and 2021 items, they were both included in the Omnibus Environment and Natural Resources Budget that passed in special session. These sections included changes to state parks and recreation areas in Dakota, St. Louis, Blue Earth, and Washington Counties; private sales of surplus land in Cass, Lake of the Woods, St. Louis, Wadena, Roseau and Sherburne Counties; private sale of tax-forfeited land in Aitkin, Itasca, St. Louis, and Beltrami Counties; land transfer in Goodhue County; and land lease in St. Louis County.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

Use of Proceeds from Sales of Tax-Forfeited Lands (HF2162/SF908)

When properties can be sold back into private ownership, the revenue is distributed according to the statute, which requires payment for some public investments and special assessments as well as several permissive allowances before finally distributing the remaining funds to local taxing districts. While all the local jurisdictions benefit from the sale proceeds and reestablishing the property as a taxable asset, not everyone contributes to the costs associated with doing so. 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. Mitigating some of the financial impact and benefiting the whole community.

Status: Did not pass.

Tax-Forfeited Property Underground Storage Tanks (HF1031/SF972)

This provision, included in the Department of Commerce's Policy bill, will allow for the use of the Petroleum Fund to deal with underground storage tanks on tax-forfeited property prior to a leak or contamination. When property is tax-forfeited, the state holds the land in trust, but the county is responsible to restore the property to its highest possible use. AMC has been working with the state for support to address costly environmental issues at property tax-forfeited sites. Access to this funding will support more tanks being removed before an environmental emergency occurs. The current process to access petroleum funds is a concern, but the Department of Commerce is working to mitigate the process for the purposes of this bill.

Status: Signed by the governor on June 24, 2021 – (Chapter 4) 2021 1st Special Session.

Tax-Forfeited Property Clean-up Grant Program (HF2280/SF1796)

AMC has been working with other state and local entities to find solutions for dealing with tax-forfeited properties that require significant clean-up efforts and have costly price tags. It should not be the sole responsibility of the county to cover these costs which are often not able to be recouped. This legislation creates a pilot program to offer grants to counties to manage costly clean-up locations.

Status: Did not pass.

Natural Resources Block Grant (HF1076/SF959)

Both House and Senate budget proposals included the base appropriation for NRBG ($3.423 million/year), which directs funding to counties from Wetland Conversation Act, Shoreland, SSTS, and Local Water Management work. These are mandatory programs, and this funding covers only a fraction of the total costs. The Senate proposed to use $1 million of this appropriation for grants to low-income residents to address failing septic systems. While AMC supports funding for that purpose, we oppose taking funding from the NRBG programs which would be a further cost-shift to counties. The final budget bill maintained the base NRBG funding and added a one-time appropriation of $1.4 million to be used for grants for septic system upgrades. These grants are for families at 300% of the federal poverty guidelines and can pay for $5,000 or 35% of a total project.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

County Agriculture Inspectors Funding (HF2147)

The Minnesota County Agriculture Inspectors brought forward a proposal requesting base funding for their work. County Ag Inspectors perform duties as directed by and in collaboration with the State. This work has received limited support for the state programing and local efforts. This legislation requests $1 million for distribution to each county office for the performance of their duties and sets some basic requirements for eligibility.

Status: Did not pass.

Micro Dwellings (HF1484/SF1145)

Housing has received a lot of attention in recent years and advocates are looking for creative ways to address homelessness around the state. A new proposal this session, referred to as *Sacred Settlements*, would have allowed micro unit dwellings to be established on church owned property. Although this drew some interest, there were many factors regarding general health and safety issues that had not been addressed in the proposal. Communities need the ability to work with organizations interested in these projects to make sure individual and community needs are addressed.

Status: Did not pass.

SOLID WASTE MANAGEMENT

Landfill Responsibility Act (HF1734/SF1682)

Counties own and operate two-thirds of the Mixed Municipal Waste landfills in the state. These are public facilities, and their operation and revenues are already part of integrated waste management systems that direct revenues toward waste reduction efforts. Counties are incentivized/required to reduce waste to the landfill and direct revenue to these efforts. This proposal would set aside three percent of revenues for state approved repair and reuse programs, diverting funds from successful local programs, and possibly sending revenue to efforts outside the landfill's waste shed. This act would also impose new planning and reporting requirements, new program operations, and impose an assessment to fund five state staff to operate the program. All of this would further reduce local waste management resources. No local governments or waste management organizations were included in the development of this proposal, and many had concerns about a lack of potential results. AMC believes a revised approach to support more reuse and repair programs could be achieved with fewer administrative costs and better outcomes.

Status: Did not pass.

Legislative Commission on Solid Waste (HF1038/SF162)

The Legislative Commission on Solid Waste was a previously established commission that worked on solid waste policy to develop core legislative understanding of these issues and bring this knowledge into waste public policy development. The commission was allowed to sunset a few years back. Unfortunately, waste issues are getting a great deal of attention at the Legislature and we believe the loss of this commission's work is being felt. Counties support bringing the commission back to give more depth to the analysis and impact of waste management policy changes.

Status: Did not pass.

Advanced Recycling (HF2197/SF1392)

Advanced Recycling legislation provides definitions and criteria for development of plastics manufacturing using post-consumer plastics as feedstock. Counties are interested in the development of additional opportunities to divert waste from landfills and move them up the waste hierarchy. We have some concerns with the exemptions being created and want to ensure that these provisions do not adversely impact county roles and responsibilities in waste management.

Status: Did not pass.

Mattress Stewardship Program (HF2361/SF1767)

The Sleep Products Industry came forward with a bill to impose a fee on mattress sales to provide for collection and recycling of mattresses. AMC supports product stewardship as a valuable waste management/reduction option. We had a few concerns with the program regarding potential cost-shifts, management of all mattresses, viability of current infrastructure, program design and finance transparency, and accountability. We were not able to resolve issues with the bill this session, but we are working with the stakeholders to reach agreement on language for consideration next year.

Status: Did not pass.

Carpet Stewardship Program (HF842, HF1426/SF1171)

There has been legislative interest in developing a carpet stewardship program in recent years. This year, a company that uses materials captured in the carpet recycling process, supported legislation seeing an opportunity to build a recycling market in the state. There were two bills brought forward to reach these goals: one that took a more comprehensive approach to product stewardship and one that focused on establishing a system for efficiently collecting the most desirable carpet. Counties and solid waste administrators were working with parties in both camps to seek a compromise approach that worked for everyone. The House included a provision in its Omnibus Environment bill creating a work group to report back next year with a new legislative proposal. This language was not included in the special session bill.

Status: Did not pass.

Use of Closed Landfill Investment Fund (CLIF) (HF1734/SF1682)

The Closed Landfill Investment Fund is now eligible for use according to statutory requirements of the fund. There were numerous proposals and structures for how the MPCA would be able to begin putting these funds to work. The Legislature agreed to an annual appropriation of $4.5 million for the purposes described in the CLIF statute. There is an allowance for an additional appropriation of $9 million if the commissioner determines that a release or threatened release from a qualified facility for which the commissioner has assumed obligations for environmental response actions constitutes an emergency requiring immediate action to prevent, minimize, or mitigate damage either to the public health or welfare or the environment.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

Metropolitan Landfill Contingency Action Trust (HF836/SF857)

This legislation seeks to pay back funds that were transferred out of MLCAT to cover budget deficits in 2003 and 2005. The original proposal asked for $1.125 million each year until the funds are restored. The special session bill did include repayments to MLCAT, but at $100,000 each year.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

Solid Waste Facilities Reporting

Some solid waste facilities had difficulty meeting the February 1 deadline for submission of the Annual Solid Waste Facilities Report and requested a date change. We were able to work with the MPCA on an amendment to the Omnibus Environment and Natural Resources bill that addresses both the reference in statute and updates the rule requirements for February 1 reporting extending the deadline to March 1.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

Waste Reduction Funding (HF1076/SF959)

Waste reduction efforts are funded through a variety of programs. Counties have been working consistently to increase funding for SCORE. The budget bill increases the base funding for SCORE by $700,000 annually to $18.45 million. Funding for other state programs were maintained at base levels:

- $400,000/year EF for Recycling Market development.
- Recycling grants: $1 million ($300 GF/$700 EF) for Competitive Recycling Grants.
  - Policy update to allow Tribes to access competitive recycling grants.
- $750,000/year EF for Organics and food waste – of this $500,000 is for food waste reduction and prevention.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

MPCA Landfill Bill (HF1237/SF1851)

The bill amends the state's participation in the cleanup of unpermitted legacy mixed municipal solid waste facilities on the federal and state Superfund lists that have released contaminants to the land. Many of the bill's provisions deal with priority qualified facilities to address a problematic landfill that is not participating in the Closed Landfill Program. However, one section creates a mechanism regarding placement of an environmental covenant on closed landfills. County and private landfill operators worked with the MPCA to clarify that this section is limited to environmental covenants and related easements, and that covenants cannot be established without agreement from all parties.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

E-Waste Housekeeping (HF1237/SF1851)

The MPCA brought forward some housekeeping updates to the e-waste statutes. There was some hesitation to support these updates because they will not achieve the needed program changes. The Solid Waste Administrators Association has been working on reforms to the state's e-waste program. The current program fails to hold manufacturers financially responsible for the cost of e-waste recycling and the counties have been left to pay the tab. However, stakeholders agreed that program operations should not be hindered in the meantime but were also clear that significant reforms not addressed in this proposal were needed.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

Landfill Closure Requirements (HF719/SF586)

This bill modifies closure requirements for solid waste disposal facilities by creating capacity trigger and new timelines for action. The legislation was brought forward to deal with issues at a particular landfill. However, the landscape of landfills is diverse and putting an automatic trigger in the statute will impact facilities in different ways. AMC has had conversations with the proponents and are advocating for alternative solutions for their unique situation.

Status: Did not pass.

Labeling of Compostable Products (HF1165/SF2243)

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 as our management of this waste evolves for consumers to know that the products they purchase and often pay a premium for truly meet those environmental standards.

Status: Did not pass.

WATER RESOURCE MANAGEMENT

Ordinary High-Water Mark Designations (HF1755/SF1789)

Ordinary High-Water Levels (OHW) have impacts on local government infrastructure, water management and land use. This proposal does not impact the DNR's current process for OHW designations. It would require a notice to local governments of new OHWs and allow for additional evidence, important to setting an accurate OHW, to be submitted for consideration by the DNR.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

Public Waters Inventory – Local Authority (HF2252/SF2089)

The DNR has begun a process to add waters to the Public Water Inventory (PWI) that were never subject to the public process established in law and has identified more than 500 waters in more than 60 counties that may be subject to this activity. Minnesota Statute does allow the DNR to maintain the PWI and address reclassifications and revisions. The statute also provides for a notification to local governments, which have water planning and management responsibilities, of PWI reclassifications and give them the authority to object. The DNR states that adding these waters to the PWI is only a revision/error correction. If adding a watercourse to the PWI that has never been subjected to the review process established in law is a revision, revisions should be subject to the same local government notice and review authority that is provided for reclassifications. This language would provide for that review. It was included in the Senate Environment bill during the regular session but was not included in the special session compromise.

Status: Did not pass.

Public Waters Inventory – Pause on Changes (HF2251/SF2088)

The DNR has begun a process to add waters to the Public Water Inventory (PWI) that were never subject to the public process established in law (MN Laws 1979, Ch. 199) and has identified more than 500 waters in more than 60 counties that may be subject to this activity. The Legislature asked that this work be put on-hold and that the DNR have a thoughtful conversation with all stakeholders about the process for making these changes to the PWI.

Status: Did not pass.

Bulk Water Transfers (HF1491/SF1110)

AMC supported this proposal to strengthen Minnesota statutes against potential exports of the state's water resources. A recent proposal to ship Minnesota groundwater resources to other parts of the country raised concerns about the strength of the current statute to provide for long-term protection of these resources. The DNR worked on this language with the Attorney General's office to comply with interstate commerce requirements. It will prohibit water transfers of 1 million gallons or more beyond 50 miles from the source, exceptions of certain public water supply purpose are made for transfers up to 100 miles from the source.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

County Stormwater (MS4) Permits (HF624/SF854)

Legislation passed by the Minnesota Association of Townships two years ago was intended to keep townships from having to obtain stormwater permits when only portions of the town are being impacted by development as cities expand. MPCA staff subsequently raised implementation concerns that the language would require permits for unorganized areas of counties outside urbanized areas, which was not intended. AMC worked with the MPCA on language to prevent new, unintended permit requirements for counties.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

DEED and Mortgage Fee – SWCD Funding (HF1733/SF2195)

This proposal would have placed a new $25 fee on all mortgage and deed transactions to be collected and held by the county for distribution to the local SWCD. This funding would have replaced the current state support for SWCDS. These districts do work at a local level and are supported with a variety of funds including significant contributions from the counties. SWCDs perform numerous state mandated tasks and it is important that the state also provide them with some level of operational funding. AMC opposed the idea of additional local revenues to replace state financial support of the conservation districts.

Status: Did not pass.

Water Storage Program (HF932/SF1037)

The bill establishes a water storage program to provide financial assistance to local units of government to control water volume and flow rates and to mitigate climate change impacts. The statute defines these practices as those which sustain or improve water quality via surface water rate and volume and ecological management, including but not limited to: 1) Retention structures and basins; 2) Acquisition of flowage rights; 3) Soil and substrate infiltration; 4) Wetland restoration, creation, or enhancement; 5) Channel restoration or enhancements; and 6) Floodplain restoration or enhancement. The language also requires BWSR to give priority to projects in the Minnesota River Basin and Lower Mississippi River Basin. The budget bill appropriated $2 million for the program.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

Ag BMP Loan Program (SF1571)

The Ag BMP Loan Program is a revolving loan program that is used to finance a wide array of water quality projects. The program has regularly received more requests and interest than there are funds available. In 2020 there was $20.37 million available and $41 million in requests. AMC advocated for additional funding for the base account. The governor's budget and this bill called for a $2 million investment in the fund. This language was amended in the Senate to use the funding for grants to replace failing septic systems. The final budget bill included $1.437 million each year of this biennium and $1.425 million annually thereafter to the AgBMP loan program. It does require MDA to examine how up to one-third of the new money could be used for grants to rural landowners to replace septic systems that inadequately protect groundwater. The commissioner must report to the Legislature on this provision by February 2022.

Status: Signed by the governor on June 29, 2021 – (Chapter 3) 2021 1st Special Session.

404 Assumption (HF1219/SF1166)

The state needed a one-year extension to complete their report on the policy changes and funding necessary to assume Federal Clean Water Act Section 404 permitting. This work has been a joint effort of the EQB, BWSR, DNR, and MPCA with the EPA and ACOE. AMC supported this extension given delays caused by the COVID-19 pandemic.

Status: Signed by the governor on June 29, 2021 – (Chapter 6) 2021 1st Special Session.

Watershed District Project Funding (HF1820)

The Drainage Work Group has been discussing and asking questions about financing drainage projects and the impacts on county bond ratings when many projects amount to high debt totals. The DWG has not had formal discussion on ideas to address this issue. Some counties have been contemplating these finance issues and how to manage them as part of the larger county interests. The Minnesota Association of Watershed Districts proposed this bill, which unfortunately only addressed their interests in these situations. The bill proposed to strengthen statute requiring counties to finance watershed district projects and prohibit drainage system jurisdiction from being transferred back to a county from watershed.

Status: Did not pass.

Watershed District and Soil and Water Conservation District Mergers (HF1586/SF2214)

This legislation directed the Board of Water and Soil Resources to prepare, in consultation with soil and water conservation districts, watershed districts, and other local units of government, a feasibility study on voluntarily merging soil and water conservation districts and watershed districts that have a completed One Watershed, One Plan. Funding to do the study was included in the House Legacy Omnibus bill but was not included in the final budget bill.

Status: Did not pass.

Drainage Repair Permits (HF1320/SF1659)

As drainage authorities, counties are tasked with management of drainage infrastructure systems. In cases where this work would impact public waters, a permit is required, and the Department of Natural Resources (DNR) is involved in working with the drainage authority to move the project forward. The involvement of the DNR in drainage repair projects has significantly increased and has included cases where there is no direct impact to a public water body. AMC joined other entities in working with the agency to express our concerns and try to address the issues. This language had been drafted with the help of drainage authorities but was not introduced at our request. However, some entities that have continued to have a difficult working relationship with the DNR asked that this legislation be introduced to clarify the relationship between drainage repairs and public waters work permits.

Status: Did not pass.

Buffer Tax Credit (HF508/SF251)

Since passage of the 2015 state buffer law, there have been discussions about the financial implication of this requirement for landowners. AMC's platform supports financial or tax recognition for landowners as long as it does not create significant work or costs for county government. AMC has been working with the MN Corn Growers and legislators on a tax proposal that would have the state pay to exempt these acres from taxes. This proposal was not representative of the work we had been doing, but we have been engaged in conversations with the author and other stakeholders to modify the legislation. No language on this issue was included in the tax bill.

Status: Did not pass.

General Government & Taxes

For additional information on this section, please contact Matt Hilgart at 651-789-4343 or mhilgart@mncounties.org.

AMC General Government Committee priorities for 2021 were maintaining and protecting gains made in County Program Aid (CPA); supporting legislative efforts to ensure a speedy, equitable, and sustainable economic recovery; and advocating for updates to Minnesota Statutes that promote continued county operational flexibility and the modernization of government publication requirements. AMC was successful in defending counties' core general purpose aid, CPA, from any attacks or proposed cuts. This job was made easier with news of an unanticipated surplus. While AMC successfully advocated for several permanent waiver changes in the health and human services field, county proposals to allow permanent remote marriage license applications and continued flexibility for remote board meetings outside the pandemic were stymied due to a lack of bipartisan support.

As session neared its close, AMC spent significant hours lobbying for state assistance for 13 counties impacted by a Department of Revenue and Enbridge settlement. For close to a decade, counties had been caught in the middle of a tax court dispute between the State and Enbridge—the latter successfully arguing their valuations were incorrect and too high. News of a late negotiated settlement between Department of Revenue and Enbridge gave the Legislature a clearer sense of the total financial impact to counties and local taxing jurisdictions. In the end, AMC was successful in lobbying for the inclusion of over $29 million in direct aid (via state grants) to affected counties.

December County Business Relief Program

In December 2020, the Minnesota Legislature passed a bipartisan, $216.8 million economic relief package to provide financial relief to businesses impacted by the Governor's Executive Orders related to pandemic closures. AMC was directly involved in the negotiations and drafting of the final legislation, spending countless hours speaking with authors (Sen. Eric Pratt and Reps. Tim Mahoney, Muhammad Noor, and Dave Baker) and relaying county feedback on relief mechanisms. Ultimately, the final relief package included language providing state administered business licensure, permit, and fee relief, an extension of Unemployment Insurance benefits (UI) for an additional 13 weeks with no charge backs to employers who pay the tax or reimburse the state, as well as a direct business aid program broken out into three buckets administered at a state and local level (through counties). County advocacy ensured that the county-administered bucket reflected our suggestions: prioritizing local flexibility, a "floor" payment, and longer implementation dates along with a sizable appropriation (roughly $115 million).

