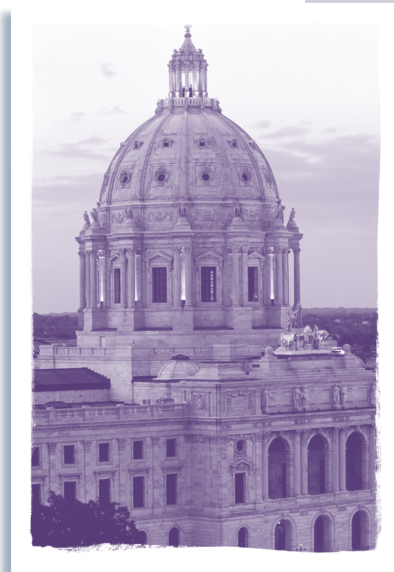
Association of Minnesota Counties

Legislative Session Summary



2022

Association of Minnesota Counties

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Overview

The continuation of the pandemic, split-party control, and hybrid legislative logistics combined with a historic budget surplus, legislative redistricting, and election year politics made for quite the year at the Capitol. Early on, leaders recognized these difficulties and committed themselves to focusing on only the most pressing issues while trying to meet in the middle on budget and policy discussions. As the state's budget surplus continued to grow mid-session, calls became louder for significant tax relief and additional spending on an array of education, transportation, and health/human services-related fields. While leaders were successful in passing bills related to workers compensation presumptions, frontline worker pay, unemployment insurance, and a few fortunate others, an ultimate agreement on a comprehensive supplemental budget deal proved elusive towards the end of session barring last minute "escape pods" that included an omnibus veterans, agricultural, and broadband package along with a "mini omnibus" mental health bill.

One of the most significant elements of the session was the outcome of a once-in-a-decade redistricting process that resulted in numerous incumbents being either "redistricted out" or combined with other legislators creating what some have labeled as a Minnesota politico world of "Game of Thrones." All told, the Legislature will be losing 47 legislators to retirement representing close to 600 years of cumulative legislative experience. This seismic shift not only seemed to pause the Legislature for a couple weeks while members reviewed the outcomes and measured their options, but also seemed to hang over the remaining session.

Another contributing aspect to the session was the continued growth of Minnesota's budget surplus. Legislators entered session with rosy but unclear expectations after a strong November forecast and a hefty amount of remaining federal funds from both CARES and the American Rescue Act. By March, MMB had released their updated February Budget Forecast showing Minnesota's surplus had grown to a record $9.253 billion—much of this a structural, ongoing surplus due to higher-than-expected income, sales, and corporate tax receipts. The unprecedented amount led many to call for additional spending on priority issues as well as proposals that would return funds back to Minnesotans via a slew of existing and new tax relief mechanisms.

With one week left to go, legislative leaders announced the outline of a major budget framework, setting aside $4 billion for a tax relief plan along with another $4 billion for various spending proposals. In the last week, conference committees met to negotiate within their targets and attempt to forge compromise—some committees finding more success than others. By session's close, Sunday evening, leadership negotiations over remaining packages—particularly the education, public safety, and health and human services bills—had come to a standstill. While a few "escape pod" bills were able to pass last minute (including AMC-supported broadband and mental health provisions), most of the omnibus bills fell as the House refused to move forward the coveted tax omnibus without action on a broader deal. Casualties from a lack of legislative action include a historic $4 billion tax agreement, bonding bill, and several omnibus budget bills with many county-related priorities and provisions.

Leadership on both sides expressed disappointment and frustration with some calling out a broken process while others lamented a lack of leadership. Moments after session's close, Gov. Tim Walz addressed press stating that he was open to calling a short special session because "we're 90-95% there" and that it was incumbent on members to finish the job. While there have been multiple meetings in the days and weeks following adjournment, there have not been any promising or substantive signs of a new deal or an attempt to get a Special Session.

AMC Works for Your Interests

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

Agriculture

Agriculture Land Preservation Program
Noxious Weeds/County Ag Inspectors
AgBMP Program Updates

Broadband

Broadband Funding
Broadband Policy

Elections

Uniform Mail Balloting Language
Sample Ballot Publication Changes
Election Worker Protections
Non-Governmental Absentee Ballot Application/Sample Ballot Mailings
Drop Box, Livestreaming, and Ballot Observer Changes

Environment and Natural Resources

SCORE Grant Funding
404 Assumption
Public Waters Inventory (PWI) Revisions
Use of Proceeds from Sales of Tax-Forfeited Lands
PWI Regulatory Application
Metropolitan Landfill Contingency Action Trust
PFAS Prevention Grants
Lands Provisions
Nonconformities on Certain Properties
Feedlot and Manure Storage Reporting
Drainage Registry Information Portal

General Government/State Government Finance/Pensions

Local Government Cybersecurity Grants
Expansion of Peace Time Emergency Declaration for Cybersecurity Attacks
Expanded Investment Authority
OCDR Funding Request
Nonprofit Grant Language
Public Land Survey Monument Restoration

Health and Human Services

Family First Prevention Services Act (FFPSA)
Childcare
Working Families
Service Delivery Transformation
Homelessness
Workforce
Data Sharing
Mental Health

Housing and Jobs

The Challenge Program
Community Stabilization Program
Homework Starts with Home Grants
Local Housing Trust Funds
Workforce Homeownership Program

Public Health

Public Health System Transformation
Public Health Emergency Preparedness
Family Home Visiting

Public Safety

Community Supervision Funding and Formula Change
Allied Radio Matrix for Emergency Response (ARMER) Funding
Flexible Public Safety Funding for Local Governments
Continued Investments in Body Cameras and Data Storage
Juvenile Justice and Diversion Programs
Recruitment and Retention of Law Enforcement and Corrections Professionals
Local Government Emergency Management Grants
Public Defense Services
County Attorney Training
Funding for Interstate Transfers Transportation
Red Wing Per Diem Cost Shift

Taxes

Property Tax Relief Mechanisms
CPA
PILT
Property Tax Policies
Solar Taxation Equity

Transportation

Federal IIJA Match Funding
Auto Parts Sales Tax Revenue
Electric Vehicle Surcharge
Traffic Safety Advisory Council
Certain Speeds Limits in Ramsey County
Federal Funds Local Assistance Program
MSAS Changes
Metro Counties LOST Report to Legislature
Guideway Funding

Environment & Natural Resources

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

OVERVIEW

Despite the divided Legislature, there was still hope that several important county environment and natural resources issues would be addressed this session because of both a healthy surplus and the belief that some departing leaders on environment issues would want to mark a few last accomplishments before retirement. Unfortunately, these potential accomplishments fell short because with a budget already in place, there was no need to pass anything new and with a big election looming, political considerations ultimately prevented compromise.

Legislation falling under the AMC Environment and Natural Resources umbrella was largely rolled up into the large omnibus bills. Only a few bills were independently passed to the floor and, of those, only a couple were voted on.

In a session that saw passage of only one core omnibus budget bill, there are limited accomplishments to celebrate. There are some positives to report because of passage of the Agriculture Omnibus bill, which included natural disaster relief funds and the special revenue account legislation (Legacy Fund, Environment and Natural Resources Trust Fund).

Unfortunately, the failure to compromise was especially disappointing because counties were making headway on several longtime policy priorities. Redirecting the Solid Waste Management Tax (SWMT) revenues from the state general fund to county solid waste management efforts through increased SCORE Grants has been a long-time objective and our proposal, although modified to a lower dollar amount, was included in the Omnibus Tax Conference Committee agreement, which failed to get a floor vote. AMC's tax-forfeited property legislation was passed to the floor in both bodies and approved as part of the Omnibus Environment and Natural Resources Conference Committee agreement, but also did not make it to a floor vote. Counties also had many other pieces we were working on sprinkled throughout various bills, but there was not the political will to finish.

Bill	House Materials	Senate Materials	Joint Materials
Agriculture	House HF4366 Ag appropriations side-by-side Ag statutory side-by-side	Senate HF4366 Ag Comparison	**Conference Committee Report (final)** Agriculture Agreement - Statutory Changes Agriculture Agreement - Appropriations Drought Relief - Agreement Language Drought Relief - Agreement Spreadsheet
Energy	House SF4091 House Spreadsheet House Energy Summary	Senate SF4091 Senate Summary	Conference Committee Report (not passed)
Environment	House SF4062 House Summary Fiscal Comparison Spreadsheet	Senate SF4062 Senate Summary Environment Policy Tracking	Conference Committee Report (not passed) Agreement Spreadsheet (not passed)
ENRTF/LCCMR	House HF3765 Fiscal Comparison	Senate HF3765	**Conference Committee Report (final)** Agreement Spreadsheet

In the pages ahead, we review the handful of things that did pass and the many items of interest that did not.