Outline of SF31:

- Appropriates approximately $115 million to counties based on a per capita minimum with a $256,250 floor. A county was guaranteed their per capita payment or the $256,000 floor, whichever is greater. This amount was increased from earlier proposals that had a $200,000 floor. **See attached runs for specific county amounts.**
- Counties can use the greater of $6,250 or 2.5% of the amount they receive towards administrative expenses and may contract with a third party (nonprofit or private firm) to help administer grants.
- Counties may provide grants to for-profit and nonprofit businesses and can decide minimum and maximum amounts.
- Counties have significant flexibility to decide eligibility and program guidelines but the business must be located in the applicable county. One of the most important phrases in this bill is "counties shall use the

funds to make grants to individual businesses and nonprofits that, to the extent it is feasible for the county to determine:"

- Are located in the applicable county.
- Have no current tax liens on record with SOS.
- Were impacted by an executive order related to the COVID-19 pandemic *(important to note that a grant does not need to be limited to the effects of the most recent EO).*

- Counties have the opportunity to provide grants to entities that received previous state funding/assistance.
- The legislation is clear that non-profits, nonprofit arts organizations, museums, and fitness centers are eligible for grants.
- Grants must be awarded by March 15, 2021.
- Counties are exempt from specific grant management processes as well as the uniform municipal contracting law if they are contracting with a third-party administrator.
- DEED will give a report to the Legislature on how counties spent the funds by June 30, 2021.

Status: Signed by the governor on December 16, 2020 – (Chapter 2) 2020 7th Special Session.

TAXES

Omnibus Tax Bill (HF9, HF991/SF26, SF961)

The major focus on this year's tax bill was the tax treatment of federal Paycheck Protection Payments (PPP) and unemployment compensation payments provided via federal legislation in 2020. Because Minnesota does not automatically conform to federal tax changes, the state was set to tax both Paycheck Protection grants provided to businesses to keep personnel/employees employed as well as unemployment compensation checks to individuals out of work. Aside from these issues, the House and Senate diverged on significant policy issues surrounding housing investments, the format of business relief, and approaches on tax increases/decreases. In the end, a pared down bill totaling $761 million in spending (including revenue reductions) in the current biennium and $203 million in the out biennium passed as one of the final bills during Special Session. Counties protected all vital aid programs (County Program Aid, Buffer Aid, Aquatic Invasive Species Aid, PILT, and Indian Child Welfare Act aid), defeated several property tax classification change proposals, and assisted in the creation of a totally new, ongoing, aid program dedicated to addressing youth and family homelessness. Below, please find a summary comparison of House and Senate Regular Session tax bills prior to final passage that displays a summarized context of House and Senate positions throughout the year.

- Fiscal spreadsheet for tax bill

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

OMNIBUS TAX BILL COMPARISON (REGULAR SESSION)		
	HOUSE (HF 991)	**SENATE (SF 26)**
PPP Tax Status	The House would partially conform with federal PPP tax status and would only exempt the first $350K per loan.	The Senate provides full federal tax exemption/conformity for PPP loans
Unemployment Compensation Tax Status	First $10,200 income earned through unemployment insurance tax free	Allows a subtraction of 18 percent of unemployment compensation received in 2020.
Homestead credit refund/Renter's credit	Increases maximum homestead credit refund by $250 for most income levels. For Renter's credit, reduces co-pay percentages anywhere from 5-15%.	
Homelessness Prevention Aid	Creates a new state aid category to counties to be used to fund youth and family homelessness prevention efforts. Distributions are based on a three-year average of each county's percentage share of students experiencing homelessness. Aid sunsets after 8 years.	
County Business Relief Program	Provides $69.75 million in FY 2022 to counties for business relief programs/grants. Similar to language passed in December. Has set asides for Lake of the Woods/Northwest Angle and Hennepin County.	
Additional business relief	Provides sales tax relief for restaurant materials, supplies, and equipment purchases used to modify their establishments to comply with COVID-19 health guidelines. Certain rules apply; maximum refund $1,000.	Same/similar as House
Commercial Industrial/State Property Tax relief	Increases the market value exclusion for the state general tax from $100K to $150K. Decreases C-I portion of state general levy by $20 million to prevent shift.	Same/similar as House
Mortgage Registry/Deed Taxes	Takes $15million/year from state mortgage registry/deed tax collections and shifts them over to MHFA to provide additional grants for workforce and affordable homeownership projects	

Housing Tax Credit/ Trust Fund		Senate proposal would allow taxpayers to claim a credit (up to 90%) for contributions to the housing tax credit contribution. Sets up a Minnesota housing tax credit contribution fund to use proceeds to fund multifamily and single-family developments for persons and families with low-to-moderate incomes (60%) of fund.
Construction materials sales tax exemption	County-supported construction materials sales tax exemption proposal not included. Provides a sales tax exemption for materials/supplies purchases made for city police and fire facilities.	Same/similar as House
Property tax statement and Minnesota Taxpayer's Day	·Requires counties to publicly post budget information and hold a public meeting on the budget and proposed property tax levy prior to setting the proposed levy. ·Requires counties to send a supplemental statement to the notice of proposed property taxes that is mailed to taxpayers in November. Dictates that the statement must include 15 areas of summary budget information ·Replaces Truth and Taxation hearing (TnT) with a "Minnesota Property Taxpayer's Day" on the first Wednesday following the first Monday in December. Requires a joint meeting of the county, cities, and school district. Dictates presentation times and public input opportunities.	
Property Tax Mechanisms		
	Allows people with ITINs to apply and receive renter's property tax refunds.	
	Cass County property tax exemption for certain properties owned by the Leech Lake Band of Ojibwe.	
		Creates a new property tax credit for licensed in-home childcare providers. Credit equal to 50% of net property taxes owed. Provides payment to reimburse each local taxing jurisdiction for ensuing tax reductions

	Expands definition of family in relation to agricultural homestead by adding grandparent, stepparent, stepchild, uncle, aunt, nephew, and niece to list of qualifying relatives.	
	Shifts homestead application deadline for Disabled Veterans Market Value Exclusion to December 31st	Same/similar as House
	Consolidates manufactured home classifications and sets class rate at .75%.	
	Requires counties to assist in compiling a report on class 4d properties by reporting back to DOR several different data points by November 2021.	Reduces class 4d tax rate to .25% but requires that a property receive "approval" from applicable city or township before being certified/approved by MHFA and qualifying for the reduced rate.
Miscellaneous		
	Increases the first-tier income tax bracket. Creates a 5th individual income tax tier with a new rate of 11.15% for unmarried individuals making over $500K, unmarried head of household making over $750K, or married filers making over $1 million.	Provides an income tax subtraction for volunteer drivers equal to the reimbursement rate for businesses (56 cents a mile)
	Clarifies Sec. 179 expensing conformity by eliminating addition for the portion of the federal section 179 subtraction arising from a federal section 179 carryover	Similar to House
	Provides a refundable sales tax exemption for construction materials, supplies, and equipment for properties destroyed/damaged during civil unrest.	
	Includes the following county local sales taxes: Carlton, Mille Lacs, Itasca	Same as House
	Several changes aimed to expand TIF law/uses	Similar to House

Local Homelessness Prevention Aid ([HF1791](#)/ [SF2349](#))

For the first time in history of the Legislature, the House created a standalone committee dedicated to the issues surrounding homelessness. At the helm of the Committee was Rep. Aisha Gomez (DFL-Hennepin) who struck an early bipartisan chord seeking to elevate the voices of those experiencing homelessness and find nonpartisan solutions to solve the human, societal, and economic impacts of an increasing state trend of youth and family homelessness. AMC and counties took an active part in committee discussions, testifying on multiple provisions throughout the year and even presenting county narratives from across the state. Towards the middle of session, Rep. Gomez authored a bill that proposed $55 million in annual resources to go to counties to battle youth homelessness. Legislators across the political spectrum spoke in favor of the goals of the program but issued concerns over the size, lack of specificity of programming, and duration of funding. 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. The broad outline of the legislation can be found below:

- $20 million/year from FY 2023 to FY 2028. Rough estimated breakdowns 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.
- Department of Revenue will produce a report on projects and programs funded by the aid no later than January 15, 2025.

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

Enbridge Settlement Repayments (HF 2406/SF 2124)

Since 2015, AMC has worked to educate the Legislature on the budget and tax base impacts to local governments from large, utility tax disputes and corresponding refunds and value reductions. One particular lawsuit—*Enbridge vs. the Department of Revenue*—caught the attention the Legislature along with state and national media outlets because of the sheer size and impact of the potential tax refund. After going back and forth between Tax Court and the State Supreme Court on multiple occasions, it became clear that the State—along with 13 Minnesota counties—would be on the hook for a large, multimillion refund on tax years 2012-2016. Several smaller counties, cities, school districts, and townships publicly testified to their concerns about an inability to pay and fear that the refunds may bankrupt their communities.

AMC worked with a bipartisan coalition of legislators including Senator Paul Utke, Representative Mike Sundin, and Senate Property Tax Division Chair Bill Weber to forward a proposal that would provide state assistance to the 13 counties and their affected local taxing jurisdictions to shield them from disastrous financial implications caused by a problem they had no role in. In the final hours of session, Department of Revenue outlined a legislative solution that would lay out a process by which counties would pay back Enbridge their agreed-upon refunds while laying out a process for counties to become financially whole by applying for state grants and keeping certain state remittances. The final tax bill included $29.35 million in local government grants to the 13-affected counties while also including language requiring Department of Revenue to initiate a review of the current framework used to value utility property.

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

Volunteer Driver Reimbursement Changes (SF 1766/HF 1716)

AMC worked alongside a coalition to support changes to the Minnesota Tax code that would provide an income tax subtraction for volunteer drivers at a rate that is equal to the current business mileage rate. AMC Past President Susan Morris testified in numerous committees outlining the critical services volunteer drivers provide across the state transporting seniors, children, and veterans to and from medical appointments, after school events, trips to VA clinics, and more. The provision garnered bipartisan support and was included in the final tax agreement.

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

State Commercial-Industrial Exclusion Expansion (HF 2120)

Both the House and Senate carried provisions throughout the Regular Session increasing the exclusion amount for the State General Property Tax ("State C-I" tax). Currently, businesses may exclude their first $100K in value before paying state general taxes on their remaining value. State general tax dollars are collected by counties but remitted to the State General Fund without any local benefit. Several county commissioners were involved in the first lobbying effort (2015-2017) to put a $100K exclusion into law, arguing that the exclusion benefited small, locally-owned businesses particularly in Greater Minnesota. Even though the 2017 tax bill removed the C-I inflator and created a $100K exclusion, businesses have still requested relief via a higher floor mechanism. Both the Senate and House agreed and included an expansion of the floor from $100K to $150K in the final tax bill. The newly passed change will reduce state revenue collections by $10.6 million in the FY 22-23 biennium and roughly $40 million in the out biennium (FY 24-25).

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

Minnesota Housing Tax Contribution Fund (SF1866/HF1971)

Senate Tax Chair Carla Nelson championed a provision to establish a $25 million tax credit fund for individuals and corporations who contribute to a proposed Minnesota Housing Tax Credit Contribution Fund which would be set up to assist the financing of new construction, acquisition, rehabilitation, demolition, or construction of affordable housing for low-to-moderate income earners. Roseau County suggestions to amend the income thresholds to include more workforce housing projects were not taken. Olmsted County Commissioner Sheila Kiscaden actively lobbied the Legislature—along with support from AMC—testifying that long-term, sustainable partnerships with the private sector is necessary. The final provision included in the omnibus tax bill will allot $10m a year for Minnesota Housing Finance Agency to reimburse taxpayers for 85% of the amount of taxpayer funds contributed to the Housing Tax Credit Contribution Fund within certain parameters.

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

4d "Low-Income Rentals" Changes (SF316/HF547)

Conversations continued this year around a proposal brought forward by housing and rental unit developers to lower the tax rates associated with class 4d "Low-income Rental" properties. Developer associations continued lobbying to include SF 3347/HF 3620 in an omnibus tax bill package, arguing that the reduction in rates would create a private market incentive to further develop low-income rental properties. Specifically, the proposals would decrease the tax tier rate to .25% rather than a split rate of .75% for the first $100K and .25% for the remaining value. While AMC did not have an official position on this issue, staff monitored the discussions and raised concerns about potential tax shift implications, suggesting to authors and advocates that a study may be more appropriate before implementing the lowest property tax tier rate among all Minnesota tax classifications. A compromise position emerged late in Special Session to require the Commissioner of Revenue and Minnesota Housing—along with the assistance of local assessors—to produce a report on class 4d property as well as local 4d affordable housing programs. The language specifically targets the number of 4d units in each county, the property tax reduction of properties being classified as 4d rather than 4a, as well as a 10-year look back into the total number of properties being classified as 4d. Lastly, the compromise language caps the first-tier limit for 4d property at $100,000 for assessment year 2022 and 2023.

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

Truth-in-Taxation Changes (HF496)

One of the larger property tax policy proposals to pass this year centered around a conversation on how to incorporate an adequate amount of public involvement in the local government budget and Truth-in-Taxation process. House Tax Chair Paul Marquart introduced a bill early in session which attempted to revise the Truth-in-Taxation process by supplanting local TnT hearing with a "Minnesota Property Taxpayer's Day," where the county, cities, and school district would present budget and tax information. HF496 would have required that the new Minnesota Property Taxpayer's Day be held on the first Wednesday of each December—with counties beginning the meeting at 6:00 PM, cities at 7:00 PM, and schools at 8:00 PM—and include a public opportunity to ask questions and speak no more than 20 minutes after each of those start times. The bill also would have required counties and cities to have property tax advisory committees during our budget/levying process where there is public participation in budget/levy planning and where the committee provides recommendations to the county board at least seven days prior to preliminary levy certification.

AMC joined several local governments in expressing concerns over the perceived overreach of the bill and the logistical complications in conducting the mandated joint hearings on one day within all counties. Towards the end of session, Chair Marquart scaled his proposal down to just include a required "supplemental taxpayer statement" that would be sent out along with the notice of proposed property taxes and include the percent change in levy for the following year as well as summary budget information for the referenced local unit of government. Here again, local governments expressed concerns over the dearth of data included in the definition of "summary budget information" and questioned the potential public use and benefit. A last-minute amendment was added to delay the new requirements until property taxes payable in 2023 and thereafter.

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

Local Option Sales Tax Changes

The Tax Bill included a new permissible use for the County Transportation Sale and Use Tax revenue that was supported by AMC throughout session. Under Minn. Stat. 297A.993, a fifth option will now be included which would add "(5) payment of the capital cost of constructing buildings and other facilities for maintaining transportation or transit projects or improvements." This language provides clarity for counties who are looking to use tax revenue for these purposes, a previously gray area of the statute.

Lastly, the bill includes several authorizations of local option sales taxes including:

- Up to a 1% local sales tax for Itasca County to finance the construction of a correctional facility and associated court facilities.
- Up to a .5% local sales tax for Mille Lacs to finance a public works building.
- Up to a .5% local sales tax for Carlton County to finance construction of a new law enforcement center, judicial center, and jail.

Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

COUNTY GOVERNANCE & HUMAN RESOURCES

County Competitive Bidding Proposal (HF1671/SF1974)

AMC worked alongside Hennepin County on a proposal that would increase the dollar threshold for county contracts made by sealed bid/direct negotiating only when entering a contract with a county certified small business enterprise or state certified business that is owned and operated by a veteran or service-disabled veteran. Counties argued that the threshold expansion would recognize increasing costs of building materials and labor as well as allowing local governments to redirect some of their contracting to smaller, local businesses within their communities. The House carried this provision into conference committee negotiations but was unable to find a place for the measure in final negotiations.

Status: Did not pass.

Remote Marriage License Flexibility (SF697/HF1865)

AMC worked with the Minnesota Association of County Officers, Sherburne County, and others to push forward bipartisan language to allow for counties to deliver services related to marriage licenses remotely/virtually after the end of the governor's peace time emergency powers. While the Legislature provided this flexibility in 2020—and even expanded the timeframe early on in session—the Senate was not supportive of providing permanent flexibility as part of the final negotiations on an omnibus State Government Finance bill.

Status: Did not pass.

Family Leave Proposals (HF7, HF1200)

The House continued past years' efforts to push forward proposals surrounding family leave including "re-hearing" and passing the House DFL's main paid family leave proposal (HF 1200, Rep. Richardson) which would provide up to 12 weeks of paid family and medical leave. In addition, the House included an earned sick and safe time (ESS) proposal in their omnibus House Jobs bill that would require employers to provide 48 hours of sick leave to employees. While no agreement was made to forward any proposal at the end of session, the issues surrounding paid family leave continue to grow at the Capitol and seem to have garnered a larger spotlight and political support base with the advent of COVID-19 magnified complications and actions championed by President Trump to grant federal workers their own version of paid family leave. AMC will continue to work in collaboration with the Minnesota County Human Resources Management Association (MCHRMA) to monitor and weigh in on legislative proposals and continue to ask legislative authors to consider, at minimum, requiring paid leave applicants to use a certain percentage "buy down" of their PTO/sick time prior to use.

Status: Did not pass.

Local Salary Cap Repeal (HF 325/SF 33)

A proposal to repeal the State's local government salary cap was heard and included in the House Omnibus State Government Finance bill but eventually dropped during negotiations on a broader end-of-session agreement. Under current law, local governments may not pay their employees more than 110% of the governor's salary—adjusted each year for inflation—unless they seek a waiver from Minnesota Management and Budget (MMB).

Status: Did not pass.

ELECTIONS

Counties stood proud entering the legislative session after recently completing a successful administration of a national and local election cycle. Minnesota saw historically high voter turnout despite the obvious pandemic complications that caused last minute changes and additional staffing. Unfortunately, the Legislature did not focus their efforts this year on the resounding successes of the local election administrators but chose to use committee time to address significant—and at times, contentious—policy changes that in the end were far too wide apart to create any bipartisan support. Proposals ranging from automatic voter registration, restoration of felon voting rights, voter ID, provisional balloting, challenged balloting, and uniform polling place hours were among the provisions that were heard in either the Senate or House, but never garnered enough steam to move far along. A slim, narrowly focused elections bill passed as part of a broader Omnibus State Government Finance package and included minor changes on polling place locations and new definitions on ballot drop boxes—which were widely used by the public during the pandemic but never before standardized in State Statue. Unfortunately, AMC proposed changes on mail balloting uniformity for municipalities under 400 and expanding the days for in person voting and ballot processing to 14 days prior to an election were not included in any of the final bill language.

Election-related provisions included in Omnibus State Government Finance bill (SF2):

- A provision requiring that a portion of previously appropriated money from the Help America Vote Act (HAVA) account be used for grants to political subdivisions.
- Defines and outlines requirements related to ballot "drop boxes" including hours of supervision, location designation, along with the creation of minimum security and integrity standards.
- Requires counties to provide information on postelection sampling to the Secretary of State's office on an annual basis.
- New changes to designation of precinct polling place locations aimed at creating uniformity.

Status: Signed by the governor on June 30, 2021 – (Chapter 12) 2021 1st Special Session.

Ranked Choice Voting Proposal (HF3068/SF2986)

A bill to allow Ranked-Choice Voting ("RCV") as an option for all local governments, as well as extend RCV as the method for state and federal offices, was heard in the House Local Government Division. Right now, only charter cities are allowed to implement rank choice voting. Advocates from across the nation (including state legislators in Maine and Utah), Zoomed in to testify about the alleged benefits of the system, arguing that RCV did a better job of making elections focus on issues rather than personalities as well as "representing the true identity of the community while reducing the partisanship embedded in politics right now." The bill was only up for an informational hearing but did solicit strong back and forth between committee members. AMC is supportive of local governments having the ability to decide what system works best for them but do not have a position on the state and federal components of the bill.

Status: Did not pass.

PENSIONS

PERA General Aid (HF1678)

In 1997, Minnesota created a Public Employees Retirement Association (PERA) aid program intended to offset mandated employer contribution increases for the General Plan. This aid was tied to the percentage of total payroll growth for the Coordinated Plan (as of July 1, 1997) and was set to sunset when the plan was fully funded—at the time of enactment, July 1, 2020. AMC joined forces with LMC and MICA to ask legislators to honor the current Coordinated Plan amortization date of July 1, 2048, citing the history of the program and importance the aid has on more than 1,000 local government levies. While legislators expressed support and empathy—including Rep. O'Driscoll reminding committee members "a promise made should be a promise kept"—the commission failed to find the roughly $13.8 million a year (or $28 million each biennium) needed to move back the sunset. This year, AMC, LMC and MICA renewed their efforts to get the aid in place (via Rep. Youakim' s HF 1678). While we were successful in getting the bill considered and supported by Chair Rosen early in session, the provision was amended out of Senate floor discussions later in session.

Status: Did not pass.

911 Telecommunicators Pension Benefits Work Group (SF 2198/ HF 2585)

A proposal forwarded by Senator Karla Bigham to create a 911 Telecommunicators (dispatcher) Pension Benefits Work Group was accepted as an amendment to Senator Julie Rosen's omnibus pension bill late in session. The work group is intended to assess whether changes to telecommunicator retirement coverage is appropriate and includes representatives from AMC and MICA. Specifically, 911 telecommunicator organizers are asking for their members to be allowed to transfer from the PERA General Plan to the Correctional Plan. While it is unclear what this change would entail or include specifically, it would generally move from a PERA General Plan to the Correctional Plan, would decrease a member's retirement age from 65 to 55, as well as increase additional pension benefits including COLA rates. The work group will be required to submit a report to the Legislative Commission on Pensions and Retirement by March 1, 2022, on whether changes to the pension plan coverage for 911 telecommunicators are appropriate and if so, what those changes should be.

Status: Signed by the governor on May 25, 2021 – (Chapter 22) 2021 Regular Session.

Military Service Credit Buyback Expansions (SF 1993/ HF 2163)

Senator Jeff Howe brought forward a provision to increase the timeframe for service members returning to local government (PERA eligible) employment to purchase pension credits from the lesser of three times the service period or five years to the greater of three times the service period or five years. AMC helped negotiate a compromise provision that would set a minimum floor of three years but keep the ceiling at five years. The negotiated provision was included in the final omnibus pensions bill.

Status: Signed by the governor on May 25, 2021 – (Chapter 22) 2021 Regular Session.

DATA PRACTICES

For additional information on this section, please contact Leah Patton, MNCITLA Director, at 651-489-4342 or lpatton@mncounties.org.

Remote Public Meetings in Non-Public Locations During the Pandemic (HF820/SF852)

In partnership with LMC, AMC sponsored HF820/SF852 which removed legal liability for local governments using remote technology to conduct open meetings from locations not open to the public during the pandemic up until July 1. In discussions around this bill, it became evident that there is little support in the Legislature to allow this type of remote meeting on an ongoing basis or modify existing laws around remote attendance by public officials. AMC will continue to advocate for additional flexibility, but it remains to be seen if there will be enough of a shift in opinion at the Legislature to make significant change possible.

This bill passed the House and was attached to HF1140/SF1544 in the Senate. The House also passed the combination bill.

Status: Signed by the governor on May 6, 2021 – (Chapter 14) 2021 Regular Session.

Open Meeting Law Technology, Remote Public Comment Best Practices, Meeting Minutes (HF1140/SF1544)

This bill modernized statutory language to encompass new forms of technology being used for remote meetings, clarified that each local governments public comment policy in remote meetings should (to the extent practicable) mirror its in-person comment policy, and brought the law into common practice by allowing meeting minutes to be used in place of a "journal of votes," a statutory requirement that a recent advisory opinion by the Office of Data Practices said is not currently met by meeting minutes.

This bill passed the House and was attached to HF820/SF852 in the Senate. The House passed the combination bill.

Status: Signed by the governor on May 6, 2021 – (Chapter 14) 2021 Regular Session.

Web Accessibility Grant Funding (HF35/SF416)

This bill is a continuation of the web accessibility grant program bill introduced in the 2020 Session by Rep. Elkins in partnership with AMC, LMC, the MN Disability Council, and advocates from the disability community. At the start of the 2021 session, the reintroduced version of the House bill was amended to allocate $1 million in grant funding for local governments to improve accessibility on their digital resources and websites; this amendment was added due to the former version of the bill being introduced by mistake which allocated $200,000 in grants. However, the Senate version was not amended with the higher amount, and the Senate author instead amended the bill to direct the $200,000 in funds to MN.IT to increase the accessibility services they have available for local governments. HF35/SF46 received initial hearings in both bodies but did not complete the process in time for the finance bill deadlines. If these bills are taken back up next session the differences between the House and Senate funding levels and where the money is allocated will need to be resolved.

Status: Did not pass.

Public Comment at Open Meetings (HF52/SF180)

HF52/SF180 was introduced in response to reports that certain public entities were not allowing public comment at their remote public meetings that were being conducted during the COVID-19 pandemic. However, this bill as introduced would require time for public comment at every open meeting on every agenda item – a mandate that would potentially obstruct the basic functioning of local governments, particularly on time sensitive issues. AMC and LMC articulated our opposition to the bill authors and pointed to the public comment clarifications moving through the Legislature in HF1140/SF1544 as a solution, which the bill authors accepted. However, HF52 was posted as an amendment for the House floor debate around HF1140. Fortunately, it was never taken up during the debate, and HF1140 passed without an amendment. HF52/SF180 has yet to receive a hearing in the House or Senate and it remains to be seen if it is taken back up before the biennium ends.

Status: Did not pass.

ECONOMIC DEVELOPMENT, WORKFORCE, AND HOUSING

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

Economic development, workforce, and housing issues in the 2021 Legislative Session were strongly impacted by the COVID-19 pandemic. Both a federal and state eviction moratorium implemented due to the pandemic caused consternation from landlords but were lauded by both housing and public health advocates as necessary to keep people in their homes and reduce the spread of COVID-19. Given Minnesota's already low housing supply and rising homelessness numbers, any trends affecting housing can have harsh impacts on communities throughout the state. Minnesota experienced an unprecedented economic downturn and layoffs due to the pandemic, although data suggests we were not hit as hard as other states. Job losses for people of color and women surpassed white male counterparts, exacerbating already existing disparities in the state. The Legislature made attempts at focusing funding on initiatives and programs that would address these disparities and further economic recovery for small businesses across the state.

HOUSING

AMC Priority: Reducing the homelessness crisis in Minnesota by direct investments in emergency shelters and increased assistance for prevention programs (rental assistance/foreclosure prevention programs).

AMC staff and members were extremely involved in housing advocacy this session, with a number of county commissioners from across the state providing testimony on the lack of affordable housing and the homeless crisis in their counties. AMC staff worked closely with the housing advocacy community, including Homes for All, to leverage wider support for AMC priorities. We are excited about some wins on the housing front in the final budget. The final housing bill includes a $10 million increase in one-time funding for housing initiatives in fiscal year 2022-2023.

Housing Infrastructure Bonds (HF1071/SF1098)

AMC has strongly advocated for housing infrastructure bonds (HIB) as a tool to address Minnesota's housing crisis. They leverage local, federal, and private investment and spur development that otherwise would not occur. The final budget includes $100 million in HIBs, designating $18.33 million of it for single-family homes and $15 million for manufactured home park acquisition, improvement, and infrastructure.

Status: Signed by the governor on June 29, 2021 – (Chapter 8) 2021 1st Special Session.

Local Housing Trust Funds (HF528/SF1803)

As introduced, the bill would allocate $10 million from the General Fund in fiscal year 2022 for matching grants to local housing trust funds. The funds can be used to finance housing development and rehabilitation and for down-payment assistance, rental assistance, and homebuyer counseling. Ten percent of funds can go to administrative expenses. The final housing omnibus includes a $1 million one-time appropriation to provide state matching grants for local housing trust funds.

Status: Signed by the governor on June 29, 2021 – (Chapter 8) 2021 1st Special Session.

Naturally Occurring Affordable Housing (HF443/SF768)

The purpose of this bill is to preserve Naturally Occurring Affordable Housing (NOAH) as a means to address the lack of affordable housing in the state. The bill appropriates $50 million to Minnesota Housing to make loans or grants to owners of properties that have demonstrated experience and capacity in owning and operating quality and well-managed affordable housing.

Status: Did not pass.

Youth and Family Homeless Prevention Aid (HF1791/SF2349)

As introduced, the bill would provide $110 million over the biennium to counties to address families and children at risk of homelessness. Led by Preventing Homelessness Chair Aisha Gomez, the bill creates a funding stream through county tax aid. The bill was included in the final tax omnibus bill and starting in FY23, $20 million per year will be dispersed to counties to create new programs to keep youth and families in stable homes. This funding will be a flexible and beneficial tool for counties to address homelessness in our most vulnerable populations.

Status: Signed by the governor on July 1, 2021 – (Chapter 14) 2021 1st Special Session.

Emergency Services Program (HF315/SF455)

AMC worked closely with the homeless advocacy community for an increase to the Emergency Services Program (ESP), a flexible program underneath the Department of Human Services. The funding provides the ability to partner with local organizations serving homeless populations to meet the most urgent needs. In the final budget, ESP received an increase of $6 million per year, with funding beginning in Fiscal Year 22. This is up from the current state investment of $844,000 per year.

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Housing Support (HF601/SF319)

The bill modifies Minnesota's Housing Support program which AMC supports as a homeless prevention tool. Current law limits the number of days a Housing Support recipient can be absent from their residence. This poses a challenge to residents requiring hospitalization for a chronic medical condition or illness. By seeking recommended treatment, they face the difficult position of losing their housing, which threatens to throw them back into homelessness. HF601 waives temporary absence requirements to ensure residents are not penalized for seeking needed healthcare, including substance use or mental health treatment.

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Eviction Moratorium

A controversial topic throughout session was Governor Walz's eviction moratorium, which prevented landlords from evicting renters as a public health precaution. As session continued, both the House and Senate offered plans to provide for an orderly phaseout of the eviction moratorium. A consensus between the two plans was reached, which nullified Executive Orders 20-14, 20-73, and 20-79 and stipulates a landlord must give a 15-day advanced notice to tenants of the landlord's intent to file an eviction, and to provide information on how to apply for assistance. It then lays out a timeline for lifting eviction protections:

- Renters who have materially violated their lease can have their lease terminated. Renters who qualify but refuse to apply for rental assistance can be evicted, effective June 30, 2021.
- Permits landlords to bring evictions for material breach of leases other than nonpayment of rent (effective 15 days after final enactment), effective July 14, 2021.
- Permits landlords to terminate or not renew leases for nonpayment of rent for tenants who are ineligible for rental assistance through a COVID-19 emergency rental assistance program, effective August 13.
- Permits landlords to evict tenants for nonpayment of rent if they are ineligible for COVID-19 emergency rental assistance, effective September 12.
- Returns the state to pre-pandemic eviction rules, unless you are eligible for emergency rental assistance and have a pending application, effective October 12, 2021.
- All lease termination and eviction protections related to the COVID-19 pandemic are lifted, effective June 1, 2022.

Status: Signed by the governor on June 29, 2021 – (Chapter 8) 2021 1st Special Session.

WORKFORCE

Workforce Development Fund Modernization (HF1342/SF1098)

On the workforce front, this session saw proposals from the governor and the House to change the way state workforce development funding is allocated via the Workforce Development Fund. The House's omnibus bill allocated a percentage of the fund to DEED for competitive grantmaking, with a strong emphasis in addressing equity, instead of direct appropriations from the Legislature. Critics of the proposal were concerned about how quickly funding would be able to get out under this new model, creating uncertainty for current organizations that typically receive it. AMC had concerns about the proposal and the potential negative impact it could have to the Dislocated Worker Program funding, which serves laid off workers in all 87 counties. In the final bill, the proposal was not included and direct appropriations to organizations continued. This included $34 million in direct appropriations to organizations that provide workforce training to BIPOC workers who are unemployed or underemployed. A higher amount of direct allocations resulted in a slight reduction of funding to the Dislocated Worker Program for FY22. Potentially larger receipts into the fund for FY23 could increase program dollars, however.

Status: Did not pass.

Increased Flexibility for the Dislocated Worker Program (HF1342/SF1098)

The House omnibus bill included language advocated for by AMC affiliate, the Minnesota Association of Workforce Boards, which would allow greater flexibility to enroll workers laid off during a pandemic in the State Dislocated Worker Program. While currently the program is intended for workers permanently laid off and unlikely to return to their previous occupations, the pandemic created uncertainty around whether workers would be able to return to their jobs. This added language creates wider eligibility for laid off individuals to enroll in the program and reskill for jobs in more stable and higher paying fields.

Status: Did not pass.

Unemployment Insurance Updates (HF1034/SF1044)

As a result of the COVID-19 pandemic, Minnesota's Unemployment Insurance (UI) laws received greater attention, with calls to change portions of the law that were deemed outdated in today's economy. This bill expands eligibility to high school students who are not eligible to receive UI. It also includes a change to allow those on Social Security to receive their full UI benefit, where previously their UI amounts had been reduced. Included in the final bill, these changes will take effect July 3, 2022.

Status: Signed by the governor on June 30, 2021 – (Chapter 10) 2021 1st Special Session.

ECONOMIC RECOVERY

Economic development and workforce topics this session were almost entirely influenced by the COVID-19 pandemic, with varying strategies aimed at addressing the state's economic recovery. The Senate sought to curb the governor's executive powers to allow businesses to fully reopen while the House proposed new grants for small business relief. In the final budget negotiations, the Jobs Omnibus bill received a $150 million increase for small business assistance.

AMC Priority: Continued support for state and federal business assistance programs to help recovery during and after the pandemic focusing on industries most impacted by the pandemic.

Business Assistance

A key issue throughout session and special session centered on business assistance, including COVID-related assistance as well as assistance to businesses in St. Paul and Minneapolis affected by riots in the summer of 2020. The final budget includes the Main Street COVID-19 Relief Grant Program that will distribute $70 million to partner organizations to provide business relief. Eligible businesses will need to prove economic hardships from the pandemic and have a business plan for continued operation. The program will give preference to businesses that did not receive prior state or county business assistance and has certain minimum set asides for certain types of businesses (FTE sizes, minority, veteran, and women-owned businesses, and more).

Additionally, the bill includes $80 million for the Main Street Economic Revitalization Program, a statewide economic redevelopment program to provide grants and guaranteed loans for economic development and redevelopment projects. These projects will address the needs that have arisen in our communities since March 15, 2020, and spur economic revitalization across Minnesota. Businesses affected by the riots can apply for this funding as well as other businesses in both the metro and Greater Minnesota. DEED will launch the program on August 3.

Health & Human Services

For additional information on this section, please contact Matt Freeman at mfreeman@mncounties.org or Kari Oldfield at koldfield@mncounties.org

2021 Regular Session

The health and human services conference committee wrapped up its regular session work the Saturday before the end of session after spending three whirlwind meetings adopting policy-only language from the House and Senate bills. For the most part, the only language included in the conference committee report for HF2128 had traveled in same or similar fashions through both the House and Senate. There was no brand-new language adopted and no provisions that cost money. This bill included 19 articles and 519 pages. It passed the House 77-57 and the Senate 66-1. The language of most concern during House floor debate related to medical cannabis provisions.

On the final day of session, May 17, House and Senate leadership and the governor came to an agreement that laid out budget targets for each conference committee that chairs used to assemble budget bills during special session. The Human Services general fund target for Health and Human Services was set at $100 million. The budget agreement included a May 28 goal for committees to come to agreement on individual budget bills, although the budget bill for health and human services was not released until June 22. Of note, there were extensive human services specific federal funds from the American Rescue Plan (ARPA) that were negotiated as part of the final HHS budget negotiations.

2021 Special Session

On June 22, legislative leaders announced deals on health and human services provisions. On Saturday, June 26, the bill moved through the House and Senate floors and received significant bipartisan support in the Senate where it passed 62-4. The House vote, however, was more partisan in nature but passed with a 69-56 margin. Governor Walz signed Chapter 7, the biennial budget for the departments of health and human services, on June 29, 2021. By signing the bill prior to the end of the state's current fiscal year, the governor and Legislature averted a shutdown of critical services. At a high level, DHS received its full requested operating adjustment of $16.3 million (FY22-23); $21.85 million (FY24-25) for agency operations.

Much of the new funding in the bill is realized through the state's allocation of enhanced FMAP for home and community-based services. These federal dollars carry limitations for the kind of activity they can fund, so legislators were somewhat limited on how they could spend those dollars. Overall, the bill budgets $686.09 million (FY22) for this enhancement and allocates those dollars throughout the bill.

Also relevant to human services, the state government finance agreement caused a bit of a stir as it was amended in the Senate to call for an immediate end to the peacetime emergency. As the House readied itself for debate on the bill, Walz announced an agreement with the U.S. Department of Agriculture to continue food benefits and a planned end to the peacetime emergency on July 1, 2021. Ultimately, the bill to immediately end the peacetime emergency passed off the House and Senate floors and went to the governor's desk. Recognizing some potential problems with timing of that abrupt end, legislative leaders and the governor agreed to a small modification that was adopted into the tax bill that was the last bill to be passed and sent to the governor. This provision was adopted and was effective retroactively. This included language related to the human services waivers authorized under the peacetime emergency executive powers.

Codifying HHS Flexibilities for Permanent Extension (HF1822 / SF1324)

There were four human services waivers that AMC prioritized (targeted case management, housing support absence days, long-term care reassessments, and MFIP/DWP remote applications) – three were codified in the special session bill and one was codified by the human services policy bill passed during the regular session. The four components in HF1822/SF1324:

- **Targeted Case Management:** Allows for MA coverage of various forms of case management to be delivered through telehealth (children's, mental health services, chemical dependency services, and SUD services). Other changes include removing the three visits per enrollee per week limit, expanding the provider types eligible to provide telehealth, and making MA coverage consistent in most areas with private sector coverage. Audio-only coverage is still prohibited in the language of this statute but is covered for MA through an expansion of the DHS waivers in a later section through July 1, 2023. (Chapter 7, Article 16, Section 11)
- **MnCHOICES Reassessments:** Allows for reassessments through interactive video or telephone if specified requirements are met. (Chapter 7, Article 16, Sections 17-19)
- **Housing Support Absent Days:** Modified to allow an additional 74 days per incident, not to exceed a total of 92 days in a calendar year when the resident is admitted into a behavioral health facility, hospital, or nursing facility. Counties may apply for an exception through DHS. (Chapter 7, Article 13, Sections 57-58)
- **Eliminating Face-to-Face Orientation for Minnesota Family Investment Program (MFIP) and allow Agencies to Accept MFIP Applications Over the Phone:** Counties are still required to receive a signed written application within 30 days of clients submitting their application remotely and it still requires that interviews be conducted. This provision was both originally part of HF1822/SF1324 and HF822/SF616. (Chapter 30, Article 7, Section 1-4, Section 27)

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session and signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Codifying Additional HHS Flexibilities for Temporary or Permanent Extension (HF1822/SF1324)

There were several human services waivers that needed to be extended after the end of the peacetime emergency in order to comply with federal law and for Minnesota to continue to access federal benefits. These DHS waivers will remain in effect until federal requirements change, or until a state plan amendment is approved, whichever is later. The intention is that these waivers will be made permanent.

- CV15: allowing telephone or video visits for waiver programs
- CV24: allowing telephone or video use for targeted case management visits
- CV30: expanding telemedicine in health care, mental health, and substance use disorder settings
- CV42: implementation of federal changes to SNAP
- CV43: expanding remote home and community-based waiver services
- CV44: allowing remote delivery of adult day services
- CV109: providing a 15% increase for Minnesota Food Assistance Program and MFIP maximum food benefits

(Article 1: DHS Health Care Programs: Section 71)

Language was also added that allows for all waivers that have not been otherwise extended to remain in effect for no more than 60 days after the peacetime emergency ends. This addressed the waivers that AMC advocated to extend until June 30, 2021, with hope that the Legislature would make them permanent in the next session, so they also have the 60-day ramp down. (Article 1, Section 72)

Language also extends two economic supports waivers through December 31, 2021 (unless federal approval is not received): Executive Orders 20-42, 21-03, and 21-15 that ensures emergency economic relief payments do not prevent eligibility for human services programs; and CV04 that modifies the interview requirements for recertifications of cash assistance eligibility. This ensures Minnesota remains eligible for enhanced federal economic support dollars despite ending the peacetime emergency. (Article 7, Section 27).