AMC PRIORITY: PUBLIC WATERS INVENTORY (PWI)

Reclassifying Waters as Public and the Public Waters Inventory (HF2252/SF2089)

In the late 1970's, the Legislature determined that public regulatory efforts and private land interests need to understand which are the public waters of the state. Through a process established by the Legislature involving both state and local officials, the Public Waters Inventory (PWI) was created as a formal listing of the waters subject to public waters regulations. Counties served a role in the establishment of the PWI and have a statutory role in changes to it. Counties also have an important role in water planning, project permitting, and as drainage authorities, all of which rely on the certainty of decisions around public waters.

The process by which changes in the status of a water as public or non-public has been called into question by actions of the state. The Minnesota Department of Natural Resources (DNR) has begun a process to add new waters to the PWI that ignores the local government authority to review and object to reclassifications. We proposed legislation (HF2252/SF2089) to ensure that local review authority would not be avoided by redefining the process internally at the DNR.

The PWI has, since its establishment, served to direct public and private sectors as to which waters are subject to public waters regulations, which includes certain permits and mandatory environmental review. This understanding has been challenged in court that the status of a water on the PWI does not determine what regulatory authority applies and that these decisions can be challenged on an ad hoc basis. This approach would take us backwards and cause problems for regulators and the public. AMC offered legislation that would ensure that the PWI would continue to determine certain regulatory requirements as has been the practice for 40 years.

Both provisions were included in the Senate Omnibus Environment bill (SF4062) and part of the conference committee discussion with the House. The PWI provisions were not included in the Environment and Natural Resources Conference Committee Report, which was also not passed prior to adjournment.

Status: Did not pass.

AMC PRIORITY: PROTECT WASTE AUTHORITY

Protecting County Authority to Manage Solid Waste According to the Waste Hierarchy

There has been growing concern about legislative proposals that limit the options to manage solid waste by restricting or eliminating options according to the state's Waste Management Hierarchy. Counties and the public have made significant investments in infrastructure and programing to manage solid waste by environmentally preferred methods. There has been particular focus on Resource Recovery/Waste-to-Energy Facilities with numerous bills that would essentially regulate facilities out of operation. AMC has partnered with the Minnesota Resource Recovery Association (MRRA), Partnership on Waste and Energy, Minnesota Inter-County Association (MICA), and individual counties to educate legislators on the role of counties in waste management and the value of these facilities to environmentally friendly waste management.

None of the bills that specifically targeted waste-to-energy facilities were heard or moved forward during the 2022 session.

However, legislation impacting MPCA Air Permits, Cumulative Air Pollution Impacts and Air Toxic Emissions Reporting, were added to the House Omnibus Environment and Natural Resources Bill (HF4492). These provisions would both add new restrictions on air permits and create additional reporting requirements.

Environmental protections are important, but these facilities are already held to strict federal and state standards and have a record of not only meeting but exceeding these requirements. These actions will not improve outcomes but lengthen permitting time and increase the costs of operation.

The Conference Committee Report on Environment and Natural Resources was not passed before the session adjourned. The compromise report that was moved out of committee in the closing minutes of session did not include either of these concerning provisions.

Status: Successful.

ANIMAL AGRICULTURE

Manure Storage Inventory (HF3947)

A news story about abandoned feedlots and reports to legislators of improperly closed manure storage areas precipitated the introduction of legislation that would require new financial assurance for certain feedlots and that an inventory be done of all feedlots and manure storage areas that have not been properly closed. As introduced, the legislation required all counties to assign staff to this task and complete an inventory of these locations to be reported to the state in less than a year and with limited resources. AMC and the Minnesota Association of County Feedlot Officers (MACFO) expressed concern about the scope of this work and the environmental benefit that would result from redirecting attention from operating sites to these closed sites. We did work with the author to make numerous improvements that were included in the House Environment and Natural Resources Omnibus Bill, narrowing the scope of what sites would be included, increasing the appropriation to counties, only requiring counties with a delegation agreement to do the inventory, and extending the timeline for this work to be completed. Counites still expressed some mild concerns and suggested alternative methods to address the issue. There was no Senate companion, and the proposal did not advance.

Status: Did not pass.

Minnesota Association of County Feedlot Officers (MACFO) Training Funding (HF3947)

The primary focus of this bill was to report on abandoned feedlots and manure storage areas and included several appropriations to the state and counties to do the work of creating an inventory and reporting on potential solutions. The bill also included a grant of $250,000 to MACFO for general training purposes. This appropriation was carried in the House Environment and Natural Resources Omnibus bill but was not adopted.

Status: Did not pass.

County Feedlot Program Funding (HF1063/SF909)

Funding for the County Feedlot Program has remained stagnant or decreased over the last decade. However, administrative requirements beyond the basic field work objectives 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. AMC and MACFO provided written and oral testimony to the House Environment Committee and the Conference Committee on the Environment and Natural Resources Omnibus advocating for additional base funding. No change to the current appropriation was included in either body's budget proposal.

Status: Did not pass.

New White Tail Farm Prohibition (HF3273/SF3169)

This bill would prohibit the registration of any new white-tailed deer farms and limits the growth of white tail farming in the state. This language was included in the House Omnibus Agriculture bill but was not adopted by the conference committee.

Status: Did not pass.

White Tail Farms Concurrent Regulation Changes (HF4802/SF4336)

There was concern from some legislators that the concurrent authority of the DNR and Board of Animal Health (BAH) to regulate white-tailed deer farms was leading toward two separate efforts rather than a joint and collaborative approach. This proposal amended the language passed last session in an attempt to address the concern.

Status: Did not pass.

DEDICATED ENVIRONMENTAL FUNDING

Legacy Funding Bill (HF3438/SF3701)

The Legacy Funding bill makes the appropriations of the voter-approved three-eighths-of-one percent sales tax, which is distributed as 33% to the Clean Water Fund; 33% to the Outdoor Heritage Fund; 19.75% to the arts and cultural heritage fund; and 14.25% to the Parks and Trails Fund. The Outdoor Heritage Fund, which follows the funding recommendations of the Lessard-Sams Outdoor Heritage Council, is the only fund that appropriates funds annually. The other funds make appropriations in the odd numbered years for a two-year budget cycle. With increased sales tax revenues there were additional fund balances across the board and the House bill recommended new appropriations in each of the Legacy Funds. The Senate bill only funded the Outdoor Heritage Council recommendations. The final bill followed the Senate plan, only appropriating funds from the Outdoor Heritage Fund ($159.049 million). This year's bill would restore, enhance, and/or protect 80,929 acres of wildlife habitat and 127 miles of shoreline. Twenty-nine different organizations will receive funding including nine local units of government.

The bill also included policy language extending the use of some funds in the other Legacy accounts and allowing the Clean Water Council to make supplemental spending recommendations in the second year of the biennium in the future.

Status: Signed by the governor on May 22, 2022 (Chapter 77).

Environment and Natural Resources Trust Fund (ENRTF) – LCCMR Bill (HF3765/SF4043)

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

The 2022 package included appropriations totaling $70.881 million. Funded projects include:

- $500,000 to DNR for aggregate resource mapping.
- $500,000 for DNR forest data inventory.
- $800,000 to establish a Pig's Eye Landfill Task Force.
- $2 million to the MPCA for grants to replace failing septic systems.
- $200,000 to the U of M to research methods to destroy PFAS in landfill leachate.
- $446,000 to St. Louis County for PFAS mitigation using hybrid engineered wetlands.

Status: Signed by the governor on June 3, 2022 (Chapter 94).

Renewal of Environment and Natural Resources Trust Fund (HF4649/SF4131)

The Minnesota Lottery currently directs 40% of its proceeds to the Environment and Natural Resources Trust Fund which is used for drinking water sources; water quality of lakes, rivers, and streams; and forests to improve air quality, wildlife habitat, natural areas, parks, and trails, and that constitutional authority ends in 2024. This legislation would make some use changes, increase the lottery contributions to 50% of proceeds, and extend the ENRTF to 2050. The bill was heard in both bodies but did not progress to a vote by either the House or Senate.

Status: Did not pass.

ENVIRONMENT AND NATURAL RESOURCE PROTECTION

Aquatic Invasive Species (AIS) Grants (HF3617/SF3748)

Separate from the funding counties receive for AIS management measures, this legislation offered grants to combat the spread of AIS. The initial language focused on lake associations, but later amended to include more entities, including counties. A one-time appropriation of $500,000 was included in the Omnibus Environment and Natural Resources Conference Committee Report, which fail to reach the floor before session adjourned.

Status: Did not pass.