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Telehealth/Telemedicine Eligibility for Healthcare/Human Services Service Delivery

(HF 1412 /SF1160)

Senator Rosen led the herculean efforts on passing a comprehensive telehealth bill. The negotiations on final language included significant back and forth with the Minnesota Council of Health Plans and disagreement about how this should and could impact cost and coverage parity. Counties advocated to have Targeted Case Management included in the waiver bill rather than the telehealth bill, however, it ultimately became a part of this vehicle. Article 6 of the Special Session budget bill includes the entire telehealth article and vastly expands services that can be delivered via telehealth:

- Article 6, Section 1: Establishes requirements for the coverage of services that may be delivered via telehealth for private sector health plans. These changes include expanding providers who can provide telehealth, continued audio-only coverage through July 1, 2023, expanding parity requirements, and setting requirements for equipment and telehealth monitoring services.
- Article 6, Section 6: Makes changes in chapter 245G to permit an assessment for SUD to be delivered via telehealth.
- Article 6, Sections 7-8: Clarifies that chemical use assessments and chemical dependency services may be conducted through telehealth.
- Article 6, Section 9: Makes changes to the definition of interactive video when used for relocation targeted case management.
- Article 6, Section 10: Removes the requirement for a psychiatric provider, as part of an ACT team, from needing to obtain approval from the commissioner when providing services by telehealth.
- Article 6, Section 11: Changes to coverage of telehealth services for public health care programs. Medical assistance coverage requirements are modified for services delivered through telehealth (including health care services, mental health services, chemical dependency services, and SUD services). Major changes include removing the three visits per enrollee per week limit, expanding the provider types eligible to provide telehealth, and making MA coverage consistent in most areas with private sector coverage. Audio-only coverage is still prohibited in the language of this statute but is covered for MA through an expansion of the DHS waivers in a later section through July 1, 2023.

- Article 6, Section 12: Expands MA coverage to telemonitoring services.
- Article 6, Section 13: Modifies medication therapy management services to include services delivered through telehealth.
- Article 6, Section 14: Clarifies that mental health case management services may be provided either in person or through interactive video.
- Article 6, Section 15 Clarifies conditions under which face-to-face contact requirements for targeted case management services may be met through interactive video.
- Article 6, Section 16: Clarifies that mental health services may be provided through telehealth.
- Article 6, Sections 17-19: Allows for MnCHOICES reassessments to be provided through interactive video or telephone if specified requirements are met. These requirements include if the person's legal representative and the lead agency case manager both agree there is no change in the person's condition. The person, or the person's legal representative can refuse remote assessment any time. If, at any point, a lead agency determines that a face-to-face reassessment is necessary or if there is a need for a change in services, the lead agency shall schedule a face-to-face assessment. (Article 16, Sections 17-19.)
- Article 6, Sections 20-21: Allows for payments for targeted case management when requirements are met for adults and child welfare using interactive video.
- Article 6, Section 23: Clarifies that travel time is only allowed to be billed for early intensive developmental and behavioral intervention benefits for individuals with autism when providing in-person services.
- Article 6, Section 24: Permits remote assessments for community-based service waivers for persons with disabilities.
- Article 6, Section 25: Allows for remote assessments in determining elderly waiver eligibility.
- Article 6, Section 26: This has the effect of allowing audio-only telehealth services to continue under MA and MinnesotaCare through June 30, 2023. CV16 (Children's Health Insurance Program, MA and MinnesotaCare), CV21 (school linked mental health services and intermediate school district mental health services).

This bill also requires MDH, DHS, and Commerce to study the impact of telehealth payment methodologies and delivery expansion on the coverage and provision of services delivered through telehealth. Requires the commissioners to present preliminary reports to the Legislature by January 15, 2023 (which must include recommendations on whether audio-only communication should continue to be allowed), and final reports by January 15, 2024. This is for both the private and public sectors. $2.3 million (FY22-23), $498,000 for (FY24) funds. (Article 6, Section 27)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

SUD/IMB County Bill Repayment (HF111/SF71/SF891)

Counties felt strongly that past billing errors made by DHS should not result in financial penalties to counties. Tribes faced a similar bill from DHS and agreed they should also not have to pay. DHS attested they needed an act of the Legislature and an appropriation of general fund dollars to be relieved of the requirement to collect on billing errors. The final agreement included $8.328 million (FY21) to reimburse counties for the county share of DHS errors related to substance use disorder services within institutions of mental disease (IMDs). Counties will be required to first make payments regarding the billing errors to the state before being reimbursed by the state from state general funds. (Article 16, Section 24)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Adult Mental Health Initiative (AMHI) Grants (HF1600 / SF1475)

Adult mental health initiatives (AMHI) grants faced a cut in the initial DHS Budget proposed by Governor Walz. Counties felt these services were even more urgent this year due to the impacts of COVID-19 on the mental health of residents and the challenges receiving services during a pandemic. Thus, counties advocated for an increase in these flexible funds that are distributed and allocated regionally. The resulting legislation means AMHIs will receive an additional $1.75 million per year for 3 years – $3.5 million (FY22-23); $1.75 million (FY24) in funding. The final deal also directs DHS to provide a report to the Legislature to reform the AMHI funding formula by February 1, 2022, and prior to implementation of the new formula. The section notes that DHS must consult with stakeholders including AMHIs, counties, tribal nations, mental health providers, and individuals with lived experiences and include their feedback in the report. (Article 11, Section 33)

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session.

County Cost Shift: County Share for Child and Adolescent Behavioral Health Hospital (CABHH) (HF1040/SF 982)

Unfortunately, despite consistent opposition from counties, the final budget bill added a cost shift to counties related to direct care and treatment: counties will be responsible for 100% of the cost of care at CABHHS facilities when the facility determines that it is clinically appropriate for the client to be discharged. This brings the CABHH facility county cost share in alignment with all the other Direct Care and Treatment (DCT) services. Cost to counties ("savings to state") is projected at $2.458 million per biennium. Counties have expressed concerns for the last several years about cost shifts related to DCT services. It is frustrating and disappointing to see this cost shift as it fails to recognize the shortcomings in the continuum of care available that makes efficient discharge from DCT facilities to alternative settings challenging. It also fails to work to address this problem, as the $2.458 million goes to the general fund and is not targeted to mental health services. (Article 12, Section 1) (Tracking Line 917-919)

The provision also requires the commissioner to assess the extent to which state operated DCT function as safety net services and report to the Legislature. $277,000 (FY22-23). This provision comes from legislative concerns of how DCT aligns with existing continuum of care. The language is explicit about what input must be sought from counties in compiling the report. (Article 12, Section 1)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Direct Care and Treatment Operating Funds (HF2127/SF2115)

This Legislature provided an operating adjustment for DHS direct care and treatment in the amount of $17.3 million in FY22 and $42.8 million in FY23. This operating adjustment means further cuts and closures to Direct Care and Treatment state operated facilities would not further impact counties' challenges in finding appropriate placements for those needing intensive residential mental health services. (Article 16, section 2) (Tracking Line 901-908 and 1402-1411)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

3rd Path - Children's Residential Placements Outside of the Foster Care System (HF944/SF1869)

The bill included a version of the proposal from NAMI (HF944/SF1869) which originated from the 245D legislative task force required by legislation from the 2019 session. This creates a new pathway for children's mental health residential placements which will result in counties losing Title IV-E reimbursement for room and board cost (due to these placements not following FFPSA QRTP requirements). $1.964 million (FY22); $1.979 million (FY23) were appropriated to reimburse counties and tribes for a portion of the cost of treatment in children's residential facilities. The language also includes a workgroup to develop recommendations on how to efficiently and effective fund room and board costs for children's mental health residential treatment under the children's mental health act and report to the Legislature by February 15, 2022. Counties remain hopeful that the state's Behavioral Health Fund will cover the cost of these new placements and have outstanding concerns about how this will impact permanency of child placements and what impacts it may have on an already limited number of placement options (Article 16, section 2 & Article 11, Sections 2, 3, 4, 5, 34)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Court-Appointed Council/Parental Representation in Child Protection Hearings (HF312/SF941)

This provision includes a new policy requirement directing the court to appoint counsel to represent a parent, guardian, or custodian prior to the first hearing on a child in need of protection or services petition. Counties are responsible for the cost of this representation for those who are financially eligible. The section also removes some of the requirements setting up qualifications for the appointment of counsel. This is effective January 1, 2023. $1.3 million (FY22-23); $1.3 million (FY24-25). Of that, roughly $1 million each biennium is for children's services grants to counties, to be used to offset cost of parental representation or administrative costs of counites seeking federal Title IV-E reimbursement for eligible parental representation costs. This will result in new costs to be incurred by counties. The bill also requires the commissioner of human services to consult with counties and court administration on collecting data on court appointed counsel in child protection proceedings and submit a report with findings and a plan for regular reporting of data. Counties maintain concern about the cost of the expansion of this unfunded mandate but hope that the transition funds and data required to be gathered will put counties on a better footing to enumerate the cost of this representation. Counties were able to negotiate inclusion of all counties as eligible for the funds and delay the implementation of this mandate for 18 months. Counties also were able to amend the language so that dollars can be used for the county human services administrative costs of seeking Title IV-E reimbursement for parental representation for eligible children and families or the cost of counsel. (Article 9, Section 5, Section 6). (Article 16, section 2).

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Establishing a Legislative Task Force on Child Protection (No original bills)

This provision was a late addition during special session negotiations. It establishes a legislative task force on child protection. Counties participated in previous task forces on child protection that led to extensive recommendations and significant amendments to the Minnesota child protection system. The task force will:

- Review the efforts being made to implement the recommendations of the Governor's Task Force on the Protection of Children.
- Expand efforts into related areas of the child welfare system.
- Work with the commissioner of DHS and community partners to establish and evaluate child protection grants to address disparities in child welfare.
- Review and recommend alternatives to law enforcement responding to a maltreatment report, and to evaluate when another person should remove a child from the home.
- Evaluate mandatory reporting statutes and consider modifications of reporting for youth programs and introduce legislation by February 15, 2022.
- Evaluate the cross section of educational neglect and child protection.
- Identify areas within the child protection system that need to be addressed by the Legislature.

The committee will be made up of twelve members, six from the House and six from the Senate. The task force shall have oversight of DHS and the tribes to implement laws related to child protection, but also the Departments of Education, Housing, Corrections, and Public Safety. The task force must report to the Legislature and governor by February 1, 2024. The task force sunsets on December 31, 2024. The report must contain information on the progress of implementation of changes to the child protection system and needed legislative changes.

Appointments will be made by July 15, 2021; the task force shall convene its first meeting by August 15, 2021. (Article 10, section 3)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

DHS New Work Groups, Committees, Task Forces, and Stakeholder Consultation – 2021 Session

- The Legislature responded to a large number of human services issues by requiring additional discussion, policy research, or reports on these topics. In total, at least 37 new workgroups, taskforces, or reports were created in 2021 by the Legislature. These include:
- Family First – QRTP Aftercare (Article 10, Section 79)
- Dental Program Delivery Study (Article 1, Section 37)
- Legislative Task Force – Human Services Licensing (Article 2, 74)
- Child Care Center Modernization (Article 2, Section 75)
- Child Foster Care Licensing Guidelines (Article 2, Section 76)
- Child Care One-Stop Shop Assistance Network (Article 2, Section 79)
- Family Child Care Modernization (Article 2, Section 81)
- Studies of Telehealth Expansion and Payment Parity (Article 6, 27)
- Court Appointed Counsel Child Protection (Article 9, Section 6)
- Legislative Task Force; Child Protection (Article 10, Section 3)
- Culturally informed/responsive mental health task force. (Article 11, Section 8)

- Adult Mental Health Initiative (AMHI) Reform Report (Article 11, Section 33)
- Children's Mental Health Residential Treatment Work Group (Article 11, Section 34)
- Culturally and Linguistically Appropriate Services (CLAS) (Article 11, Section 40)
- DCT Safety Net Services (Article 12, Section 2)
- Customized Living Moratorium Report (Article 13, Section 66)
- Direct Care Services During Short-Term Acute Hospital Visits (Article 13, Section 68)
- Waiver Reimagine and Informed Choice (Article 13, Section 75)
- Affordable high-quality early care and education for all families – Great Start Work Group
- (Article 14, Section 18)
- Family Supports and Improvement Program Recommendations (Article 14, Section 19-20)
- Lead Agency Process Mapping – long term care consultation services (Article 17, Section 7)
- Continuity of Care for Students w/ Behavioral Health and Disability Support Needs (Article 17, Section 13)
- Reducing Reliance on Children's Congregate-Care Settings (Article 17, Section 13)
- HCBS Development Grant – Workforce (Article 17, Section 20)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Family First Prevention Services Act (FFPSA) MN Implementation (HF1340 /SF1063)

Family First Prevention Services Act (FFPSA) is a federal law that transforms the funding and structure of the child protection system. Minnesota is late in implementing and transitioning to the requirements of this extensive legislation. These implementation challenges threaten county access to prevention dollars and to Title-IVE reimbursement for out of home placements.

The state, counties, tribes, and stakeholders have worked to develop an implementation framework for this federal legislation, recognizing that it is an opportunity to move toward a more equitable delivery of child welfare services in Minnesota. Counties have been engaged in the planning work and believe it is critical to continue so that we can build out our prevention services infrastructure and kinship network in the right way. A number of policy positions were included in the May policy bill, with the funding related measures passed in June during special session.

The HHS budget bill includes a number of implementation provisions related to FFPSA, including:

- Residential program certifications for compliance with the Family First Prevention Services Act: Adds section establishing certification requirements for children's residential facilities or child foster residence settings to receive federal Title IV-E funding.
- Outlines the types of facilities and program certifications, certification requirements, trauma-informed care requirements, monitoring and inspection processes, decertification processes, and variances.
- Clarifies various court processes for placement in qualified residential treatment programs.
- Provides definitions of who is eligible for federal Title IV-E funding for placements, including defining youth who is "at risk of becoming a victim of sex trafficking or commercial sexual exploitation."
- Provides a definition of "Qualified Individual" who will determine the appropriateness of placements in residential facilities, the tool approved for the child's assessment for placement in a qualified residential treatment program, and defines the basic training needed in conducting the assessment.

- Provides a statewide method for determining the rate to be paid for foster care residences (corporate foster care) that will now be considered congregate care under the FFPSA. Sets the room and board rate as the basic rate under Northstar Care for Children as adjusted annually, rather than require counties to each renegotiate individual county rates and contracts with providers.
- Exempts health care professionals from reporting prenatal substance use, in specified circumstances.
- Provides for parent notification of contested case hearings.
- Modifies other provisions related to child safety and permanency and adoption requirements and procedures.
- Sex Trafficking and Sexual Exploitation Training: All child protection social workers and social services staff who have responsibility for child protective duties shall complete training implemented by DHS regarding sex trafficking and sexual exploitation of children and youth. (Article 11, Sections 2-4)
- Includes direction to DHS to consult with stakeholders on aftercare supports for the transition of children from QRTP to reunification, including placement in less restrictive setting. (Article 10, Sections 1-58, 79, 80)
- Family First implementation also includes updates to individual treatment plans, residential treatment service reviews, and discharge planning. These sections are effective September 30, 2021. Expires July 1, 2022. $1.331 million (FY22-23) and $2.156 million (FY24-25) is allocated for implementation purposes.

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session and signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

ICWA/MIFPA Training (HF1340 /SF1063) (HF2127/SF2115) (HF2405/SF2180)

Establishes an appropriation for the Indian Child Welfare Training and Certification Partnership at the University of Minnesota Duluth campus to provide training, establish federal Indian Child Welfare Act (ICWA) and Minnesota Indian Family Preservation Act (MIFPA) training requirements for child welfare workers, as well as develop indigenous child welfare training for American Indian tribes. From the General Fund, invests $1.012 million in FY 2022, $993,000 in FY 2023, and $1.053 million per year ongoing. (*Article 16, section 2) (tracking line 245*)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Timeline for Responding to Certain Maltreatment Investigations (HF1202 /SF1587)

Timeline for responding to certain maltreatment investigations was changed to allow for face-to-face contact in response to a report alleging sexual abuse or substantial child endangerment to be postponed for up to five calendar days if the child is residing in a location that is confirmed to restrict contact with the alleged offender, or the local welfare agency is pursuing a court order for the child's caregiver to produce the child for questioning. This was a waiver included in the peacetime emergency waivers and making a version of it permanent was supported by counties and a priority brought forward by Sherburne County. (Article 10, section 55)

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session.

Duty to Report Suspected Child Abuse and Training Reporters – Private or Public Youth Recreation Program. (HF310/SF1198)

Establishes a new requirement for employees and supervisors of public or private youth recreation programs to immediately report to the local welfare agency, assessing or investigating agency, police department, sheriff, Tribal social services agency, or Tribal police department if the employee or supervisor knows or has reason to know that another employee or supervisor abused a child within the past three years, or if a child discloses to the employee or supervisor that the child is being or has been abused within the past three years. The legislation also requires local welfare agencies to offer training to mandated reporters of abuse or maltreatment or to direct reporters to trainings offered by the commissioner of human services. Allows the training to be offered online or in person and specifies what the training must include. Counties advocated for this training requirement to be placed on DHS and the state to standardize the training offered. Effective July 1, 2022. (Article 10, section 1-2)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Foster Care Licensing Standards (HF 1287/SF1558)

This provision creates a new section in Minnesota's foster care licensing standards. In particular, the bill aligns with federal standards and removes certain criminal convictions from Minnesota's disqualification list. It also provides further guidance to DHS/county licensing workers around what information to consider when determining who should be approved for a foster care license. The goals of this bill were to remove barriers for relatives in communities of color interested in being a foster provider for their family members. It also eliminates tiers for disqualification and narrows to a five year or permanent bar due to convictions, per federal Children's Bureau recommendations, and aligns Minnesota's adoption standards with the foster care licensing standards. (*Article 2, Section 4,5,8) (*Tracking line 397)

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session and signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

"Back to Better" Transition out of COVID– Funding TheWorkNumber and Down of Federal Enhanced Background Study Requirements Waiver Compliance (HF1564/SF496 & HF1512/SF1257 & HF2127/SF2115)

This DHS initiative to wind down waivers and transition programs out of COVID is funded within the bill. This includes continuation of the background studies waiver for 365 days after the peacetime emergency ends, an up to 60-day wind down of other waivers, and a $7.7 million (FY22-23) contract for The Work Number (electronic income verification) for two years, and to address the backlog regarding eligibility and other administrative type costs. It authorizes increases in background study fees and also includes authorization for the state to contract with multiple fingerprint vendors. The provision includes DHS staff to coordinate recertifications that backlogged during the pandemic and investments in technology to return to normal recertification operations. In total, this initiative carries a $14.26 million (FY22-23) general fund cost. DHS advocated that the significant backlog of emergency background studies conducted under CV23 (modifying background study requirements) was not feasible to address in the 60-day time period following the end of the peacetime emergency. DHS advocated for a one-year ramp down, while the Senate advocated for 180 days. This provision allows for CV23 and any consequent amendments to remain in effect for 365 days after the peacetime emergency ends. (Article 2, Sections 11, Section 27, Section 29-51, Section 66, Section 72, Section 73) (Tracking lines 1414 & 1452-1459)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Background Checks: Access to Federal Tax Information (HF2080/SF2206)

This provision in the tax bill requires state agencies whose employees or contractors access federal tax information to be fingerprinted and undergo national criminal history background checks in compliance with federal law and IRS guidance. It also creates the same requirements for any individual authorized to access federal tax information by the requesting agency, which would apply to county staff in accessing federal tax information as part of eligibility determinations. This will result in additional compliance costs for counties and their staff who need to access this information for eligibility work (Article 11, Section 24).