Ash Tree Replacement Grants (HF2904/SF3653)

This legislation included several one-time appropriations for several tree and shrub planting efforts. One of the proposals was for $10 million to local governments for the replacement of ash trees that were removed due to EAB. There was $750,000 included in the Omnibus Environment and Natural Resources Conference Committee Report, which fail to reach the floor before session adjourned.

Status: Did not pass.

Noxious Weed Grants (HF4366/SF4019)

The Noxious Weed Grants to local governments have had a positive impact, and with the current surplus the Department of Agriculture requested an addition $1 million for the grant program. The House did carry funding for this purpose in their Omnibus Agriculture bill, but it was not adopted as part of the Agriculture Conference Committee report.

Status: Did not pass.

Chronic Wasting Disease (CWD) Testing and Depopulation (HF2814/SF3037)

This legislation offered a list of potential changes to the regulation of farmed Cervidae, including modifying fencing and identification requirements, prohibiting new white-tailed deer farm registrations, and establishing additional requirements for those who own property where chronic wasting disease (CWD) is detected. It requires live-animal CWD testing of all farmed white-tailed deer by October 1, 2022. This proposal limits growth of white tail farming in the state. This language was included in the House Omnibus Environment and Natural Resources bill but was not adopted by the conference committee.

Status: Did not pass.

Voluntary White-Tailed Deer Buyout and Prohibition (HF3684/SF4135)

The bill would appropriate funds to the Department of Agriculture (MDA) to offer a voluntary buyout payment to those currently authorized by the BAH to possess white-tailed deer. The bill would also prohibit the Board of Animal Health (BAH) from approving a new registration for the possession of farmed white-tailed deer.

Status: Did not pass.

Per (and-Poly) fluorochemicals (PFAS) Product Prohibitions (various bills)

Certain PFAS chemicals have been proven to be harmful to human health. A series of bills were introduced this session to prohibit the manufacture, sale, or distribution for use in Minnesota of juvenile products (HF3571/SF3669), cosmetics (HF2906/SF3403), cookware (HF2907/SF3327), ski wax (HF2952/SF3441), apparel (HF3076/SF3345), and home and commercial furnishings (HF3180/SF3307) with intentionally added PFAS. These bills were heard in several House policy committees and included in the House Omnibus Environment and Natural Resources legislation. No action was taken on any of these proposals in the Senate.

Status: Did not pass.

PFAS Disclosure (HF3075/SF3326)

Under this proposal, manufacturers of products with intentionally added PFAS chemicals would need to file a disclosure with the Minnesota Pollution Control Agency (MPCA). The bill was heard in the House and included in the House Omnibus Environment and Natural Resources bill. The Senate did not take any action on this proposal.

Status: Did not pass.

PFAS - MERLA (HF78/SF156)

This legislation would define PFAS as hazardous substances under Minnesota Environmental Response and Liability Act (MERLA). These chemicals are already prevalent in the environment and this change could open-up a variety of public entities including landfills to lawsuits. We have argued that public entities that do not create or use these chemicals should be provided liability protection under this proposal. The bill was not heard in committee this session, but was included in the House Omnibus Environment and Natural Resources bill. The Senate did not take any action on this proposal.

Status: Did not pass.

PFAS – Health Risk Limits (HF79/SF70)

This legislation would create a statutory requirement that the Health Risk Limit for PFAS be set below 0.015 parts per billion. Health Risk Limits and other science-based measurements are usually established through the administrative rulemaking process. This makes limits less susceptible to political influences and more flexible to follow the most current scientific information. The bill was not heard in committee this session but was included in the House Omnibus Environment and Natural Resources bill. The Senate did not take any action on this proposal.

Status: Did not pass.

Soil and Water Conservation District (SWCD) Aid (HF3669/SF3692)

State funding for Soil and Water Conservation Districts has been an ongoing battle at the Legislature. In lieu of not finding stable, ongoing funding, the Clean Water Legacy Fund has consistently been turned to at the end of each budget year. At the same time, counties have long contributed to the work of SWCDs and have supported state dollars for these local entities as well. In recent years, counties have expressed concerns to replace the state clean water fund with additional local revenues via mandated maintenance of efforts and/or levy authority. This year's new SWCD aid proposal would have created a state aid program to support the operations of SWCDs. There was funding included the in Omnibus Tax bill agreement that was announced in the closing days of session and the proposal was fully supported by AMC. The amount was far below the request with the expectation that some Clean Water Fund support would continue.

Status: Did not pass.

CLIMATE AND ENERGY

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

Electric Vehicle Infrastructure legislation was part of the discussion in both bodies this session, both general approaches, as well as some targeted ideas. The idea of making funds available for EV charging stations at county government centers was brought forward last year and heard in both bodies. AMC worked with the authors to ensure that if the proposal were funded that county participation was voluntary and they would have authority to be the decision-makers on important installation and financial considerations. County recommendations were included in potential funding in the House Omnibus Energy bill (HF4355), but it was not adopted as part of the conference committee report, which failed to pass before session ended.

Status: Did not pass.

Climate Mitigation Grants (HF4492/SF4062)

Climate change prevention and mitigation issues received a great deal of attention in the governor's and House budgets. One of the proposals that was included in both and carried in the House Omnibus Energy bill was a grant program for local governments. Eligible projects would be those that either reduce contributions or mitigate the impacts of climate change. This provision was not adopted as part of the conference committee report, which failed to pass before session ended.

Status: Did not pass.

Local Review of Large Renewable Projects

Large Renewable Energy installations are subject to state permitting requirements, though there can be local push back on the siting of such projects. An amendment was added to the Senate Omnibus Energy bill (SF4091) that would have required review for compliance with county zoning ordinances and county approval of installations over 50 megawatts. This was viewed as a roadblock to renewable development by advocates for solar and wind energy. This provision was not adopted as part of the conference committee report, which failed to pass before session ended.

Status: Did not pass.

Solar on Public Buildings (HF4492/SF4062)

As public entities invest in new infrastructure or look for ways to manage utility costs some have turned to solar options. A proposal of the administration that was included in the House Omnibus Energy bill (HF4355) would have provided grants for solar installations on public buildings. This was not included in the Senate companion or adopted as part of the conference committee report, which failed to pass before the session ended.

Status: Did not pass.

Prohibition on Gas Hook-up Restrictions (HF2264/SF2185)

Some parties concerned about climate would like to limit continued or new use of fossil fuels. As part of that effort, in some areas of the country there have been proposals to ban new service connections. During committee debate on the Senate Omnibus Energy bill (SF4091) an amendment was adopted that would prohibit a local government from preventing natural gas and/or propane service to a customer. While counties are not aware of any current efforts in Minnesota to take this action, concerns about potential interest prompted adoption. This provision was not included in the House companion or adopted as part of the conference committee report, which failed to pass before session ended.

Status: Did not pass.

LAND USE, PLANNING, AND REGULATION

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

Identifying solutions to help mitigate the cost for management and clean-up of blighted, tax-forfeited properties has been an ongoing effort. 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. AMC was not only successful in moving the bill to the floor of both bodies early in the session, but also saw it included in both House and Senate Omnibus Environment bills. In the final weeks, the Senate passed it as a standalone measure to the House. The House failed to take up the standalone bill, and despite it being adopted as part of the Environment and Natural Resources Conference Committee agreement, the clock ran out on passage of that bill.

Status: Did not pass.

Ag Land Preservation Program (HF2638/SF2537)

This legislation sought additional flexibility in the Greater Minnesota Ag Land Preservation Program. Ag land preservation is a topic of significant interest, but this program is barely used, and some modification may make it more attractive to landowners in counties that currently have a program and to counties who may interested in starting a program. The proposal allowed for a modified timeline to remove acres from the program to three years rather than the current eight-year timeline. It also added small solar installations of 1MW or less to be added to the list of commercial and industrial uses on program acres. The addition of small solar to allowed uses was passed by the Senate and included in the final Omnibus Agricultural Conference Committee Report.

Status: Signed by the governor on May 26, 2022 (Chapter 95).

Zoning Authority and Housing (HF3256/SF3259)

For the past several years, a coalition of housing developers have pushed legislation that targets local regulations and fees as the cause for the lack of affordable housing development. AMC has pushed back on some of the changes that were being proposed to county statutory authority. This year's bill was scaled-back in regard to county concerns. The bill did include a new cost per square foot valuation for certain residential properties, a change to annual building code reporting fees threshold, a requirement to meet applicant response deadlines for building permits, and change to the relationship between ordinances and compliance with a comprehensive plan. As the bill moved through the process, most of these provisions were left behind and an agreement was never reached on a housing bill this session.

Status: Did not pass.

Precast Concrete Subsurface Sewage Treatment System (SSTS) Tanks (HF3174/SF2642)

The bill requires that a precast reinforced concrete SSTS tank that contains one or more drainage holes that have been repaired meets minimum standards and criteria for subsurface sewage treatment systems. The bill lacked standards for how drainage holes would need to be filled and evidence that they would be sufficiently watertight for the life of the tank. The provision was included in the Senate Omnibus Environment bill, but was not moved out of committee in the House.

Status: Did not pass.

Local Road Wetland Replacement Program (LRWRP) (HF2854/SF3751)

The Local Road Wetland Replacement Program is a requirement of the state to mitigate wetland impacts for local road improvement projects. This program has traditionally been funded through the bonding bill, but due to underfunding several times, emergency general fund appropriations have been required. The governor's bonding proposal included $14 million in bonds and $6 million from the general fund. A significant one-time/bonding investment is needed to get the program on track, but going forward, $6.5 million per year would sustain the program. A coalition group advocated for establishing the ongoing funding as well as the significant onetime investment. Of course, the capital investment bill never came together. The Omnibus Environment and Natural Resources Conference Committee did agree to a general fund appropriation of $1.58 million this year and establishing base funding of $765,000. In the end nothing passed, and this is likely to put the program in a difficult financial state by the close of this calendar year.

Status: Did not pass.

Aggregate Mapping (HF4492/SF4062)

The effort to supply local governments with accurate data on the location of aggerate resources has been ongoing. A lack of funding has made progress slow, but the additional resources requested in the governor's budget bill would have helped speed-up this work. The aggregate maps inform local land use decisions as they relate to the environment and local economies. The funding was approved as part of the Environment and Natural Resources Trust Fund Bill.

Status: Signed by the governor on June 3, 2022 (Chapter 94).

Forest Inventory (HF4492/SF4062)

This legislation appropriates funding to the DNR for an enhanced forest inventory on state, county, and private lands. Funding for this purpose was approved as part of the Environment and Natural Resources Trust Fund bill.

Status: Signed by the governor on June 3, 2022 (Chapter 94).

DNR Lands Bill (HF3916/SF3704)

Each year, the DNR brings forward a lands bill that provides for the sale, transfer, lease, or other such ownership and designation changes of land that requires legislative approval. Unfortunately, the bill's fate was once again tied to passage of a broader agreement on the Omnibus Environment and Natural Resources bill, which for the second time in three years did not pass. There were several modifications to lease terms on tax-forfeited land, an allowance for conservation easements on tax-forfeited lands, and provisions impacting land in eleven counties. These will all need to be reconsidered next year.

Status: Did not pass.

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

AMC has been working with state and local entities to find solutions for dealing with tax-forfeited properties that require significant clean-up efforts with costly price tags. The value of the land in many of these cases is insignificant compared to the costs. This legislation sought one-time funding for a pilot program to offer grants that would lighten the load of costly clean-up structures/locations. Unfortunately, this bill did not gain traction this session.

Status: Did not pass.

Floodplain Management – Nonconformities Expansions (HF4629/SF4324)

Recently, a county was processing a variance for the expansion of a nonconformity in a floodplain when they were met with opposition from the DNR. The DNR believes that counties' general authority to regulate nonconformities does not allow them to provide for expansions in a floodplain, in part, because of the express consent given to cities and towns in their zoning statutes. Case law is limited in this area and there are conflicting opinions. Counties have not agreed with the restrictive interpretation of the DNR. Two solutions were offered to address the matter; the first would grant specific authority for the county in question to deal with only the limited area in question, the other would add language clarifying that all counties have authority to address similar issues. Unfortunately, this language came forward late and there was limited ability to discuss these options. AMC recommended that the second more expansive option should be adopted because it is in keeping with our current view of the law. Legislators favored the more limited language because the bill had not been heard in committees to understand the potential impacts. This provision was part of the Environment and Natural Resources Conference Committee negotiations. The conference report did include the narrower language, but that bill was not passed by either body.

Status: Did not pass.

Lease of Tax-Forfeited Land (HF4072/SF3544)

This legislation modifies lease terms for tax-forfeited land to modernize them to current realities. Leases would be able to extend for 25 years instead of the current 10-year limit and the trigger for a public timber sale option would increase from a $12,000 value to $50,000. This proposal was brought forward by the Minnesota Association of County Land Commissioners (MACLC). This language was agreed to as part of the Lands Article of the Omnibus Environment and Natural Resources Conference Committee Report, which unfortunately did not pass.

Status: Did not pass.

Conservation Easements on Tax-Forfeited Land (HF1765/SF1860)

This legislation will allow counties to put conservation easements on tax-forfeited land for ecosystem services under the terms and conditions prescribed by the county board for the purposes of investigating, analyzing, and developing conservation easements that provide ecosystem services. This proposal is a priority item for the Minnesota Association of County Land Commissioners (MACLC). Last session, this allowance was made for School Trust Lands. This language was agreed to as part of the Lands Article of the Omnibus Environment and Natural Resources Conference Committee Report, which unfortunately did not pass.

Status: Did not pass.

County Agriculture Inspectors Funding (HF2147)

The Minnesota County Agriculture Inspectors brought forward a proposal requesting base funding to support this county role. County Ag Inspectors perform duties as directed by and in collaboration with the state. The legislation requested a modest distribution to each county office for the performance of their duties and set some basic requirements of eligibility.

Status: Did not pass.

Public Land Survey, Remonumentation (HF4456/SF4037)

AMC heard presentations from the Minnesota Association of County Surveyors (MACS) about this proposal in the fall of 2021. The bill would appropriate $10 million per year through 2057 for remonumentation of public land survey corners.

Status: Did not pass.

Township Planning and Zoning Authority (HF3175/SF3016)

This bill repeals town planning and zoning statutes in Minnesota Statutes Chapter 366, and codifies a new section in chapter 366 stating that a town board that adopted land use, zoning, and restrictions under chapter 366 before the effective date has the same authority under Minnesota Statutes Chapter 462. The legislation clarifies current practice. Few, if any, townships use Chapter 366 planning sections and instead use their authority under Chapter 462.

Status: Signed by the governor on March 18, 2022 (Chapter 38).

County Land Sales Online Process Authorization (HF3285/SF3032)

Counties currently have the authority to accept bids for the sale of tax-forfeited land through on online sales auction. Those that use it have found this to beneficial to the public and the county. This legislation allows for increased accessibility to land auctions as people do not have to take a day off work to attend a live auction or get only one chance to bid via sealed bid. The online platform has also resulted in a higher number of bidders as well as increased bid amounts, netting much higher revenue for the county. This change will allow counties to do the same for county fee-owned property that no longer serve the county.

Status: Signed by the governor on May 22, 2022 (Chapter 66).

SOLID WASTE MANAGEMENT

SCORE Grants and the Solid Waste Management Tax (HF2367/SF1531)

The Solid Waste Management Tax (SWMT) was meant to be a user tax dedicated to the management of solid waste. However, 30% of those revenues are currently redirected to the state General Fund. This legislation to redirect those SWMT dollars to fundamental waste management efforts through SCORE Grants to counties has been an ongoing objective for counties. AMC made progress in both bodies and was building momentum with favorable hearings in the environment and tax committees. Negotiated agreements at the close of session included a base increase of $700,000 in the Environment and Natural Resources Conference Committee Report and redirecting 3% of the SWMT revenues currently going to the general fund (approximately $3 million) to SCORE Grants was included in the Tax Conference Committee Report. The amount in the tax bill was well short of the request but establishing this language to redirect those revenues in statute would have been a significant step forward. Unfortunately, policy and politics kept these reports from being voted on at the end of session and prevented any change from happening this year.

Status: Did not pass.

Mattress Stewardship Program (HF2361/SF1767)

The International Sleep Products Association (ISPA) 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 and has been working with ISPA and others to reach agreement on the bill language. Counties want to prevent potential cost-shifts, ensure all mattresses are covered, consider existing Minnesota infrastructure, and guarantee program transparency and accountability. AMC made good progress and hoped to resolve remaining issues yet this year. Unfortunately, the Senate wanted to set this aside for reasons unrelated to our work on the language. Counties are planning to continue our work with the stakeholders outside of session.

Status: Did not pass.

Metropolitan Landfill Contingency Action Trust (MLCAT) (HF836/SF857)

With a significant budget surplus, including one-time funds, it seemed like an ideal time to repay state debts. During lean budget years the Legislature borrowed funds from the MLCAT account to balance the general fund budget, with a plan to repay the fund that was later abandoned. MLCAT is necessary to address emergency and long-term care at landfills and waste disposal sites in the seven-county metro area and the fund balance is already inadequate to address the expected expenses at eligible sites within three years. Full repayment with interest in nearly $30 million. Last year, the Legislature started a $100,000 per year repayment plan. The House Environment and Natural Resources bill proposed to make a full repayment with current surplus dollars. With a tight budget target for the conference committee landed on a recommendation to increase the annual repayment to $876,000 this biennium with $765,000 per year going forward. Again, not passing the conference report means no change was adopted.