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Case Management Redesign (HF1495/SF1028)

Minnesota's human services case management framework has been subject to federal scrutiny and stakeholders have worked for several years to develop a better structure for uniform billing. This language allows for a uniform statewide rate methodology for counties that contract with third party vendors to perform case management services. While this isn't the end of case management reform work, counties believe it is an important and timely step forward. There will be counties who see their contracted rates increase significantly and those who see this rate come in far below what they are currently offering, raising concerns about how this impacts providers.

The HHS budget bill includes the first phase of case management redesign in the final bill. This includes steps to a uniform statewide rate methodology for counties contracting with third party vendors for these services. *(Article 11, Sections 17, 24-36)*

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Substance Use Licensing/County Assessment of Need (HF1299/SF456)

The HHS policy bill included compromise language agreed to by MACSSA in working with MARRCH that modifies the county involvement related to the "letter of need" process currently required for substance use disorder (SUD) providers. This preserves county input regarding the licensing of new SUD Facilities, while responding to MARRCH's concerns about administrative burdens. The provision repeals administrative rules requiring an assessment of need for a new chemical dependency treatment or rehabilitation program and requiring a county board to submit a statement to the commissioner regarding the need for the new program. IT replaces it with a requirement for the applicant to notify the county human services director in writing of its intent to open a new program at least 60 days before submitting a licensure application. The notification must include:

- a description of the proposed treatment program; and
- a description of the target population to be served by the treatment program.
- County human services directors may submit a written statement to DHS regarding the county's support of or opposition to the opening of the new treatment program. DHS shall consider the county's written statement when determining whether to issue a license for the treatment program.

(Article 2, Sections 1-5)

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session.

Mental Health Uniform Service Standards (HF1495/SF1028)

The majority of language passed in HF2128 came from the Mental Health Uniform Service Standards provision, which created steps toward reforming and simplifying regulations and standards for Minnesota's mental health care system (HF1495 Rep. Fischer, SF1028 Sen. Housley). The language seeks to create a common core of standards for all mental health care services and begins transitioning to a unified licensing structure.

It moves various statutes and rules related to mental health service standards into a new chapter 245I; updates, aligns, and streamlines definitions and standards for providing a range of mental health services. (Article 15, Sections 1-19)

Crisis Response Services are also modified in the Mental Health Uniform Service Standards section of the HHS policy bill. It combines crisis standards for adults and children to eliminate differences and clarify how mobile crisis teams can work with family members and third parties. It seeks to unify service, eligibility, provider, and staff requirements, adding clinical trainees and language to include family members and other third parties, and aligning definitions and other provisions with the mental health uniform service standards established in chapter 245I. (Article 16, Sections 1-5)

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session.

Adult Mobile Crisis Services Funding (ARPA Funding)

Adult Mobile Crisis Services received an increase in funding in the HHS budget bill. This strengthens the state's mobile crisis infrastructure by providing one-time funding to support counties and tribes to staff 24-hour mobile crisis lines and increase capacity to take more calls. In total there are increases of $16.4 million (FY22-23); $4.1 million (FY24) in additional capacity for grants for adult mobile crisis services. Language indicates that beginning April 1, 2024, counties may fund and continue activities under this section. This language is found several places throughout the bill, as the Legislature sought to not fund additional ongoing general fund obligations for appropriations they funded with one-time federal dollars – adding this language to imply that local funding sources could be used to continue the service beyond the scope of the one-time federal allocation. (Article 17, section 11) (Tracking Line 1251)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Children's Mental Health Funding (ARPA Funding)

Children's Mental Health investments were also made possible based on ARPA funding. These include: $5 million (FY22-23); $1.9 million (FY24) to create a children's mental health transition and support team to facilitate transition back to the community of children from psychiatric residential treatment facilities (PRTF) and child and adolescent behavioral health hospitals (CABHH). Language indicates that beginning April 1, 2024, counties may fund and continue activities under this section. This language is found several places throughout the bill, as the Legislature sought to not fund additional ongoing general fund obligations for appropriations they funded with one-time federal dollars – adding this language to imply that local funding sources could be used to continue the service beyond the scope of the one-time federal allocation. (Article 17, section 12)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Administration of Children's Mental Health Screening Grants – Data Sharing Language passed (HF1532/SF1801)

This provision streamlines children's mental health screening reporting requirements for the purposes of program evaluation and improvement. The change will maintain critical data protections for children and families, while allowing for more efficient data collection and reporting methods by the Department of Human Services. It allows DHS to directly pull data needed for program efficacy evaluation, rather than requesting counties to pull this data manually from the data management systems.

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session.

Opiate Epidemic Response Advisory Council (OERAC) (HF2127/SF2115)

The Legislature modified the work and requirements of the Opiate Epidemic Response Advisory Council (OERAC). They modified the grant award timeline from fiscal year to calendar year, starting in 2024. They staggered the members terms and changed the legislative report due date from December to March. They clarified the council and DHS roles and their requirement to comply with state procurement laws, and increased grantee administrative allowance from 3% to 10%. The Legislature also transferred funding from the federal substance abuse prevention and treatment block grants to honor and fulfill the recommendations of the OERAC Council (Article 11, Sections 14,15, 46, 48) (Tracking Line 570)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Rate Increases for Direct Care Professionals (HF822/SF615, HF722/SF1246, HF2152/SF1247)

- The HHS budget bill includes a number of rate increases for Direct Care Professionals.
- Provides for a 5% rate increase for ICF/DDs and modifies the rates and procedures related to variable rates and services during the day. $4.6 million (FY22-23); $6.6 million (FY24-25). (Article 13, Sections 44-47)
- Establishes a PCA/CFSS rate framework and service rate increase. The PCA service rate increase is funded at $67.6 million (FY22-23); $103.9 million (FY24-25). The CFSS rate framework is funded at $30.4 million (FY22-23); $39.6 million (FY24-25). (Article 13, Sections 48, 55)
- Provides a 5% rate increase for certain home care services. $6.8 million (FY22-23); $9.8 million (FY24-25). (Article 13, Section 74)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Basic Sliding Fee Child Care – Waitlist Reprioritization and additional funding (HF312 / SF941)

This provision provides for the temporary reprioritization of child care assistance under the basic sliding fee (BSF) program (from June 1, 2021, through May 31, 2024). In addition, this section permanently modifies the allocation component of BSF state and federal funds so that up to one-half of funds can be allocated in proportion to the county's most recent 12 months of reported waiting list (changed from up to one-fourth of funds based on 6 months of waiting list). This section is effective January 1, 2022; calendar year 2022 shall be a phase-in year for the allocation formula. There is also an additional $15 million allocated to BSF. There is also an increase in CCAP rates and a $3 million investment in workforce development grants and $3 million in business training grants in the child care area and $22.5 in child care improvement grants. (Article 8, Section 1, Section 2). (Article 16, section 2) (tracking lines 140 - 146)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Child Care Improvement Grants (ARPA)

Child care improvement grants, or child care facility revitalization grants, are an allocation to fund one or more nonprofit corporations to provide business training and consultation to child care providers and to provide grants to child care providers for minor facility improvements and renovations, as well as necessary equipment and services. The Legislature appropriates $22.5 million in FY 2022, with funds available until June 30, 2025, being paid for using federal CCDBG funds, including ARP child care funds. (Article 9, Section 9) (tracking line 186)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Job Training Incentive Program, Childcare Provider Grants, and Employment Services in the Human Services Area in the Jobs Bill

The Jobs and Economic Growth budget bill, sponsored by Senator Eric Pratt (R-Big Lake) and Representative Mohamud Noor (DFL-Minneapolis), was signed into law by Governor Walz on June 30 as Chapter 10. Human Services Related Key components:

- Job training incentive program: Creates a job training incentive program, as part of the job training grants, which provides up to $200,000 to employers in greater Minnesota for training and education for new jobs the commissioner approves, with a preference for programs serving disadvantaged people or areas. Reimburses employer education and training program costs of up to $10,000 per job and an additional $1,000 for employees with disabilities.
- Child care: allocates $2,500,000 each year for grants to local communities to increase the number ofquality child care providers to support economic development. Establishes 61 requirements for a 50% non-state matching funds. This appropriation is available through June 30, 2023. 50% of grant funds must go to communities located outside the seven-county metropolitan area. In fiscal year 2024 and beyond, the base amount is $1,500,000. (Chapter 10, Article 1, section 2)
- Employment support services for individuals with mental illness: $2,555,000 each year is for grants to programs that provide employment support services to persons with mental illness.

Status: Signed by the governor on June 30, 2021 (Chapter 10) – 2021 1st Special Session.

Child Support Policy Provisions (HF980/SF1519)

Ramsey County led efforts to include a number of longstanding child support policy provisions proposals. DHS child support policy provisions were included in the bill authored by Rep. Becker-Finn and Sen. Mary Kiffmeyer. This updated the child support guidelines, implementing recommendations from the Child Support Guidelines Task Force, and removing interest arrears on child support payments going forward. (Article 10, *Sections 59-78)*

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session.

Redefine Self-Employment Income for Cash Assistance Eligibility (HF822/SF616)

Anoka County led the passage of language that would modify the income guidelines for self-employment reporting for cash assistance program eligibility, carried by Rep. Koegel and Sen. Abeler. This reflects a 2019 working group that brought counites together to make sure that people who need assistance get it and those who are self-employed and manipulating the system do not. (*Article 7, section 1, Section 20-22, 24)*

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Minnesota Family Investment Program (MFIP) Cost of Living Adjustment, One-Time Payment, and Clarifying Public Assistance Statutes (HF713/SF761, HF1785/SF1731 & HF2127/SF2115)

The Legislature adjusted the cash portion of the Minnesota Family Investment Program Supplemental Program (MFIP) payment for inflation based on the CPI-U for the prior calendar year on October 1 of each year beginning in fiscal year 2022. (Article 7, Section 13. Tracking line 383)

The Legislature also made a one-time MFIP payment to program participants, allocating $14.352 million in federal Pandemic Emergency Assistance funds in FY 2022 for a one-time supplemental cash payment of up to $435 to each assistance unit active in the Minnesota Family Investment Program (MFIP) or Diversionary Work Program (DWP). (*Article 16, Section 21, tracking line 359.)*

Clarifying provisions regarding public assistance also included clarifying countable income for MFIP eligibility, by defining "lump sum" for MFIP income limitations, consistent with requirements in the chapter of statutes governing economic assistance eligibility and verification. (*Article 7, Section 8-12, 14-19, 23, 25)*

Anoka County also led a provision in the HHS policy bill that would allow counties to collect incomplete or incorrect information on MFIP applications by phone carried by Rep. Stephenson and Sen. Abeler, allowing for efficiencies because counties will not be limited to making corrections on MFIP forms by mail. (Article 8, section 2.)

Status: Signed by the governor on April 25, 2021 – (Chapter 30) 2021 Regular Session and signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Align SNAP Employment and Training Requirements with Federal Policy (HF2127/SF2115 & HF1040/SF982)

It was a county priority to align Minnesota statute for the Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) program requirements with Federal policy. Current state law includes many very specific program requirements that no longer match federal requirements. This change will better meet the needs of SNAP recipients, plus reduce the burden on counties and tribes. It will also continue to allow counties and tribes that want to provide more robust services to do so. These changes also allow tribal nations that administer SNAP to receive SNAP E&T funding through the federal allocation. (Article 7, Section 2-6, Tracking line 249)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Emergency Services Grants and Emergency Shelter Grants. *(HF315/SF455)*

The Legislature appropriated $12 million in FY 2022-23 and $12 million in FY 2024-25 to increase base funding for the Emergency Services Program (ESP). ESP funding can be used to increase available shelter beds, purchase hotel/motel vouchers, or to hire employees to staff shelters and provide other services to individuals and families experiencing homelessness. Prior to this appropriation, ESP base funding was $1.688 million per biennium ($844 thousand per year). This provision also includes $2 million in FY 2022-23 and $2 million in FY 2024-25 for Emergency Shelter Grants, which may be used to renovate existing shelter structures or expand shelter capacity. Finally, this provision provides the Children and Family Services administration with funding ($448 thousand in FY 2022-23 and $478 thousand in FY 2024-25) to hire two FTEs to administer the increase in ESP and shelter grant funding. (Tracking lines 644-646 and 654. Article 7)

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Housing Grant Community Living Infrastructure and Housing Support Rate Increase ([HF1040](#)/[SF982](#)) ([HF601](#)/[SF319](#))

The Legislature temporarily increased funding and scope of allowable activities under the Community Living Infrastructure Program to include direct assistance, lease/rent deposits, security deposits, utilities setup costs, and costs related to expungement. Effective July 1, 2021, or upon federal approval, whichever is later, this puts additional tools in counties hands to combat homelessness. (Article 17, Section 5)(Tracking Line 650)

The Legislature also authorized an increase in the Housing Support room and board rate by $50 per month for individuals in certain communities (Article 13, Section 56) (Tracking Line 495)

Outside of the human services bill, the 2021 tax bill also included $20 million in funding to counties to combat homelessness, a new and historical investment.

Status: Signed by the governor on June 29, 2021 – ([Chapter 7](#)) 2021 1st Special Session.

Waiver Reimagined Phase II, Informed Choice Stakeholder Consultation, Informed Choice, and HCBS Provider Capacity Grants for Rural and Underserved Communities ([HF2127](#)/[SF2115](#))

The Legislature moved forward the second phase of Waiver Reimagine. This authorizes DHS to consolidate from four home and community-based disability waivers to a two-waiver structure and implementation of an individualized budget methodology. It also removes county waiver allocation language. This will continue a transformation that will impact how waivered services are implemented by counties. Counties still await MNCHOICES 2.0 and other implementation technology which will impact the transition of these services. It is effective July 1, 2024. (*Article 13, Sections 16,17, 26-28, 73) (Tracking Line 592)*

Due to concerns by legislators and advocacy groups about the implementation of Waiver Reimagine and its potential negative impacts on the people served, the Legislature created some structures and resources for accountability. This included a process for "Informed Choice" stakeholder consultation, creating a Waiver Reimagine advisory committee, adding parameters to the online support planning tool, and requiring DHS to create informed choice training for assessors and case managers. This was a compromise to other more drastic constraints being proposed by the Senate to waivered services. (Article 13, Section 75) (Tracking Line 602)

To address those concerns, legislators also directed DHS to develop new Disability Residential Service eligibility criteria be established for residential support services to ensure new admissions are for people with complex behavioral health or medical needs and for people when their service planning team agrees that community residential or customized living services are the only appropriate option. This also requires a legislative report by January 15, 2024, including recommended modification to the criteria that align with waiver reconfiguration and individualized budgets. (Article 13, Section 30, 76) (Tracking Line 602)

The Legislature also modified disability waiver employment first, independent living first, and self-direction first to add informed choice requirements. It also created a technology first policy statement, a definition for "informed decision making," and a new definition for "informed choice." (Article 13, Sections 15, 31-41) (Tracking Line 602)

Lastly, the Legislature created "Provider Capacity Grants for Rural and Underserved Communities": establishing a grant program to increase Home and Community Based Services (HCBS) provider capacity for rural and underserved communities. Effective Date: Upon federal approval. (Article 17, Section 10) (Tracking Line 1243)

Status: Signed by the governor on June 29, 2021 – ([Chapter 7](#)) 2021 1st Special Session.

Metro Housing Demo Expansion (HF780/SF1468)

The Metro Housing Demo proposal unfortunately did not pass. It was an initiative brought forward by counties to increase the number of housing units as part of the Metro Housing Demo. This proposal would have strategically expanded the program to address increased mental health and substance use disorder supports by adding units and expanding to Carver, Scott, and Washington counties. The provision carried by Sen. Draheim and Rep. Reyer was brought into conference committee by the House but ultimately did not survive final negotiations.

Status: Did not pass.

Telepresence Task Force (HF780/SF1160)

The county Telepresence Task Force proposal did not pass. Although language that would have established a task force on creating a person-centered telepresence strategy was included in both the telepresence bill and the Senate Omnibus HHS budget bill, unfortunately the measure was not included in the final agreement.

Status: Did not pass.

Substance Use Disorder (SUD) Reform – Pretreatment Coordination and County Authorization to Provide Peer Recovery Support Services (HF2115/SF1821)

Unfortunately, Substance Use Disorder (SUD), a county priority to allow counties to conduct peer recovery supports and create an MA-billable service for substance use disorder pretreatment coordination, did not cross the finish line this year. The bill carried by Sen. Utke/Rep. Frederick was modified to address DHS concerns as it moved through the committee process. We were successful in getting the Senate to include the language as part of its omnibus bill heading into conference committee. Ultimately, the provision was not included as part of the final deal. Counties continue to feel the lack of pre-treatment coordination services will impact access to SUD services.

In the area of SUD Reform, a number of provisions did pass regarding 1115 Demonstration Waivers for providers. These changes required licensed residential treatment programs, withdrawal management programs, and out-of-state residential treatment programs to enroll as 1115 demonstration project providers. (Article 11, Sections 18, 19, 21-23)

Status: Did not pass.

Adult Services/Long Term Services and Supports Proposed Cost Shifts (SF2360)

Three adult services proposals that counties weighed in on during the regular session did not advance. As part of its omnibus bill, the Senate supported several modifications that would (1) cap disability waiver allocations (Article 14, Section 71), (2) freeze MnCHOICES assessments at 2019 levels (Article 14, Section 14), and (3) impose a county cost share on placements of disabled individuals 18-27 years of age in certain settings (Article 14, Section 20). These proposals would have resulted in significant cost shifts to counties. Legislators stated their goals were to drive down costs, move individuals into more productive, individualized settings, and push counties toward these placement options. While these proposals did not move forward, legislation addressing informed choice and new standards for informed decision-making passed (Article 13).

Status: Did not pass.

Managed Care Contract CarveOuts – Prescription Drug, Dental, Nonemergency Medical Transportation (NEMT) (HF1854/SF 2114 & HF2128)

One of the recommendations of the Blue-Ribbon Commission on Health and Human Services proposed implementation of a uniform NEMT program. This would have returned NEMT to a single administrator to coordinate the transportation system. Before 2009, the State managed all components of NEMT services; this proposal would have returned the responsibility to the State.

In addition, the governor's budget captured projected cost savings by carving out prescription drug and dental services, along with NEMT, from managed care organizations (MCOs) and county-based purchasers (CBP). These provisions were ultimately not accepted in the final bills, although some dental policy was included in the final bill. The bill did include a requirement for uniform Dental Credentialing and reporting on dental reimbursement rates and fee schedules and other policy changes that impact CBPS and MCSO made in the budget bill. (Article 1, Section 19.) It also provided DHS with additional funding to contract with a dental administrator if MCOs and CBPs do not meet the required aggregate dental performance benchmark for coverage year 2024.

Status: Did not pass.

PUBLIC HEALTH

This session largely focused on the COVID-19 vaccine rollout, with the Minnesota Department of Health (MDH) making multiple appearances in committees each week detailing the vaccine rollout and how vaccines were allocated throughout the state. MDH regularly provided broad overviews of the COVID-19 response and the phased approach to vaccination including how different priority groups were identified. MDH also faced questions about spending on COVID-19 response, vaccine, and testing.