Status: Did not pass.

Closed Landfill Investment Fund (CLIF) (SF4117)

The state transferred funds from CLIF to balance past general fund budgets and $38.1 million, plus lost interest, has still not been repaid. Statewide management and clean-up of closed landfills are addressed through several funding sources including the CLIF. Current estimates are that the 114 landfills in the closed landfill program will require over $300 million in care over the next 30 years. The current balance is approximately $119 million (Dec. 31, 2020). This is a long-term environmental responsibility of the state and thus a long-term budget issue. This legislation sought a repayment of transferred funds to help ensure future investment earnings will be adequate to protect future generations from potential environmental risks posed by these landfilling. It was heard in the Senate but was not advanced in either body.

Status: Did not pass.

Zero Waste Grant Program (HF2661)

This was a new proposal creating a zero-waste competitive grant program for nonprofits and local governments to do projects consistent with zero-waste practices, such as electronic waste reuse and recycling, source reduction, market development, and organics recycling infrastructure. This was a request for one-time funding ($1.5 million), which was included in the House Omnibus Environment and Natural Resources bill. There was no bill introduced in the Senate.

Status: Did not pass.

Digital Fair Repair (HF1156/SF2080)

The bill requires equipment manufacturers to make tools, parts, and documentation to diagnose, maintain, and repair digital electronic equipment available to independent repair providers and owners. It requires tools, parts, and documentation to be offered on fair and reasonable terms and provides exemptions. There was a large coalition of supporters from ReUse MN to Minnesota Farmers Union. The bill was heard in several House committees and included in the House Omnibus Judiciary bill. There was no action in the Senate and the Omnibus Judiciary bill was not passed.

Status: Did not pass.

Cumulative Pollution Impacts/Environmental Justice (HF3146/SF3211)

The legislation requires annual reporting of air toxics emissions; requires a cumulative environmental analysis of permit actions that affect environmental justice areas; establishes a pilot program for community air monitoring in environmental justice areas; and directs the MPCA to conduct rulemaking to regulate emissions of air toxics. These changes would impact waste to energy facilities, environmentally preferable methods of processing solid waste. These provisions were included in the House Omnibus Environment and Natural Resources bill but were not adopted by the conference committee.

Status: Did not pass.

Multifamily Composting Pilot (HF2211/SF2191)

This pilot program would have provided grants to increase composting of food wastes by residents in multifamily buildings. Multifamily building owners, local and Tribal governments, nonprofit organizations, and homeowners' associations would be eligible for the grants. The House included funding for the pilot in its Omnibus Environment and Natural Resources bill.

Status: Did not pass.

Pig's Eye Landfill (HF3627/SF3359)

This bill was to establish a Pig's Eye Landfill Task Force and appropriate money for purposes of the task force. The task force is tasked with coordinating efforts to remediate the Pig's Eye Landfill Superfund site in St. Paul as well as develop a report with a coordinated plan and recommendations for addressing certain issues related to the site. The request was for a general fund expenditure, but the proposal did get approved/funded as part of the Environment and Natural Resources Trust Fund legislation.

Status: Signed by the governor on June 3, 2022 (Chapter 94).

Solid Waste Capital Assistance Program (HF4492/SF4062)

The Solid Waste Capital Assistance Program (CAP) has been funded with bonding dollars to support local government investment in solid waste infrastructure. The cost for such projects has been growing and the current cap on grants is not keeping up. The MPCA requested funds for accelerated rulemaking to increase the grant limit from $2 million to $5 million per project and expand the eligibility for the grants to include projects that reduce food waste and manage construction waste. The funding was a part of the Environment Conference Committee discussions but ultimately was not funded.

Status: Did not pass.

Solid Waste CAP Grants (HF4666/SF4413)

The Solid Waste Capital Assistance Grants support investments in solid waste infrastructure. The governor's bonding bill include $24.434 million for eight projects and an additional $10 million in the program focused on organics projects. Bonding proposals for the House and Senate never came forward and no capital investment bill was passed this year.

Status: Did not pass.

Waste Prevention and Recycling Grants (HF4492/SF4062)

This was a governor's budget request for $18.932 million in one-time funding to provide technical assistance and grants to improve infrastructure for waste prevention, recycling, and composting projects with a focus on: prevention of wasted food and food rescue, recycling market facility development, composting/anaerobic digestion facility development and expansion, and sustainable building and materials management. $10 million was included in the House Environment and Natural Resources bill but no funding was adopted

Status: Did not pass.

PFAS Monitoring Expenses

During the 2021 budget session the MPCA had requested funding to do more extensive monitoring for PFAS in the environment. This request was not funded but the agency followed through over the interim and development a PFAS Monitoring Plan for both private and public water waste systems. The agency is now asking these entities to do the testing at their own expense on a voluntary basis but has stated that if there is not significant engagement on a voluntary basis, methods would be used to force compliance. An amendment was added to the Senate Omnibus Environment and Natural Resources bill during the Senate Finance hearing that addressed the issue of cost to do the testing. This language would prohibit the MPCA from requiring entities to do the monitoring unless it was free of cost or would be reimbursed by the agency. The language included several exceptions that seemed to allow the MPCA reasonable authority to still make it a requirement. This language was not included in the House campaign and was not adopted by the conference committee during negotiations.

Status: Did not pass.

PFAS Prevention Grants (HF4492/SF4062)

The creation of a new grant program at the MPCA to fund PFAS source reduction efforts was part of the governor's supplemental budget proposal ($2 million). The bill gave the MPCA wide latitude to fund efforts with these grant dollars. The agency consistently reported the monitoring for PFAS under the new MPCA Monitoring Plan, including at solid waste facilities, would be eligible for these grants. Counties have expressed concern that the new state testing requirements are premature, erroneously applied, and are collecting data that stands to serve little purpose. The cost of compliance is significant and will be the responsibility of the facilities. The testing costs for just the publicly owned solid waste facilities would be nearly $3 million. AMC encouraged the Legislature to increase this appropriation to cover the costs for all publicly owned facilities and dedicate it to funding the monitoring plan. This provision was included in the House Omnibus Environment and Natural Resources bill, but not advanced in the Senate companion.

Status: Did not pass.

Solar Panel Recycling (HF4492/SF4062& HF3351)

Counties have been discussing renewable energy decommissioning and potential solutions to efficiently deal with both valuable and troublesome end of life materials. County staff groups have been participating in work group activities hosted by the MPCA for several years on this topic. This session, the administration brought forward legislation establishing a solar panel component product stewardship program to ensure waste is disposed of properly. Solar retailers will collect a fee at the point of sale and remit the proceeds to a product stewardship organization. The group will develop practices to reduce the amount of harmful waste generated by the solar panels. The proposal received significant push back from the solar industry. The MPCA plans to continue work on this initiative over the interim. There is a similar proposal that was also introduced in the House independent of the agency legislation.

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 for consumers to know that the products they purchase and often pay a premium for truly meet environmental standards. It is also important that products put into composting waste streams meet requirements and do not degrade equipment or the value to the compost. This language was included in the House Environment and Natural Resources bill, but not adopted by the conference committee.

Status: Did not pass.

Advanced Recycling (HF2197/SF1392)

Advanced Recycling/Chemical Plastic Recycling legislation was introduced last year with the potential of opening the door to new industry in Minnesota. Counties are interested in the development of additional opportunities to divert waste from landfills and move them up the waste hierarchy. AMC worked with other stakeholders on the proposal. No agreements have been reached on the language. A modified proposal was included in the Senate Environment and Natural Resources Omnibus Bill but failed to be adopted by the conference committee.

Status: Did not pass.

Carpet Stewardship Program

There has been legislative interest in developing a carpet stewardship program in recent years. No new legislation came forward this session, but the House Omnibus Environment bill included funding for a work group to report back next year with a legislative proposal.

Status: Did not pass.

WATER RESOURCE MANAGEMENT

Public Waters Inventory – Local Authority (HF2252/SF2089)

This legislation would ensure the local government review of water reclassifications established in Minnesota Statute 103G.201 (c) is applicable to all changes of a water's classification. DNR has begun a process of revising PWI maps that result in reclassifying waters as public. The statute provides for a notification to local governments of reclassifications of public waters and gives them the authority to object. If a map revision results in the reclassification of a watercourse, it should be subject to the local government review. This provision was included in the Senate Omnibus Environment bill but was not included in the conference committee report.