There was an early focus on the need to fund Minnesota's public health system. During committee hearings in the first weeks of session, MDH Commissioner Malcolm presented and highlighted the need for investment in preventative health. She also detailed that Minnesota has some of the worst health disparities in the nation. Local public health leaders also testified in committee on multiple occasions about COVID-19 response and the need for infrastructure support funding. Other health topics that rose in importance throughout session included tobacco prevention, health equity (including a focus on maternal health and the healthy development of babies), and legalization of adult use cannabis.

AMC Priority: COVID-19 Response

AMC identified a priority of supporting local public health in their COVID-19 response. Local public health agencies continue to serve a critical role in pandemic response and legislators recognized that important role throughout session. Not only does local public health play an important role in distributing the vaccine and educating the community, but long-term issues such as an increasing need for mental health services or addressing substance use disorder will continue to emerge and put pressure on our local government systems.

Early in session, local public health leaders presented to the Senate Health and Human Services (HHS) Finance and Policy Committee and the House Health Finance and Policy Committee to provide an overview of what local public health does, how local public health is funded, and to discuss the instrumental role local public health plays in COVID-19 response. There were also hearings held in both bodies around the need for additional funding and infrastructure support for local public health. Commissioners and local public health leaders were regularly in communication with their legislators to express the need for investment in local public health. **Ultimately, the final Health and Human Services omnibus bill included historic levels of new investment in local public health, at $26 million per biennium in new, ongoing investment in local public health infrastructure.** This funding provides expanded Local Public Health Grant dollars so communities can address their local health priorities and new grant funding to support local infrastructure and implement new models to deliver public health services.

COVID-19 Vaccine Administration by Dentists (SF475/HF789)

This bill authorizes dentists to deliver the COVID-19 vaccine through June 1, 2022, was passed to expand the number of individuals eligible to deliver the vaccine.

Status: Signed by the governor March 3, 2021 – (Chapter 4) 2021 Regular Session.

Vaccine Reimbursement Rates (HF1438/SF1156)

This bill sets the Medical Assistance reimbursement rate for administration of the COVID-19 vaccine, so it is the same as the Medicare reimbursement rate.

Status: Signed by the governor March 26, 2021 – (Chapter 8) 2021 Regular Session.

Health and Human Services Policy-Only Omnibus Bill (HF2128/SF2360)

The bill includes numerous policy-only provisions including the following of interest to public health:

- **Family Home Visiting** – Codifies family home visiting and sets requirements for distribution of funds including that at least 75 percent of the grant money to be awarded to evidence-based home visiting programs and up to 25 percent of the grant money to evidence-informed or promising practice home visiting programs that address health equity and utilize community-driven health strategies.
- **Nurse-Family Partnership** – Codifies the state's Nurse-Family Partnership program.
- **WIC Benefits** – Authorizes local health agencies to issue WIC food benefits trimonthly rather than bimonthly and clarifies that the list of allowable foods should be determined by the United States Department of Agriculture.
- **Medical Cannabis** – Permits the combustion and use of dried raw cannabis in Minnesota's medical cannabis program. This section is effective the earlier of either March 1, 2022, or a date as determined by the commissioner of health. It also requires independent laboratories under contract with the manufacturers have the necessary procedures and equipment in place to perform the required testing of dried raw cannabis.
- **Environmental Health Food Service** – Provides an exemption to permit food served at fundraisers, community events, or fellowship meals conducted in the building or on the grounds of a faith-based organization to be served via curbside pickup or delivery, provided that a certified food manager or volunteer trained in a food safety course trains food preparation workers in safe food handling practices.

Status: Signed by the governor May 25, 2021 – (Chapter 30) 2021 Regular Session.

Health and Human Services Omnibus Bill (HF33/SF37)

The nearly 500-page budget bill contains numerous public health-related provisions, including:

- **Local Public Health Grant** – After years of work and advocacy by commissioners and local public health officials across the state, the bill included a historic increase to the local public health grant. The bill allocates $7 million per year for local public health through the current Local Public Health Grant funding mechanism. This is a more than 30 percent increase to the current grant funding available. The grant is one of the state's main investments in local public health's state-mandated services. It provides local governments local control to direct dollars to public health priorities specific to their communities. This funding was added to the base, meaning it will be available moving forward.
- **Tribal Public Health Grants** – Along with increases to the local public health grant, the bill also provides $500,000 per year for grants to tribal public health.
- **New Local Public Health Funding Distribution Framework** – A new funding distribution framework was established that will dedicate $6 million per year to community health boards and tribal governments for projects to build public health capacity, pilot new models for providing public health services, and improve the state's public health system. The distribution framework for the funding will be planned by MDH and the State Community Health Services Advisory Committee. MDH will also receive $1.5 million/year to assess the public health system and oversee the distribution of funds. MDH is also required to compile a report to the Legislature on recommendations for changes to the organization and funding of Minnesota's public health system, due in 2023. This funding was added to the base.
- **Statewide Health Improvement Partnership (SHIP)** – The Senate's initial budget proposal called for shifting $10 million per year from SHIP to the Local Public Health Grant. After advocacy in support of SHIP, it remained untouched and funding for the program remained level.
- **Tobacco Cessation** – Minnesota's statewide tobacco cessation program received a base funding allocation to provide ongoing support to the program. The base for this appropriation is $2,878,000 each in fiscal year 2022 and 2023.

- **Tobacco and Vaping Prevention** – Tobacco prevention remained a focus throughout session, with discussions about preventing the use of flavored tobacco, and advocates discussing that they are used to entice young people into lifelong tobacco use. There was also discussion about the need for further investment in tobacco and vaping prevention, particularly among youth and those disproportionately impacted by the use of tobacco. The bill provides an increase of $4 million per year for tobacco and vaping prevention.
- **Child & Teen Check Up** – Although concerns were expressed by local public health about the impact of changing the Child & Teen Check-up program, the bill ultimately included the Department of Human Services (DHS) and governor's budget proposal to permit DHS to work with Integrated Health Partnerships (IHPs) to provide outreach services for Child & Teen Checkups. These outreach services are currently provided by local public health. The impact of this change will result in up to 50% of C&TC outreach and funding statewide moving from local public health to IHPs. The change is permissive, meaning IHPs can choose to take this responsibility on, but are not required to. This change will go into effect January 1, 2022.
- **Enhanced Asthma Benefits** – After many years of advocacy from local public health leaders, a provision was included in the bill that enhances asthma benefits in Medical Assistance to allow for coverage of in-home visits by a registered environmental health specialist or risk assessor for children with asthma to identify asthma triggers. It would also provide coverage for products that reduce asthma triggers such as vacuum cleaners or air filters and allow referral to follow-up educational services. Health education, in-home inspections, and allergen reducing products are proven to reduce asthma symptoms, thereby reducing missed school days and acute health care visits to the ER, urgent care, and unscheduled office visits.
- **Postpartum Medical Assistance Coverage** – Medical Assistance postpartum coverage was extended from the current 60 days of coverage to 12 months. Those speaking in support of the bill shared that postpartum complications aren't limited to only 60-days after birth and that this change not only protects the new mother, but also benefits their baby's future wellbeing.
- **Nurse-Family Partnership Grants** – Although the governor's budget initially included a proposal for a one-time reduction or 'right-sizing' of unspent Nurse-Family Partnership home visiting grants, funding remained stable.
- **Home Visiting Grants** – The bill included $1.5 million per year in new funding over the next three years to support Minnesota's home visiting programs, including those delivered by Minnesota's Community Health Boards.
- **Public Health Emergency Account** – The bill allocated $300,000, in a one-time contribution to the public health emergency contingency account. This account was used in the early months of COVID-19 response for expenses related to responding to the pandemic and is available in the event of other public health emergencies.
- **Dental Coverage** – The legislation expands adult dental services to include coverage for periodontal disease.
- **Lead Risk Assessment** – The bill modifies requirements for lead risk assessments, including expanding settings (residential or commercial childcare facilities, playgrounds, schools, etc.) where lead risk assessments must be conducted and blood lead levels at which lead risk assessments must be conducted. It also allows an assessing agency to order additional lead hazard reduction and remediation activities.
- **Dignity in Pregnancy and Childbirth Act** – The bill requires hospitals with obstetric care and birth centers to provide continuing education on anti-racism and implicit bias for staff who care for pregnant or postpartum patients. It also requires the MDH commissioner to improve the health of communities with the most significant disparities by identifying barriers to obtaining midwife and doula services and develop procedures and services designed to increase availability, promote diversity in the midwife and doula workforce, and explore ways to ensure that training is culturally responsive and tailored to the specific needs of those with the most significant disparities in maternal and infant mortality and morbidity. It includes $294,000 in fiscal year 2022 for a grant to the University of Minnesota School of Public Health's Center for Antiracism Research for Health Equity, to develop a model curriculum on anti-racism and implicit bias for use by hospitals.

- **COVID-19 Coverage** – A provision of the bill provides Medical Assistance coverage for treatment, testing, and vaccination for COVID-19 as required under the American Rescue Plan.
- **Supporting Healthy Development of Babies During Pregnancy and Postpartum** – The bill includes an appropriation of $260,000 each in fiscal year 2022 and 2023 from the general fund for a grant to the Amherst H. Wilder Foundation for the African American Babies Coalition initiative for community-driven training and education on best practices to support healthy development of babies during pregnancy and postpartum. Grant funds are to be used to build capacity in, train, educate, or improve practices among individuals serving families with members who are Black, Indigenous, or people of color, during pregnancy and postpartum. It is a onetime appropriation that is available until June 30, 2023.
- **Maternal Mortality Review** – The bill requires the MDH commissioner to convene a maternal mortality review committee to conduct maternal death study reviews. The newly formed committee will have up to 25 members appointed by the commissioner, with membership determined at the commissioner's discretion.
- **Maternal and Infant Health Report** – The DHS commissioner, in consultation with MDH, must submit a report to the Legislature on the effectiveness of maternal and child health policies and programs in addressing disparities in health outcomes in the prenatal and postpartum period. This report will also focus on determining the number of women enrolled in the medical assistance program who are pregnant or are in the 12-month postpartum period of eligibility.
- **Vivian Act/CMV Testing** – The MDH commissioner is required to provide information about congenital CMV (human herpesvirus cytomegalovirus) to health care practitioners, women who may become pregnant, expectant parents, and parents of infants. MDH is also required to establish an outreach program to provide education about and raise awareness of CMV and review congenital CMV for inclusion in the newborn screening.
- **Identification for homeless youth** – The bill permits issuance of certified birth records and state identification cards to homeless youth and waives fees.
- **Early Childhood Governance Report** – The bill requires the Children's Cabinet to develop recommendations on the governance of programs relating to early childhood development, care, and learning, including how such programs could be consolidated into an existing state agency or a new state Department of Early Childhood.
- **Suicide Prevention** – Funding is provided to support existing suicide prevention programs, including:
  - Funding for community-based suicide prevention grants with specific emphasis on those communities with the greatest disparities. The base for this appropriation is $1,291,000 in both fiscal years 2022 and 2023.
  - Providing evidence-based training for educators and school staff and to purchase suicide prevention curriculum for student use statewide, the base for this appropriation is $913,000 in both fiscal years 2022 and 2023.
  - Implementing the Zero Suicide framework with up to 20 behavioral and health care organizations each year to treat individuals at risk for suicide and support those individuals across systems of care upon discharge, the base for this appropriation is $205,000 in both fiscal years 2022 and 2023.
  - Developing and funding a Minnesota-based network of National Suicide Prevention Lifeline, providing statewide coverage. The base for this appropriation is $1,321,000 in both fiscal years 2022 and 2023.
- **Community Solutions for Healthy Child Development Grant Program** – Funding was included for the program to promote health and racial equity for young children and their families. This includes funding of $1,000,000 each in fiscal years 2022 and 2023.

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Public Safety & Corrections

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

From the start of the 2021 legislative session in January, it was apparent that the House and Senate Judiciary and Public Safety Committees were doing things differently and may have trouble coming to an agreement. The Senate committee started with informational hearings, while the House committee started hearing reform bills (mostly related to law enforcement) early in the session. In the background, the state was still experiencing civil unrest related to the trial of Derek Chauvin and other use of deadly force encounters with law enforcement during the legislative session. As the regular session ended without agreement, it was clear that public safety was going to play a big part in the negotiations during special session and could be the determining factor as to whether there was a state government shutdown. In the end, an agreement was reached just days before the deadline for budget bills and the omnibus bill was passed on June 29, 2021. For anyone that frequents the Capitol, the bill showed signs that both sides gave up a lot of policy positions to avoid a shutdown.

COMMUNITY CORRECTIONS

County Probation System Funding and Workgroup (HF1030, HF1078/SF970)

Chapter 11 includes increases in pass through funding for county-run probation systems. The Community Corrections Act subsidy will include an additional $2.44 million this biennium and the County Probation Officer reimbursement will include an additional $202,000. The increase is not ongoing and requires a working group report to be presented to the Legislature by December 15, 2021. The working group report must include a proposal for sustainable funding of the state's community supervision delivery systems, plans for future Tribal government supervisions, defined statewide service standards that align with current best practices, and other related supervision recommendations and findings. The working group is established by the Commissioner of Corrections but is running parallel to the Justice Reinvestment Initiative project started by the Council of State Governments towards the end of the regular session. The Council of State Governments will collect data to help develop the working group's recommendations.

Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

Neuropsychological Examination Included in Pre-Sentence Investigation (HF856/SF611)

During the 2020 session, a bill was proposed that required judges to order a neuropsychological examination prior to sentencing in cases where a traumatic brain injury, stroke, or fetal alcohol syndrome are present. The fiscal note showed a cost to counties of approximately $8 million. The bill was also discussed during the 2021 regular session, but no funding was anticipated, and the bill did not pass as introduced. The omnibus bill has a provision requiring state court administration to conduct a feasibility study with recommendations on whether the law should be changed to require these examinations and, if so, the situations and conditions under which the examinations should be required, including how to pay for the additional cost.

Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

Probation Violation Bill (HF1761/SF2133)

The bill limits probation revocation in limited circumstances involving minor violations that do not involve the commission of a new crime. It would require that a judge refuse a request to revoke probation on the first of the enumerated violations which includes not contacting a probation agent, failure to find employment, and a single failed drug test. The bill passed with unanimous support in multiple committees in the house but was not heard in the Senate. The provision was included in the House omnibus bill, but ultimately was removed during the first special session.

Status: Did not pass.

Restoration of Voting Rights (HF876/SF1010)

The bill to restore the voting rights of individuals with a felony background when they are not incarcerated was heard as part of a larger House elections bill, but also as a standalone bill in the House Public Safety and Criminal Justice Reform Committee. The bill restores the right to vote for individuals convicted of a felony offense upon completion of any term of incarceration. Effectively, it means that any person convicted of a felony that is not in a correctional institution could vote. The bill specifies that during any subsequent period of incarceration for the same offense – for example a jail sanction on a probation sentence – would also result in a loss of voting, but only during that period of incarceration. The bill made it clear that if an individual is out of a correctional institution, they could vote regardless of probation status. Currently, voting rights are not restored until after an individual has completed any time of incarceration as well as any and all probation or supervised release terms. It can be confusing to know when eligibility to vote has been restored, especially if sentences in multiple counties are involved.

Status: Did not pass.

CORRECTIONS

DOC Issued Identification Cards and Homelessness Mitigation Services (HF553/SF519)

Chapter 24 started as a bill to provide identification cards to individuals released from prison as a secondary form of ID for applications, employment forms, and social security cards. It became a law that has the potential to provide many released inmates with additional services they need to succeed in the community. For example, it requires that the DOC provide an updated list of medications, a prescription for necessary non-narcotic medications, and a 30-day supply of non-narcotic medications. A simple thing like refilling a prescription may be very difficult for recently released individuals as all public health benefits end while in prison. They would need to apply for benefits (where ID might be necessary), find a primary care provider, have an exam, and get a prescription, and then have the money to fill the prescription. By eliminating some steps, the individual will likely not run out of medication which makes them more likely to stay in the community without issue. There are similar provisions related to job searching, housing, and other support services.

Status: Signed by the governor on May 25, 2021 – (Chapter 24) 2021 Regular Session.

Healthy Start Act (HF1403/SF1315)

Chapter 17 passed off the floor of both bodies with overwhelming bipartisan support. The bill allows conditional release for incarcerated pregnant women and new mothers. Testifiers for the bill stated that the women affected by the new law will be conditionally released to halfway houses that have monitoring and security systems already in place. Testifiers also stated that of the 278 pregnant women sentenced to serve time in Minnesota between 2013 and 2020, 77% were in prison for technical violations of supervision, and 84% had non-violent offenses. Just over half of those women were released within six months of giving birth. This plan would provide more options to allow for connection and bonding between mother and child within the first year, which has the potential to reduce harm to the child for a circumstance for which they had no control.

Status: Signed by the governor on May 14, 2021 – (Chapter 17) 2021 Regular Session.

Safety in Facilities Bill – Hardel Sherrell Act: (HF1267/SF1427)

The Hardel Sherrell Act requires the Department of Corrections to make changes to safety standards in licensed facilities. The changes include: updating mental health assessments, screening, medication administration, and discharge planning; sharing relevant inmate health information with medical personnel; prohibiting certain conduct, such as chokeholds; and developing policies to examine circumstances surrounding the death of an individual in custody of the facility. The bill was prompted by the Star Tribune's "Cruel and Unusual" series and the 50 deaths of incarcerated individuals since 2015.

Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

Minnesota Rehabilitation and Reinvestment Act (HF2349/SF2295)

The House heard a bill late in the regular session backed by the Department of Corrections that would establish the Minnesota Rehabilitation and Reinvestment Act (MRRA). The MRRA would change sentencing in Minnesota to allow some people who are sent to state institutions to earn early release and possibly a reduction of their supervised release after successfully completing programming goals. The bill would rely on a robust assessment of each incarcerated individual's risks and needs to identify which services are necessary for that individual to be successful in the community. By actively participating in rehabilitative activities, those individuals could earn time off of their sentence. Examples of the qualifying activities include substance use disorder treatment, mental health counseling, vocational skills training, and education. Once released, a similar provision would allow individuals to earn a reduced period of community supervision by continuing to actively participate in rehabilitative activities and meet goals that could include maintaining employment, chemical health aftercare programming and mental health follow-up counseling, and positive family and community reintegration. Savings in confinement costs would be reinvested equally across four areas: victim support services; strategic investments in crime prevention and intervention initiatives; reinvestment in community-based correctional programs; and the state general fund. The bill is likely to be heard early in the 2022 legislative session.

Status: Did not pass.

Juvenile Detention Changes (HF947/SF951)

A bill changing a number of juvenile detention rules was supported in the House, but fell short during Senate hearings. The bill required the DOC to deny a license to any juvenile detention facility that does not have policies prohibiting visual inspection of children and that do not prohibit the use of disciplinary room time. The third provision in the bill raises the age for which detention of juveniles may be used to 13 years of age. This bill would affect county-run juvenile detention facilities and have an impact on social services agencies due to the increase in delinquency age for detention.

Status: Did not pass.

EMERGENCY MANAGEMENT AND COMMUNICATIONS

911 Telecommunicator Working Group (HF515/SF565)

A bipartisan bill to create a 911 telecommunicator working group was passed as part of the Public Safety Omnibus bill. Part of the impetus of the change is higher numbers of post-traumatic stress disorder of dispatchers due to the secondary trauma involved in the job. There has also been a lot of discussion about how to recruit and retain 911 telecommunications workers who are at high risk of burnout. The working group is tasked with: defining 911 telecommunicator; recommending training and continuing education requirements for certification of 911 telecommunicators; recommending standards for certification of 911 telecommunicators; and recommending funding options for mandated 911 telecommunicator training.

Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

Emergency Response Services – Travis's Law (HF1686/SF1924)

A provision that did not get a lot of attention in budget discussions requires 911 operators to refer calls involving mental health crises to mental health crisis teams, where available. The intent is to connect individuals in crisis with the appropriate mental health workers and provide some assistance to law enforcement in many cases. The bill was a small language change, but did not include plans for implementation and training of dispatchers, especially in rural areas that do not have a lot of mental health resources.

Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

Emergency Management Readiness Grants (HF499/SF534)

The Legislature held multiple hearings on a county-supported bill that appropriates $3 million for grants in equal amounts to counties, tribal nations, and cities of the first class in FY 22 and FY 23, which amounts to approximately $29,000 per entity. Statute requires that every county have an emergency management director who is responsible for protecting the community during disasters, emergency situations, and even pandemics. Emergency managers must provide mitigation, preparedness, response, and recovery. Currently, funding for emergency management comes from grants and federal pass-through funding. This direct appropriation would be helpful to counties during normal times, but especially so during the COVID-19 pandemic. Despite the need for funding, the provision was removed from the House omnibus proposal and did not become law.

Status: Did not pass.

Maintenance of 95 ¢ 911 Telecommunications Service Fee (HF1030, HF1078/SF970)

AMC supported the removal of the reduction of the 95¢ 911 telecommunications service fee. As with all technology, the 911 system is rapidly evolving and in need of constant upgrades. Because most 911 systems were originally built using analog rather than digital technologies, public safety answering points (PSAPs) across the country need to be upgraded to a digital or Internet Protocol (IP)-based 911 system, commonly referred to as Next Generation 911. Minnesota's ability to upgrade may be compromised if the 911 telecommunications fees is reduced. This provision will continue the fee at 95¢ as it has been since 2016. Local governments have expressed a need for increased funding to keep up with technology demands and to continue the GIS mapping required for NextGen911. AMC was successful in working with legislators to introduce an amendment to the House omnibus bill before the end of the regular session, but unfortunately the provision was not included in the omnibus that ultimately passed during the first special session.

Status: Did not pass.

COURTS

Parental Representation in Child Protection Cases (HF312/SF941)

An effort by the Mitchell Hamline Institute to Transform Child Protection to guarantee representation to all indigent parents, custodians, and guardians in child protection cases was introduced in 2020 and reintroduced in 2021. In the interim, the Institute convened a group of stakeholders, including AMC and MACSSA, to try and find a funding solution for the bill after counties expressed concerns over the expansion of an already unfunded mandate. The stakeholder group came up with an initial estimate for what the additional cost of providing counsel at the emergency protective care hearing would be, but had difficulties collecting data.

The bill mandates appointment of counsel to represent indigent parents, guardians, custodians, and other parties in child protection cases and specifies that the appointment must be made prior to the first hearing which requires significant coordination with the court administrator's office in each county. An appropriation of $520,000 in fiscal year 2022 and $520,000 in fiscal year 2023 was included for the Department of Human Services to reimburse counties and is intended to cover the additional expense of ensuring counsel is appointed at the first hearing. MACSSA and AMC voiced opposition to an effort to remove the county funding during the regular session and informed legislators of the administrative burden and uncertainty related to applying for Federal Title IV-E funds that had been proposed as a funding solution for up to half of parental representation costs. The bill also requires the commissioner of human services to consult with counties and court administration on collecting data on court appointed counsel in child protection proceedings and submit a report with findings and a plan for regular reporting of data. Counties maintain concern about the cost of the expansion of the unfunded mandate, but hope that the transition funds and data required to be gathered will put counties on a better footing to enumerate the cost of this representation and find a better funding solution in coordination with the state.

Status: Signed by the governor on June 29, 2021 – (Chapter 7) 2021 1st Special Session.

Representation in Public Housing Cases (HF450/SF1290)

Rep. Ruth Richardson presented a bill in the House Civil Law and Judiciary Committee that would require court-appointed counsel for individuals experiencing certain public-housing related evictions. It is unclear whether the initial legislation would have the courts or counties pay for these costs. AMC met with Rep. Richardson to talk about the bill's goals and underscore counties' concerns related to any new mandate that could be expanded in future years to more housing cases, that would divert county resources away from other programming and services to underserved populations. The Minnesota State Bar Association took the lead advocating for the bill and stated that the bill and its (potential) county-driven funding requirements was modeled after many of the already established court-appointed counsel requirements regarding civil commitment, guardianship, and juvenile proceedings. The author said the scope of the bill is extremely small, only resulting in approximately 60 cases last year—of which more than 2/3rds were in Hennepin and Ramsey counties. AMC staff pressed for a state funding solution, but the bill ultimately did not get a hearing in the Senate, nor did it find its way into any omnibus bills.

Status: Did not pass.

Regulation of Charitable Bail Organizations (HF583/SF415)

After public controversy related to civil unrest in 2020 and an influx of donations to charitable bail organizations like the Minnesota Freedom Fund, the Senate Public Safety Committee held a committee hearing to discuss regulation of charitable bail organizations. The bill heard during the hearing would require that charitable bail organizations be federally recognized charitable organizations within the state of Minnesota and prohibit that type of organization from depositing money bail for a crime of violence or a crime that requires predatory offender registration. Similar legislation has been passed in other states, but a testifier mentioned that this bill is not as far-reaching as some of those other states.

Status: Did not pass.

LAW ENFORCEMENT AND PUBLIC SAFETY POLICY

Disclosure of Predatory Offender Status to Hospice Providers (HF331/ SF443)

One of a small number of bills that were signed into law during the regular session is a somewhat short and simple bill that requires notice to hospice providers of a person's status under the predatory offender registry.

Status: Signed by the governor on May 25, 2021 – (Chapter 20) 2021 Regular Session.

Uniform Recognition and Enforcement of Canadian Orders for Protection Act (HF113/SF395)

Chapter 6 allows Minnesota to enforce protection orders issued in Canada while the protected person is in Minnesota. Minnesota already enforces other state orders, as well as federal and tribal government orders. Likewise, Manitoba, Saskatchewan, British Columbia, and Quebec recognize and enforce Minnesota orders for protection.

Status: Signed by the governor on March 23, 2021 – (Chapter 6) 2021 Regular Session.

Appropriations for Costs Related to Civil Unrest (HF445/SF1354)

The beginning of the regular session was rife with debate related to law enforcement costs for responses to protests. Part of the impetus for the debates was the looming trial of former Minneapolis Police Officer Derek Chauvin who was found guilty of the murder of George Floyd partway through the legislative session. The governor requested appropriations early in session when the trial dates were set with an expectation of protests and other unrest. By reviewing the different engrossments of HF 445/SF 1354, it is clear that both bodies were not on the same page for a solution. It wasn't until later in session that Chapter 13, a completely new bill, was passed and signed giving the state some of the money requested by the governor. It appropriates $1.5 million in fiscal year 2021 for public safety assistance related to civil unrest and aid from other states, and $6.3 million for state trooper and Department of Natural Resources conservation officer expenses also related to civil unrest.

Status: Signed by the governor on April 27, 2021 – (Chapter 13) 2021 Regular Session.

Civil Asset Forfeiture Reform (HF75/SF444)

This bill is a compromise provision coming from an attempt to overhaul the forfeiture process in 2019 and earlier. The provision narrows the scope of what vehicles are subject to forfeiture, specifically those involved in felony DWI crimes. It allows a defendant to get their car back if they are participating in the Ignition Interlock program. There are further protections for innocent owners with enhanced due process procedures. Innocent owners can notify prosecutors of the ownership, which shifts the process from the courts to the county attorney's office. The notice of seizure has been updated to be more understandable. The bill clarifies towing and storage fees and reduces storage fees paid by a defendant in most cases. For controlled substance crimes, a threshold of $1,500 was set with an exception for any amount that was used for the purpose of purchasing or selling controlled substances. The funding structure that is currently in place for civil forfeiture remains and allows law enforcement and prosecutors to use those funds for routine tasks, as well as training, education, crime prevention, equipment, or capital expenses.

Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

Criminal Sexual Conduct Taskforce Recommendations (HF707/SF1683)

Recommendations from the Criminal Sexual Conduct Working Group have been adopted and passed into the law. Among the changes is a provision closing a loophole related to mental impairment and voluntary intoxication in sexual assault cases. That provision was heard in response to a Minnesota Supreme Court case that overturned a conviction based on current law that says an intoxicated person is not considered "mentally incapacitated" and unable to consent to a sexual act unless the intoxicating substance was administered to the person without that person's agreement. Under current law, that is true even if the individual was intoxicated to the point where they could not give reasoned consent.

Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

Qualified Immunity and Indemnification of Law Enforcement Officers (HF1104/SF580)

The House heard a controversial bill that would effectively eliminate qualified immunity for law enforcement officers and create a civil cause of action under state law that is similar to a federal action. Qualified immunity is intended to protect law enforcement officers from personal liability in civil lawsuits when acting in good faith, in accordance to current law, and in the scope of employment. Law enforcement associations testified against the bill stating that it could lead to an increase in unwarranted civil lawsuits, have a chilling effect on recruitment and retention of law enforcement officers, and end up with local governments being responsible for defense and damages in these suits, or for the purchase of expensive private liability insurance for law enforcement officers (which may not be available currently). Additionally, Dakota County Sheriff Tim Leslie testified that the immunity and indemnification currently provided under statute does not cover any conduct that violates the law. Advocates argued that the strict adherence to legal precedent in these types of civil suits makes it difficult for courts to hold law enforcement officers accountable and that removing qualified immunity would have little effect on the number of lawsuits filed against law enforcement and local governments. AMC submitted a letter in opposition to the bill as it could potentially have large financial and employee recruitment effects, in addition to affecting insurance premiums. Though many news sources cited qualified immunity as a concern during negotiations related to the omnibus bill, it was never included in the omnibus bill and did not get included before the final vote.

Status: Did not pass.

Citizen Oversight Councils (HF 640)

A House bill requiring local governments to establish law enforcement citizen oversight councils if the agency has at least fifty sworn officers was heard in 2020, and also 2021. It was expected that it would be a sticking point in budget negotiations, though in 2021 the bill was amended to be discretionary. A testifier from Communities United Against Police Brutality testified in support of the bill as a way to provide accountability for officers when complaints are made against them. The Minnesota Chiefs of Police Association and the Minnesota Sheriffs Association had concerns about limiting local decision-making.

Status: Did not pass.

Other Law Enforcement and Criminal Justice Policy Changes Included in Special Session Omnibus Bill (HF63, HF1030, HF1078/SF970)

Though the list below is not all-inclusive, it gives a good look into what was included in the omnibus public safety bill during the first special session of 2021. A potential state government shut down loomed in the background of negotiations and lawmakers had to give up many provisions that were important to them to get the bill passed in time. Also in the background was the potential for division in the House DFL caucus related to law enforcement reform and what a growing number of progressive House DFL members considered enough of a change to be meaningful. In the end, the bill passed in time to avoid the shutdown and the compromise was evident to those that follow public safety issues closely.

- **Body Cameras:** The omnibus bill includes significant investments in technology for body camera purchase and maintenance for state agents.
- **Misconduct Report to the POST Board:** Local chief law enforcement officers are now required to report more information related to alleged misconduct by peace officers to the POST Board, including data the is defined as private data.

- **Confidential Informant Model Policy – Matthew's Law:** Requires the POST Board to create a comprehensive model policy for the use of confidential informants and learning objectives related to the policy.
- **No Knock Warrant Policies:** One of the important reform policies for the House DFL creates a process for review and approval of no-knock warrants as well as a prohibition of their use in drug possession cases.
- **U-VISA Certification Procedures:** Requires certifying law enforcement officers to respond to requests for certification forms related to U-Visas within a certain amount of time. U-visas are a special kind of visa for immigrants that are victims of crime and assist law enforcement in their investigations through reporting the crime and giving statements/being available for law enforcement. Law enforcement officials must submit a form attesting to the fact that the victim was cooperative in the investigative effort.
- **Law Enforcement Private Data Expansion:** Classifies the personal telephone numbers, home address, and e-mail address of law enforcement as private data.
- **Innovation in Community Safety Grants:** Awards grants to organizations in targeted areas that address violence and promote community healing and recovery.
- **Sign and Release Warrants:** Creates a new kind of warrant that is intended to decrease high stress traffic stops. If the sign and release warrant is issued, a police officer would ask the person to sign a citation affirming they understand the need to appear in court and then release them on the scene, hopefully with the knowledge of their next court date.
- **Dissemination of Personal Information About Law Enforcement:** Creates a misdemeanor for revealing personal information about a police officer if it poses an imminent and serious threat to the officer's safety or a gross misdemeanor if the officer "suffers great bodily harm or death as a result of the violation."
- **Taskforce on Missing and Murdered African American Women:** Establishes a Task Force on Missing and Murdered African American Women "to advise the commissioner of public safety and report to the legislature on recommendations to reduce and end violence against African American women and girls in Minnesota."
- **Office of Murdered and Missing Indigenous Relatives:** Establishes an office under the Department of Public Safety dedicated to preventing and ending the targeting of Indigenous women, children, and two-spirited people with the Minnesota Office of Justice Programs.
- **Hometown Heroes Assistance Program:** Creates a grant program to assist firefighters who are subject to very high rates of cancer, cardiac issues, and emotional trauma. The grants are for critical care, but the program also creates a statewide Employee Assistance Program for firefighters in Minnesota.

  Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

OTHER PUBLIC SAFETY FUNDING

Special Session Omnibus Funding Bill – Miscellaneous Funding Provisions (S.S.HF63, HF1030, HF1078/SF970)

The omnibus bill that passed during the first special session of 2021 contained many funding provisions, including the temporary increase to the Community Corrections Act subsidy and County Probation Officer reimbursement discussed above. It also included the following for operations of public safety departments and agencies, as well as special projects that are detailed in Chapter 11.

- **Judicial Branch –** The Judicial Branch saw increases of 2.5% to salaries for Supreme Court Justices, Appellate Court Judges, and District Court judges bringing the total appropriation for compensation increases to approximately $7.260 million. The Legislature also agreed to fund a new judgeship in the 5th Judicial District which is in south-western Minnesota. Other notable items include a $200,000 appropriation for an increase in pay for certified and uncertified court interpreters as well as $500,000 for courthouse security grants to local governments for improving security infrastructure in courthouses (and requiring a 50% local match for grant funds).
- **Department of Public Safety –** DPS received an operating adjustment of 2% in the first year and 2.5% in the second for a total of $3.7 million and $3.9 million respectively. Specific funding items include: $250,000 each year for two school safety specialists in the school safety center; $400,000 for survivor support and prevention grants; $250,000 each year for an antitrafficking investigation coordinator and to implement strategies to combat sex trafficking; $400,000 each year for innovation in community safety grants; $1 million for additional Violent Crime Enforcement Teams; and funding for the establishment of the Office of Missing and Murdered Indigenous Relatives, Hometown Heroes Assistance Program, and task force on Missing and Murdered African American Women.
- **Peace Officers Standards and Training Board –** The POST Board received approximately $2.95 million each year to reimburse local units of governments for training of peace officers. Additionally, there was a continuation of the $6 million per year (ending in 2025) in training assistance that has been named the Philando Castile Memorial Training Fund.
- **Department of Corrections –** The DOC received an operating adjustment of $6.6 million in the first year and $13.2 in the second year, which includes a 2.8% increase for compensation. Other proposals funded in the budget include the Healthy Start Act, Community Corrections Act subsidy increases, County Probation Officer reimbursement increases, and additional support services for those transitioning out of prison into the community.
- **Public Defender –** The Public Defender's Office received an increase of $5.13 million in FY 22 and $10.08 million in FY 23 to maintain operations.
- **Disaster Assistance Contingency Account –** $30 million will be transferred into the DACA if the balance of the general fund exceeds the closing balance projected at the end of the first special session of 2021.

Status: Signed by the governor on June 30, 2021 – (Chapter 11) 2021 1st Special Session.

Transportation & Infrastructure

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

One of our top priorities at AMC for the last several years has been support for a comprehensive transportation funding package that includes new revenue for roads, bridges, and transit. Our transportation funding focus in 2020 was on statewide programs typically included in a bonding bill, and the one that passed last fall during the October special session included record investments for local roads and bridges as well wetland replacement and transit. At the start of the 2021 session, there was hope that a transportation bill would be discussed because it was a budget year. Cut to Governor Walz's budget recommendations, and that hope diminished since his recommendations did not include an increase in any of the constitutionally dedicated funding sources going to the Highway User Tax Distribution Fund (HUTDF) – a major change in comparison to his 2019 budget recommendations that included a twenty-cent gas tax increase and much more. Another AMC priority this session, was to secure funding for broadband through the state Border-to-Border Broadband Grant Program. Broadband needs throughout the state became even more evident during the pandemic, yet the Legislature failed to provide additional funding for the statewide program during the 2020 session or any of the subsequent special sessions. Our work was cut-out for us going into 2021 on both the transportation and infrastructure fronts, and here's how it all played out.

TRANSPORTATION

Omnibus Transportation Finance and Policy Bill (Special Session HF10)

As mentioned above, while 2021 was a budget year, it became clear early on that it was likely not going to be a banner year for transportation funding. The governor did not include much in the way of transportation funding when he released his budget proposal, which was a strong sign that it might not be the year for a comprehensive transportation funding package. With COVID still very much a factor, there were other things that the administration was focused on this year. Transportation was impacted by COVID as well, with the HUTDF experiencing a loss, particularly from gas tax revenues, which trickled down to the County State Aid Highway (CSAH) fund as well. It was originally predicted that local governments could experience a reduction in state aid allotments for 2021 of up to 15 percent. House and Senate transportation committees devoted hearings to the revenue loss experienced by the transportation industry as well as focusing on what the future holds for transportation; the industry saw many changes due to the pandemic and it is unclear whether those changes will continue post-pandemic.

A Tale of Two Transportation Bills

Once the House and Senate transportation committees each unveiled their omnibus finance and policy bills in early April, it was clear the differences between the two bills were vast. It left many wondering how they would be able to find any areas of agreement or commonality during the conference committee process. The House Transportation Committee, chaired by Rep. Frank Hornstein (DFL-Minneapolis), focused on trying to find a middle ground between the House transportation funding proposal from 2019 that included significant revenue increases to the HUTDF and a "lights on" bill. The House proposal included increases to the three main constitutionally dedicated revenue sources, including indexing the gas tax, changes to the depreciation schedule for tab fees, increasing the rate of the motor vehicle sales tax, and an additional half cent sales tax in the metro for transit. The Senate Transportation Committee, chaired by Sen. Scott Newman (R-Hutchinson), focused on finding additional general fund money for transportation as well as identifying trunk highway fund expenditures that did not meet the definition of a "highway purpose" according to the state constitution. The Senate bill proposed changing the amount of auto parts sales tax revenue going to the HUTDF from a flat fee of $145 million/year to a percentage (60%), which would include new revenue now and growth over time.

They also proposed significant increases to the electric vehicle surcharge as well as a new surcharge for plug-in hybrid vehicles.

Below is a breakdown of the differences between what was proposed in House/Senate funding proposals:

HOUSE (HF1684)	**SENATE (SF1159)**

• Changed the depreciation schedule for tab fees
• Indexed the gas tax
• MVST rate increase to 6.875%
• Met Council imposed half cent sales tax for transit in the metro
• Changed the current distribution of the flat dollar amount of auto parts sales tax revenue:
  ‣ 74% to the HUTDF
  ‣ 13.5% to the Small Cities Assistance program
  ‣ 7.5% to the Town Road Account
  ‣ 5% to Greater Minnesota transit
• Changed the EV surcharge distribution
	• Changed auto parts sales tax revenue allocation from a flat dollar amount to a percentage:
	  ‣ 54% to HUTDF
	  ‣ 3% to small cities
	  ‣ 3% to township roads
	  ‣ 40% to GF
	• $60 million over the biennium for Local Bridge Replacement Program
	• $18.5 million over the biennium for Local Road Improvement Program
	• Removed HUTDF funding to many different provisions relating to "leakages" and instead funded them though the GF
	• Increased the EV surcharge to $229 and adds a $114.50 surcharge for plug-in hybrid vehicles

Policy Provisions

In addition to the funding provisions included in both the House and Senate bills, there were also numerous policy provisions – some that were found in both bills, others that were just in the House or Senate bill. Here's a breakdown of some of the top policy provisions AMC was following:

Bridge Grant Program

Language to provide a statutory fix to the bridge grant program was included in both the House and Senate bills and was eventually one of the policy provisions agreed to by the conference committee and included in the final special session bill.