Status: Did not pass.

Public Waters Inventory – Regulatory Clarity

Since the PWI was established through a comprehensive public and quasi-judicial process in 1979, it has served regulators and landowners by allowing them to know what waters are subject to public waters regulations. Reliance on the PWI had been understood and the practice of all parties, including the state/DNR until it was recently challenged by a nonprofit. AMC supported an amendment to the Senate Omnibus Environment and Natural Resources bill to clarify in statute that the PWI tells us what waters are subject to mandatory environmental assessment worksheets (EAW).

Status: Did not pass.

Drainage Registry Information Portal (HF4274)

This proposal would create new state reporting requirements for all drainage activity and suspend for a period of 30 days for regular, necessary maintenance and repair work in a drainage system. Drainage law already includes requirements for notice and opportunities for engagement through public hearings. Creating a new reporting requirement and development of a state registry will impact drainage system operations. The restricted work requirement also has the potential to cause property damage and negative environmental impacts. The language was included in the House Environment and Natural Resources Omnibus bill but not considered in the Senate.

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. This legislation requests 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.

Ag BMP Loan Program (HF4366/SF4019)

The Ag BMP Loan Program is a revolving loan program that is used to finance a wide array of water quality projects. The Minnesota Department of Agriculture (MDA), with the support of stakeholders, brought forward some program modifications which focused on mostly minor reductions in administrative work, but also removes the $200,000 cap on individual loans.

Status: Signed by the governor on May 26, 2022 (Chapter 95).

404 Assumption (HF3311/SF3509)

AMC has prioritized the effort to collect the information and materials necessary for the assumption of Federal Clean Water Act Section 404 permitting for years. The latest report continues to confirm the local government role in permitting and expected program costs have come down. The $740,000 requested in this legislation would continue the cooperative work of stakeholders and state and federal agencies to establish a clear understanding of what assumption would mean for Minnesota. With this work complete, we can make a fully informed decision whether to move forward or not - finally eliminating redundant permitting requirements. This proposal was heard in both bodies and was part of the conference committee deliberations but not included in the conference committee report.

Status: Did not pass.

Buffer Tax Credit (HF4597/SF2868)

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 if it does not create significant work or costs for county government. We have been working with the Minnesota 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.

Watershed District Levy Cap (HF3029/SF3046)

Watershed districts have levy authority that is capped at .048% of the estimated market value or $250,000. This cap has not changed, and it is tying the hands of some watershed districts to address issues. The bill as introduced would have raised the figure from $250,000 to $500,000, keeping the market value cap in place. In the Senate, an amendment kept the market value cap but deleted the hard cap and replaced it with funds sufficient to prepare and implement a watershed district plan.

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 2022 were fully funding county Indian Child Welfare Act (ICWA) aid; addressing Payment in Lieu of Taxes (PILT) disparities; supporting flexible workforce funding; advocating for a wide approach to housing investments; and commissioning a report to study the impact of child protection mandates on county budgets and levies. While always an organizational priority but not an officially listed one, AMC also advocated strongly for additional investments in County Program Aid (CPA) once the true scope of the budget surplus became evident and it was clear legislators were open for additional local government investments. Unfortunately, most of these priorities were contingent on the passage of an omnibus tax bill. While there was agreement on a tax bill spending and policy package, the bill was held over by House leadership until the remaining legislative packages were passed. When this did not happen, the tax bill laid dormant on the side, failing to ever get to either House or Senate floor for what would have been a bipartisan vote of support.

Outside of tax policy, AMC staff spent a significant amount of time responding to various elections-related proposals as well as working with the League of Minnesota Cities on an all-encompassing mental health and PTSD treatment proposal aimed at public safety officers.

TAXES

Omnibus Tax Bill (HF3669/SF3692)

With approximately one week left in session, legislative leadership announced the outline of a budget agreement that included a $4 billion target for a tax bill. From there, House Tax Chair Paul Marquart and Senate Tax Chair Carla Nelson negotiated around the clock to bring forward a comprehensive tax plan that spent roughly $1.4 billion in the first biennium and $2.5 billion in the out biennium. Notably, the package included several county priorities totaling more than $60 million in various county aids/funding programs in the first year alone (CPA, PILT, SCORE funding, rental assistance). Outside county provisions, the omnibus bill spent a significant amount of its target on the elimination of income tax on social security benefits, a reduction of the lowest income tax tier bracket (from 5.35% to 5.1%), and a significant strengthening of the renter credit program. There were several property tax relief mechanisms incorporated surrounding expansion of the homestead exclusion, targeted property tax refund program, senior property tax deferral program and more. Also included in property tax provisions were several new property tax rate reductions, exemptions, and exclusions related to energy storage systems, 4d (affordable rental units), class 1c ("ma and pa resorts"), and affordable housing. The bill had been labeled one of the largest tax bills (and "tax cuts" bill) in Minnesota State history, with Senator Tom Bakk stating that he "hasn't seen anything this big" during his tenure at the Capitol. While the outline of the tax bill was agreed to by tax leads, the bill was never brought up for a vote on either the House or Senate floor as a result of the overarching legislative budget agreement falling apart. As of July, House and Governor calls to host a Special Session were still being rebuffed by Senate GOP members despite acknowledging common ground on the tax package.

Tax Bill Highlights:

- $30 million/year increase in CPA (see draft CPA runs here).
- $9.2 million year increase and policy changes to PILT.
- 3% increase in SWMT general fund dedication to SCORE.
- $6 million new SWCD funding.
- $20 million county-administered rental assistance program.
- New property tax exemptions on energy storage systems.
- Reduced property tax rates on 4d (.25%).
- Property tax relief through expanded homestead exclusion program, increased homestead refund program, targeted property tax refund, and senior property tax deferral programs.
- AMC-supported child protection cost study.
- See Tax spreadsheet.

Status: Did not pass.

Payment in Lieu of Taxes (PILT) Modernization Efforts (SF2793/HF3073)

AMC supported NCLUB (North Counties Land Use Board) efforts to make multiple adjustments to various PILT categories and funding mechanisms, ultimately voting the issue as one of the organization's top yearly priorities. Throughout the year, AMC testified in support of SF2793/HF3073 while AMC President Todd Patzer submitted a letter reminding legislators of the important role PILT plays in providing property tax base support, funds to maintain state lands, and the opportunity to keep communities strong and solvent. SF2793/HF3073 would make two significant changes to PILT funding programs by increasing the amount of reimbursement for both county-administered other natural resources land and DNR administered other natural resources land from $2/acre to $3/acre as well as providing an enhanced State payment ($.18/acre) to counties with total acreage equal to more than 25% of their land. The House carried PILT funding into the tax conference committee and was successful at getting the provision accepted by the Senate in the closing week.

Status: Did not pass.

County Program Aid (CPA) Increase (HF4399/SF4138)

County Program Aid remains counties' largest and most important general purpose aid category. While counties have benefited from multiple CPA increases in the last five years, the program is still not quite where it started back in 2002. In fact, if CPA had kept up with inflation over the course of those years, the program's annual appropriation would be an additional $170 million + higher. While no legislators were opposed to local government aid increases, the House was the only body to include adjustments in their omnibus tax package. AMC worked with Representative Julie Sandstede to get a bill authored and incorporated into the House Property Tax Division Report. Despite initial unequal LGA and CPA appropriations, AMC was successful at getting CPA dollars back to an equal (1:1) match with local government (city) funds by the end of negotiations. The additional $30 million/year increase was slated be split into $13.275 million of new Need Aid and $16.7 million into the Tax Base Equalization Aid (TBEA) component.

Status: Did not pass.

Indian Child Welfare Act Aid Modernization and Tribal Collaboration

For years, counties have attempted to fully fund social services mandates and staffing costs related to the Indian Child Welfare Act (ICWA). While Senator Rod Skoe had fully funded the mandate in his 2016 tax bill, an eventual gubernatorial veto sent the bill back to the drawing board, where the provision ultimately faded away. Since then, counties have been successful at getting $5 million appropriated towards supporting ICWA caseloads. Current law requires counties to be in 100% compliance of ICWA law—and state guidelines—or miss out on 50% of their allocated funds. Tensions exist between county administration and tribal partners as it relates to compliance numbers and communication/collaboration efforts on cases. Thanks to former Cook County Commissioner Bobby Deschampe and a successful February Tribal-County Summit, counties and tribes met for the first time to discuss these complex and sensitive issues and also talk about shared goals and priorities to enhance ICWA outcomes. In the end, it was agreed to that counties and tribes should work together to reimagine ICWA—not only the funding mechanisms and collaboration points, but also the underlying statute. AMC worked directly with the Minnesota Indian Affairs Council (MIAC), partners at DHS, and a select number of county social services directors to put together an outline that would fully fund the ICWA aid program, require more collaboration and training opportunities between tribes and counties, continue compliance standards, and start a process to reevaluate the underlying statutes that govern out of home placement (MS 260C). While there were several successful conversations with Minnesota's sovereign tribal governments, there was not universal tribal support of the proposal. A smaller proposal to redirect ICWA aid noncompliance dollars—which currently go back to the state's general revenue fund—to county/tribal ICWA trainings at the University of Minnesota Duluth was included in HHS discussions but did not pass. AMC plans to continue these efforts in the interim and hopes to rekindle the initiative next legislative session, especially with a looming Supreme Court decision on the underlying constitutionality of ICWA.