In advance of the 2021 Session, AMC and the Minnesota County Engineers Association (MCEA) passed platform positions in support of realigning subdivisions 7(f) and 7(g) with subdivision 6(d) under Minnesota Statutes Section 174.50. The goal of this realignment was to remove reference to "total project cost" in order to provide consistency and to limit the "total grant award" to less than $7,000,000. As a bit of background, the need for this statutory fix came after there were changes made to the statute in 2017. At that time, Section 174.50 was changed to include Subd. 6(d), 7(f) and 7(g). These new subdivisions in the statute separated out any grant award over $7,000,000, which was considered a major local bridge (Subd 6d), from designated funding for the statewide local bridge replacement fund. When this new subdivision was added, other language needed to be added [Subd. 7(f) and (g)] to provide direction for any grant award under $7,000,000. However, when the additional language was crafted and enacted, the term "total project cost" was used, whereas the intent was to use the phrase "total grant award" less than $7,000,000. The problem with using "total project cost" was that the costs for additional work was being factored into the cost of replacing the bridge, when the bridge replacement itself was oftentimes well under $7,000,000 and the total grant requested was under that amount.

Both AMC and MCEA worked closely with Sen. Newman, Rep. Frederick (DFL-Mankato), and MnDOT on the language for this statutory fix throughout session. Ultimately, the language that was agreed to by all parties was to reference the total *bridge* cost estimate instead of the total *project* cost estimate. We believe this change clears up any confusion under current statute and allows the Local Bridge Replacement Program to operate efficiently and will allow many bridges throughout the state to be replaced in the coming years.

Residency Requirement

Policy language to remove the residency requirement for county engineers was introduced this session. This language was included in both the House and Senate bills and was eventually one of the policy provisions agreed to by the conference committee and included in the final special session bill.

Rep. John Burkel (R-Badger) introduced the original bill in hopes of helping expand the candidate pool for county engineer positions in both Kittson and Roseau Counties, both counties he represents. Without a specific platform position on this issue, AMC and MCEA remained neutral on the bill throughout session, but also understood the challenges some of our Greater MN counties face when hiring county engineers and know that having flexibility in hiring is helpful to fill these positions. The language as passed would allow a county engineer to live in North Dakota, for example, but work as a county engineer in Minnesota. While the residency requirement was removed, county engineers still need to be licensed in Minnesota in order to work as a county engineer in the state.

Guideway Funding

Language that was originally included in the governor's transportation budget recommendations relating to county responsibility for current and future guideway funding was also included in the Senate bill but did not make it as one of the policy provisions included in the final special session bill.

AMC joined metro counties in their opposition to the language included in the Met Council portion of the governor's budget recommendations that would require county responsibility for current and future guideway funding, including capital maintenance and operating costs. This would apply to all guideways where there is a dedicated lane or track but would not include arterial BRT lines. According to the Met Council Chair Charlie Zelle, the intention with the inclusion of this language was to codify existing funding agreements that are currently in place with counties but add a portion of the unfunded gap for capital maintenance costs and put that responsibility on counties. During hearings in the House and Sente transportation committees, metro county commissioners provided a strong voice in opposition to this language and how it would have dramatically shifted the funding partnership between the state and counties. AMC and the MCEA echoed those concerns throughout session by sharing our concern with the cost shift and how it would remove local control of locally raised tax dollars. Chair Zelle pledged to continue working with counties to come up with a mutually agreed upon solution. AMC was glad to see this provision was not included in the final special session bill and will continue to advocate on behalf of counties on this issue going forward.

Metro Counties LOST Report to Legislature

There was also policy language included in the Senate bill that would require metro counties that have implemented the local option sales tax to submit information on the revenue generated from the tax to MnDOT, which would then be included in a report to the Legislature. The author of the standalone bill, Sen. Duckworth (R-Lakeville) said the goal was to see how these funds are being utilized, where they are being spent as well as the intent for the funds into the future. While the language was focused on metro counties, over fifty counties have implemented a local option sales tax for transportation purposes. Before implementing the tax, counties must hold a public hearing and designate how the revenue will be spent. We maintained that counties should not be required to provide a legislative report on locally raised tax dollars. The language was not included in the final special session bill.

20% VMT Reduction by 2050

There was policy language included in the House bill that would establish a state goal to reduce vehicle miles traveled by 20% by the year 2050. With local governments having the largest share of lane miles in the state, there is concern with the loss of revenues that would result from this goal as well as the potential to restrict economic growth. While acknowledging the transportation sector's impact on the environment and greenhouse gas emissions, counties are working alongside MnDOT on the Minnesota Statewide Highway Investment Plan (MnSHIP) and believe it would be prudent for these conversations to continue before any legislative action is taken. The language was not included in the final special session bill.

SPECIAL SESSION TRANSPORTATION FUNDING & POLICY BILL

After all the work the conference committee put into finding agreement between the two bills during regular session, conferees still had not discussed the funding provisions in either bill before the end of regular session. While new, dedicated revenue for transportation is still needed, it became clear that tax increases would not happen this session based on the state budget surplus and the influx of federal funds coming to the state. Once budget targets were finally announced, we knew the target for transportation going into special session would be $200 million above base funding. In the end, the final special session transportation omnibus bill included around $220 million in general fund spending above base. Most of this was used for one-time funding in 2022. There was also some additional money going back to the HUTDF after swapping general fund dollars for expenditures previously made from the trunk highway fund. Below is a breakdown of the bill:

- Additional $5 million to CSAH in each biennium (from MnDOT/DPS HUTDF changes)

The following are one-time general fund appropriations to **MnDOT** in FY 2022:

- $14 million for the Local Bridge Replacement Program
- $5.5 million for the Local Road Improvement Program
- $12 million for town roads
- $18 million for the Small Cities Assistance Program
- $10 million for design and construction to provide for a second daily Amtrak train to Chicago
- $5.6 million for a grant to Karlstad for an airport runway
- $5 million for the Active Transportation program
- $300,000 for a grant to the I-494 Corridor Commission

The following are one-time general fund appropriations to the **Metropolitan Council** in FY 2022:

- $57.5 million for arterial bus rapid transit projects
- $250,000 for a zero-emission transit vehicle transition plan
- $250,000 for an analysis of transit service in a Trunk Highway 55 corridor

The following are one-time general fund appropriations to **DPS** in FY 2022:

- Operating adjustments for Capital Security
- Capital Security staffing
- Capital Security body-worn cameras
- A onetime $14.8 million General Fund appropriation over the biennium is made for grants to install school bus stop-arm camera systems
- $2.598 million in each year of the biennium for costs to reopen all driver's license exam locations that were closed in 2020 due to COVID

The bill also included a total of $413 million in trunk highway bonding authorization and appropriations, which includes an additional $200 million above base over the biennium for the Corridors of Commerce Program. Below is a list provided by MnDOT of how the trunk highway bond appropriation ($113 million) and general fund cash ($30.93 million) for projects will be used:

General Fund Projects

- US Highway 8, 2 to 4 lane expansion in in Chisago County $8 million. Led by Chisago County.
- 99th Avenue and Trunk Highway 65 in Blaine $7 million. Led by Anoka County.
- US Highway 169, Trunk Highway 282 & County State Aid Highway 9 in Scott County design $2.5 million. Led by Scott County.
- Sherburne street and utility reconstruction $3.03 million. Local project.
- Washington County bridge over I-694 $3.5 million. Led by Washington County.
- Trunk Highway 41 Chanhassen roundabout $1.5 million.
- I-35 in Dakota County study $1.4 million.
- Trunk Highways 3, 77 & 55 studies $2.5 million
- US Highway 10 in St. Cloud study $1 million.
- I-35 and County State Aid Highway 9 in Rice County study $500,000.

Trunk Highway Bond Projects

- Ramsey Gateway/US Highway 10 $31 Million. Led by Anoka County.
- US Highway 10 in Wadena $30 million. Led by MnDOT.
- US Highway 212 in Carver County $25 million. Led by Carver County.
- I-94 Westbound in Albertville $27 million. Led by MnDOT.

Funding

AMC was pleased to see the $5.5 million for the Local Road Improvement Program and the $14 million for the Local Bridge Replacement Program included in the bill. The bonding bill that passed last fall included significant investments in these programs, but there are still many projects statewide that will benefit from additional funding. There are over 600 deficient local bridges that need funding over the next three years, and the most recent solicitation for the Local Road Improvement Program received 425 applications totaling $344 million in requests – well exceeding the $75 million available in last year's bonding bill. We were also glad to see the $10 million for the second daily Amtrak train to Chicago and the $57.5 million for arterial bus rapid transit.

Finally, counties appreciated the inclusion of language to reopen of all driver's license exam locations that were closed in 2020 due to COVID and the funding to help with the reopening. The bill includes $2.598 million to DVS in each year of the biennium in order to reopen the closed locations. In addition, there is language in the final bill that includes an independent review of MNDRIVE with reports due in 2022 that would examine the following:

- The increase in work for deputy registrars and driver's license agents and appropriate compensation.
- Determine whether a permanent fee increase is warranted in 2022 or 2023 session.

As mentioned above, most of the $220 million target for transportation was one-time general fund appropriations in 2022, including the funding going to small cities and townships. While both entities are in need of transportation funding, AMC was concerned throughout session that some of the proposals introduced to provide dedicated funding to small cities and townships would do so by taking away some of the funding going to counties. There were standalone bills introduced that used this approach as well as the original House bill that would have redirected some of the current auto parts sales tax money and dedicated that to small cities and townships. Overall, the original House funding plan included other sources of new revenue that would have made up for the new distribution in auto parts sales tax revenue. Our concern was that the one similarity between the House and Senate original funding proposals focused on changes to the auto parts sales tax revenue distribution and the goal of increasing funding to small cities and towns. In the end, the money going to small cities and towns came from one-time general fund appropriations, but it is something for us to look out for in the future.

Policy Language

More detail was provided above, but as for the policy language included in the final special session bill, AMC/MCEA language on the local bridge grant program statutory fix was included as well as language to remove the state residency requirement for county engineers.

The bill did NOT include language originally proposed by the governor and included on the Senate side that would have shifted responsibility to counties for the funding of current and future guideways. It also did NOT include language that would have required metro counties to submit a special report to the Legislature on LOST revenues nor did it include the 20% VMT reduction by 2050 goal.

Status: Signed by the governor on June 26, 2021 – (Chapter 5) 2021 1st Special Session.

Speed Limits

Each session there are bills introduced relating to speed limits, but this year only one got a hearing – HF1566 (Bernardy) a bill relating to nonmotorized transportation finance and policy provisions. Article 2 of the bill included school zone speed limit policy provisions that were concerning to counties. Specifically, the language allowed a road authority to change the speed limit on any road within a school zone, **even if the road is not under its jurisdiction**. This language would have created conflicting claims to speed limit authority – for example, a county would have the authority to set speed limits on both city streets and state highways under the proposed wording. Additionally, the bill would allow a city to change the speed limit on any street or highway in the city, **regardless of jurisdiction of the road**, if the street or highway is within two miles of a school speed zone. This would allow a city to change the speed limit on a county road if the road was within a two-mile radius of a school speed zone. The proposed language is not strictly limited to school speed limits, but rather to all speed limits within two miles of a school zone. Because a school can be found within two miles of nearly any built-up area, the bill as proposed would have the practical effect of negating the role of the MnDOT commissioner in setting speed limits for all roadways except in rural areas. Currently, the process for implementing speed limits in school zones is determined through MnDOT guidance and follows a consistent, statewide collaborative approach considering the many individual conditions near a given school. Statute currently authorizes local agencies to establish school zone speed limits on their respective roadways based on an engineering study process. After being heard in the House Transportation Committee, the bill was laid over and did not get any more traction this year. As with any bill introduced in the first year of a biennium, it is still fair game for next session.

Status: Did not pass

BROADBAND

Broadband Grant Program Funding (Special Session SF9)

Broadband funding has been a top priority at AMC for the past several years, but never more so than this session. The pandemic highlighted the need for more broadband investments throughout our state, impacting our lives in terms of work, healthcare, school, and more. It was imperative that the Legislature pass additional funding for broadband this year and this need was felt by legislators.

Broadband funding bills were front and center at the start of session, with HF 14 introduced by Rep. Ecklund (DFL-International Falls) and SF 22 introduced by Sen. Bakk (I-Cook). Both bills sought to transfer $120 million over the biennium – $60 million in FY 2022 and $60 million FY 2023 – from the general fund to the Border-to-Border Broadband Grant Program. This number came from the Governor's Task Force on Broadband recommendations that $120 million each biennium was needed to achieve border to border broadband in the state. Senate Agriculture and Rural Development Finance and Policy Committee Chair Torrey Westrom (R-Elbow Lake) also introduced SF946, which would appropriate $120 million per biennium from the general fund to DEED in ongoing funding for the Border-to-Border Broadband Grant Program. The bill also included an additional $30 million ($15 million per year) specifically for unserved areas of the state.

Despite these early bill introductions and the agreement that broadband funding was desperately needed, the House, Senate, and Governor Walz's numbers all varied during the initial omnibus bill process. The governor's original budget recommendations included $50 million in the first year of the biennium for the Border-to-Border Broadband Grant Program. The Senate GOP committee targets included $40 million for broadband in the first year and the House included $30 million in biennial funding. Despite these varying numbers, we knew there was room for negotiation going into special session.

When the special session budget targets were agreed upon, it was announced that the state Border-to-Border Broadband Grant Program would receive $70 million over the biennium. **This is the largest, multi-year investment in the broadband grant program's history!**

At the time we didn't know how the $70 million would be funded – from state or federal dollars? We also did not know where the broadband funding would land. Throughout session broadband funding first found its home in the Agriculture Omnibus Bill, but then come the end of session with the ability for the state to use federal ARPA Capital Projects Fund money for broadband, it was determined that broadband funding would be in the bonding bill. As mentioned below in the bonding section, that gave us hope that a bonding bill might actually pass this session! In the end, broadband funding was included in the Omnibus Jobs Bill, which passed during special session.

The $70 million from the feds will be split between the two years of the biennium – $35/$35 million. According to the Office of Broadband Development (OBD), the preliminary guidance from Treasury, as well as the legislative appropriation language, indicates that there will be a state application required to be submitted to Treasury for the state to access this funding. There will also be federal standards regarding how the funding can be used which are not yet known. Once Treasury has issued further guidance and clarified the application process, OBD will be able to provide more information regarding the FY22 Border to Border Broadband Grant Program's anticipated timeline, application, and requirements.

The $70 million federal investment is a huge win for broadband in Minnesota. In addition to this funding from the Capital Projects Fund, counties have received federal funding from ARPA that can be spent on broadband. We are hopeful that the investments made this year in broadband will help to achieve our 2026 state speed goals that are fast approaching and help connect the unserved and underserved areas of the state.

Status: Signed by the governor on June 30, 2021 – (Chapter 10) 2021 1st Special Session.

Electric Coop Bill to Use Existing Easements for Broadband (Special Session HF6)

There were several policy provisions introduced this session relating to broadband, but the only one that passed was an effort put forward by the Minnesota Rural Electric Association (MREA) to allow broadband infrastructure on existing electrical easements. The language was originally introduced by Rep. Ecklund (DFL-International Falls) HF686 and Sen. Westrom (R-Elbow Lake) SF1304 and allows existing easements held by rural electric cooperatives to be used to provide broadband service. AMC and LMC worked closely with MREA and the bill authors on amendment language specifically relating to easements in the public right-of-way. The amended language would require notification to local governments and would preserve local government permitting and review when equipment is sited in easements impacting the public right-of-way. The changes to the original language ensure coordination with local governments when new equipment is sited, particularly in situations when the easement is located within the public right-of-way or adjacent to the right-of-way. With broadband funding as one of our top AMC priorities this year, it was important that we support resources and policy changes that assist with the deployment of broadband infrastructure to the hard-to-reach areas of our state. The bill was eventually included in the Omnibus Commerce, Climate, and Energy Finance Bill, which passed during special session.

Status: Signed by the governor on June 26, 2021 – (Chapter 4) 2021 1st Special Session.

BONDING

Omnibus Capital Investment Bill (HF337)

At the start of the 2021 Session, it was unclear whether we would see a bonding bill: as the first year of the biennium, it was a budget year and not a bonding year and the Legislature had just passed a significant bonding bill in October 2020. The 2020 Bonding Bill included record investments for transportation-related programs, including the local road and bridge programs, the Local Road Wetland Replacement Program, the Greater MN Transit Capital Program, and the Met Council Busway Capital Improvement Program. Keeping this in mind, it seemed unlikely that we would see another substantial bonding bill this session, but the Legislature kept bonding on the table because interest rates were at a record low and there were plenty of projects and programs that would benefit from bonding.

The House Capital Investment Committee met weekly throughout session, hearing overviews on topics such as equity in capital projects, managing risk to infrastructure as well as focusing on housing infrastructure bonds and how they could be used to address the housing crisis. The Senate Capital Investment Committee met only a few times this session, with most of the hearings held near the end of the regular session.

The governor's 2021 bonding recommendations totaled over $518 million in both general obligation (GO) bonds and appropriation bonds. Under transportation, there was $10 million in GO bonds for Minnesota's share of design and environmental work for a second daily Amtrack train between the Twin Cities, Milwaukee, and Chicago.

Despite it not being a bonding year, the House put forward a $1 billion dollar bonding bill in early April that included GO bonds for local roads and bridges as well as passenger rail and arterial bus rapid transit. Below is a list of the transportation provisions in the bill:

- $10 million for LRIP (at least $1 million is for projects on town roads)
- $30 million for LBRP ($3.5 million for Washington County – 4th Street Bridge over Hwy 694)
- $8 million for Safe Routes to School
- $25.5 million for passenger rail
- $40 million to Met Council for the E Line A-BRT

HF337 (Lee) was heard and passed out of the House Ways and Means Committee at the end of the regular session, but the bill was never taken up for a vote on the House Floor. It was around this same time that the budget target agreement was reached, and the target for bonding was TBD. The one thing that kept any hope alive for a bonding bill during special session was that the state was planning to fund broadband in the bonding bill. Because of the high priority placed on broadband, it seemed like there could still be a chance for a bonding bill for that reason alone. While no bonding bill passed during the regular session or first special session, it is still on the table for a September special session.

Status: Did not pass.

Technical Corrections Bill

One thing we heard a lot about this session was the sheer number of technical corrections that needed to be made to the 2020 Bonding Bill. Corrections of this nature are not unusual, and a bonding bill of that size is bound to include many technical corrections. When the House eventually introduced its bonding bill, the 2020 corrections were included in addition to the new $1 billion proposal, but the Senate wanted to pass the technical corrections as a standalone bill. There was much debate about holding the technical corrections "hostage" in the house bonding bill, which seemed destined not to pass. Ultimately, the technical corrections passed as a standalone bill in HF52 (Lee) during special session when the pause on a larger bonding bill became apparent.

Status: Signed by the governor on June 30, 2021 – (Chapter 9) 2021 1st Special Session.

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