Status: No action; did not pass.

Construction Materials Sales Tax Exemption (SF216/HF768)

AMC joined a broad coalition that included government, labor, and private organizations to continue multi-year lobbying efforts to extend the construction materials sales tax exemption to local government purchases. Currently, the state of Minnesota taxes purchases on local government construction projects (roads, bridges, hospitals, etc.). Over a decade ago, the state tried to "fix the problem" by creating an exemption process; however, the ensuing process is so convoluted and messy that nearly no local governments use it. Since then, there has been bipartisan support for simplifying the exemption process, but movement on the issue has always come down to a matter of cost. The House included as part of their omnibus tax proposal a provision that would have provided for a temporary construction materials sales tax exemption for local government purchases made after June 30, 2021, and before January 1, 2023. This proposal was a shadow of the original, local government-supported initiative to provide a comprehensive exemption for local government construction materials purchases—which was included in the Governor's budget proposal—and was ultimately left out of the end-of-session tax agreement.

Status: Did not pass.

Child Protection Cost Study Report (HF4513)

Chair Paul Marquart authored and included an AMC-supported priority in the House Tax bill that would ask the Office of the Legislative Auditor (OLA) to conduct a report on the impacts of child protection mandates on county levies. Specifically, the OLA review would include:

1. An overview of the roles and responsibilities of counties in Minnesota's child protective services system and a comparison of these roles and responsibilities to those in other states;
2. The amount each county spent on duties related to child protective services from 2013-2022;
3. The amount of federal and state funds received by each county for duties related to child protective services; and
4. The amount each county paid for child protective services using property tax revenue during the same years.

The language was included in the final tax compromise but will not be implemented as a result of nonaction on a tax bill.

Status: Did not pass.

Local Housing Affordability Aid (HF 3982/SF 3779)

Rep. Michael Howard worked in tandem with local governments to introduce a bill (HF3982) that would provide $100 million to local governments to address the affordable housing crisis across the state. The bill proposed to appropriate $70 million to counties, $20 million to cities over 10,0000, and a set aside for $10 million to MHFA to appropriate to smaller cities. Local governments would have general flexibility to use the funds for a variety of affordable housing investments (defined as housing that is 115% of state AMI for homeownership and 80% AMI for rentals) including, but not limited to construction, acquisition, rehabilitation, demolition, construction financing, and more. AMC supported the bill but was unsuccessful in lobbying authors to include greater flexibility for rural counties in expanding market rate housing developments. While the bill proved to be popular, it was not ultimately included as part of the tax package compromise.

Status: Did not pass.

County Business Relief Grants and Rental Assistance Programs (HF4689)

Rep. Esther Agbaje introduced a bill that would appropriate $50 million to counties to provide economic assistance to certain businesses and an additional $25 million to counties to provide rental assistance. AMC worked to provide feedback to the author and to ask for further flexibility on the business relief grants. Ultimately, the business relief language was dropped during conference committee, leaving only the rental assistance funds (reduced to $20 million) in the final version of the tax agreement.

Status: Did not pass.

Stronger Community Aid (HF2928)

HF2928 would replace the current local performance measurement program with a "Stronger Community Aid" Program. The chief author of the proposal, Rep. Paul Marquart, said he was convinced that the bill would improve the way local governments talk about their services and programs and in turn create better outcomes in their communities. The current local government performance measurement program rewards participating local governments with $.14 per person in aid. The proposed Stronger Community Aid would keep the foundational requirements of the existing program but add new requirements to host a citizen's performance management and budget meeting/workshop along with requiring local government to pick two of their ten performance measures to look at strategic plans for. The bill proposed significantly increasing the amount of aid to participating counties/cities.

Status: Did not pass.

Property Tax Policy Proposals

The negotiated, but ill-fated, tax package included an assortment of property tax related policies looking to address recent valuation notices with substantial residential and seasonal-recreation increases as well as providing new benefits to certain property owners. Included in the package were:

- **Expansion of the Homestead Market Value Exclusion**—Increasing the homestead market value exclusion floor and ceiling.
- **Expansion of the Property Tax Refund**—an across-the-board increase to the homestead credit refund in household income, percent of income, percent paid by claimants, as well as maximum refund amounts.
- **Expansion of the Targeted Property Tax Relief Mechanism**—an expansion of the current "targeted property tax refund program" to provide a maximum refund of $2,000 for property taxes that had increased by more than 10% by prior year taxes, effective 2023 and thereafter. AMC pointed to this particular mechanism as means to provide real property tax relief in response to short-term (yet impactful) valuation increases.
- **Expansion of the Senior Property Tax Deferral Program**—an AMC-supported initiative to increase the income threshold for qualifying seniors from a total household income level of $60K to $75K as well as decreasing the required homesteading length from 15 years to 5 years prior to application.
- **Expansion of Class 1c ("ma and pa resorts") valuation tiers**—an increase in both the first and second market value tiers for local resorts from $600K to $850K and $1.7m to $2.25m, respectively.
- **Expansion of the first-tier limit for agricultural homestead**—an increase in the first-tier limit for agricultural homestead property to $2.5 million starting in assessment year 2023.
- **4d rate reduction**—legislators negotiated a rate reduction to .25% for all 4d(1) properties as well as an expansion of 4d property classification to community land trust properties—now classified as Class4d(2). Class 4d(1) property owners required to get local approval by the governing body of the city/town where the property is located in a city or town in which the net capacity of 4d property exceeds 2% of total net tax capacity. The negotiated tax agreement also included a new mandated report requiring each county to identify ten properties located within the county with the greatest number of units classified as 4d(1) and survey each property owner as to how they used the property tax savings that resulted from the above rate reduction.

- **NEW Affordable Housing Market Value Exclusion**—Kelly Doran of Doran Properties Group successfully lobbied for the inclusion of a new, 50% market value exclusion for newly constructed properties/housing developments that have at least 20% of their units available for residents with household income lower than 60% of area median income. Counties and cities expressed tax policy and administrative concerns over the proposal and asked for county approval authority, which was ultimately included in the proposed language.
- **NEW Energy Storage Systems Property Tax Exemption**—a new property tax exemption for personal property consisting of an "energy storage system".
- **Expansion of Ag School Bond Credit**—increasing the school building bond agricultural credit by 15% for taxes payable in 2024 and beyond to 85%.
- **Delinquency Rate Flexibility**—an AMC-supported proposal to allow county boards to establish an interest rate lower than the current state-determined rate for delinquent property taxes.
- **Expansion of Solid Waste Management Tax revenue dedication to SCORE activities**—an AMC initiative to increase the amount of SWMT tax revenue (from 70% to 73%) that goes into MPCA's environmental fund rather than the state general fund and dedicating those new dollars for SCORE grants (more on this issue in the Environment and Natural Resources Section).

Status: Did not pass.

Solar Taxation Equity Proposal (HF2181/SF2209)

AMC worked in tandem with the Minnesota Association of Assessing Officers to introduce a bill that would close an unintentional loophole surrounding the tax classification of multiple solar installations that, combined, produce more than 1MW of energy. Solar industry representatives met with counties throughout session and were supportive of efforts to clarify what was thought to be the current application of tax law. Stearns County Commissioner Joe Perske worked alongside MAAO member Jeff Johnson to educate committee members and advocate for its inclusion in the final tax bill. While counties were successful in getting the bill heard and included in the House omnibus proposal, the provision was not part of the tax agreement in the closing days of session.

Status: Did not pass.

Valuation Limit Proposals

Late in session, Sen. Justin Eichorn introduced two Senate floor amendments to the omnibus Senate Tax bill that aimed to target recent residential valuation increases across the state. The first amendment would have capped valuation increases on agricultural and residential homestead properties at 2% for 2023 and thereafter as well as limiting assessors from increasing a property's value if the increase would create a property tax burden that was more than 1% of total value. After withdrawing the amendment, Sen. Eichorn introduced a secondary amendment that would freeze valuation increases for three years on all properties. Senate Property Tax Division Chair Bill Weber urged caution on the amendments citing that there were far more things that went into the impacts of property taxes than just valuation. AMC and MAAO worked with legislators throughout session to discuss the intricacies of property tax assessment and the dangers of steering away from a market value appraisal towards a limited market approach. In addition, counties worked to redirect legitimate concerns on valuation increases towards more beneficial solutions such as the expansion of the targeted property tax refund and homestead credit mechanisms.

Status: Did not pass.

Local Homelessness Prevention Aid Formula Changes

Last year, the Legislature passed a proposal to provide $20 million/year (for 6 years) to go to counties to battle youth homelessness. AMC weighed in multiple times—both with the author, legislative staff, and through commissioner led testimony from Beltrami, Hennepin, Ramsey, Olmsted, and St. Louis counties. Staff were also successful in advocating for changes to the funding formula to promote a base floor amount, multi-year carry overs, as well as general guidance providing the maximum flexibility to counties to seek partnerships, creative approaches, and multi-dimensional services. This past summer, community activists asked that the proposal be amended to include a role for Continuum of Care (COC) organizations. With these changes not being included in the overarching tax compromise or passed as a separate bill, the underlying statute for the aid remains unchanged.

FYI - General outline of current law: $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.

The Department of Revenue will produce a report on projects and programs funded by the aid no later than January 15, 2025.

Status: Did not pass.

State General Property Tax/Commercial-Industrial Exemption

The Senate carried multiple provisions throughout session either eliminating or phasing out the State General Property Tax (commonly referred to as the State C-I levy). Currently, businesses may exclude their first $150K 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. While the Senate Tax bill included a "phase out" of the State C-I levy over many years, the ensuing omnibus tax bill negotiation only included a $30 million reduction in the State General levy amount.

Status: Did not pass.

Local Option Sales Tax Changes

The negotiated tax agreement included two local options sales measures for Carlton and Rice counties. Unfortunately, there were no standalone provisions that were passed.

Status: Did not pass.

COUNTY GOVERNANCE & HUMAN RESOURCES

Workers Compensation COVID Presumption (Chapter 32, HF1203)

Early on in session, there was a battle to extend the workers compensation presumption for first responders that contracted COVID-19. AMC supported the initial presumption which lasted for a year but remained neutral on the discussion as the Chamber of Commerce and labor groups battled, and ultimately negotiated an agreement in January. The bill passed and signed into law extends the COVID presumption for first responders until January 13, 2023.

Status: Signed by the governor on February 2, 2022 (Chapter 32).

Family Leave Proposals (HF7, HF41, SF1780)

The House continued past years' efforts to push forward proposals surrounding family leave including "re-hearing" and passing the House DFL's main earn sick and safe leave proposal (HF41, Rep. Olsen) which 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.

To this point, the Senate held multiple press conferences throughout session to highlight their own approach to family leave through SF1780, a bill that would broaden private market insurance plans and provide small business and income tax credits for either providing or taking six weeks of parental leave. The tax proposal would have created two types of credits: one version of a credit for employers who provide up to six weeks of parental leave for an employee and a second credit for employees who are not offered employer leaves (these individuals would be entitled to an income credit up to 25% of forgone wages during their six weeks of leave). While the topic of paid family and medical leave is at the forefront of both parties—especially so during the acute workforce shortages being experienced—there has not yet been a proposal that garners enough support from both Democrats and Republicans to be forwarded on. 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.

Investment Flexibility for Local Government Insurance Trusts (HF4345/SF4214)

A proposal to repeal the State's local government salary cap was heard and included in the House Omnibus State Government Finance bill but was 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.

Open Meeting Law Expansion (HF4441/SF4212)

A bill heard in the House this past year would have allowed elected officials to participate in public meetings remotely, from a non-public location, up to three times each year because of a medical condition. This ability was allowed during the pandemic but expired after the governor's emergency orders were lifted. LMC, MICA, and AMC jointly supported the provisions citing local governments' demonstrated success at governing throughout the pandemic and the importance of allowing elected commissioners to continue representing their districts in lieu of limiting medical circumstances. Ultimately, Rep. Quam and others expressed concerns about the proposal arguing that locally elected officials must make it a priority to be in person for public meetings. While the bill was passed out of committee, it was never seriously considered in the Senate or any other omnibus bill discussions.

Status: Did not pass.

ELECTIONS

Once again, the split party Legislature was unable to come to any agreement surrounding substantive elections policy changes. By the end of session, elections proposals once again threatened to stall the Omnibus State Government (and Transportation) Finance package until a last-minute agreement to abscond with any controversial measures. Throughout the year, counties worked with the House on election worker protection measures, cybersecurity grants, and the expansion of in-person absentee voting periods as well as Senate Chair Mary Kiffmeyer on an assortment of Senate proposals to livestream both ballot drop boxes and ballot board locations. While the House and Senate were not able to agree on significant election policy discussions, there was universal support for AMC/MACO-supported revisions to absentee ballot mailer disclaimers from outside groups. In addition, near the end of session, AMC spearheaded conversations with Sen. Kiffmeyer, the Minnesota Newspaper Association, and the Minnesota Association of County Officers to modernize the publication of sample ballots in local newspapers. While both efforts were successful and supported in a bipartisan fashion, they ultimately fell prey to no action on the underlying State Government Finance Omnibus package.

Election Worker Protection (HF3666/SF4217)

HF3666 would prohibit a series of actions that would interfere or intimidate election officials. During hearings, Big Stone Commissioner Brent Olson testified on behalf of AMC that "Minnesotans have a strong history of transparent, professional run elections…[and]…at the same time, can acknowledge that this confidence can't be taken for granted and that we must always be searching for ways to educate the public and bolster confidence in our system." MACO also joined the conversation, pointing out the critical importance of keeping/retaining current elections staff and volunteers and protecting individuals from harassment. The Senate did not hear any counterpart and the bill was not considered as part of the omnibus package late in session.

Status: Did not pass.

Drop Box and Ballot Board Livestreaming (SF3469)

Sen. Mary Kiffmeyer, Chair of the Senate State Government Finance and Elections Committee, presented a bill that would make significant changes to elections laws, particularly surrounding drop boxes and ballot board responsibilities. Specifically, the bill would have:

- Reduced the time for election administrators to enter in voter registration applications;
- Limited the use of drop boxes to locations within 100 feet of a door to an office where the county auditor/municipal clerk is located;
- Required any drop boxes to be used during the entire absentee voting period (46 days);

- Limited people to only dropping off one ballot in a drop box with unclear legal or county follow-up responsibilities;
- Required the livestreaming of both ballot drop boxes and ballot board activities;
- Created a new ballot board observer role;
- And required counties that use staff to staff ballot boards to disclose party affiliation.

While AMC, MACO, and LMC worked closely and extensively with Chair Kiffmeyer throughout session to make changes and amendments to the proposal to further accommodate local government concerns, AMC was unable to support the package and none of the provisions were included in the final State Government Finance Omnibus Bill negotiations.

Absentee Ballot Mailer Disclaimer/Notification (HF2857/SF3077)

HF2857 (Rep. Nash) would have required political committees, nonprofit and for-profit organizations that mail absentee ballot applications/sample ballots to voters to include public notification that the mailing is not an official government correspondence and that any enclosed materials are not an official ballot. AMC and MACO strongly supported the provision as a means to further educate and provide voter transparency. The measure was included in negotiated agreements, but the underlying omnibus bill was never passed out of committee.

Status: Did not pass.

PENSIONS

While no one entered the 2022 session with grand plans of a major omnibus pensions bill, the combination of increased inflation, a large budget surplus, and active police and fire advocacy created an expectation that a pension benefit package would make its way through end of session negotiations—this despite economic storm clouds on the horizon along with a recent and historic 2018 pension agreement that resulted in all pension plans substantially improving their financial positions and getting closer to the coveted "fully-funded" pension status.

Throughout session, multiple groups from police and fire to teachers advocated for increased retirement COLAs and/or decreased employee contribution rates to help members offset the economic pressures of inflation. The Senate, specifically, championed a broad proposal of Police and Fire benefit enhancements as part of their approach to supporting law enforcement and increasing recruitment and retention. The House spent nearly twice as much on a proposal to provide retirees of all major plans with a supplemental payment in 2023 and 2024 equivalent to 2.5% of the annual amount paid to each member retiree (similar to the premise of a "13th check"). Near the end of session Legislative Commission on Pensions and Retirement Chair Julie Rosen pushed forward a proposal that spent nearly $300 million on an assortment of plan changes. Under the plan, PERA Police and Fire members would receive a 2.4% contribution decrease, an increase in their post-retirement COLA percentage from 1% to 1.5%, along with a cut in full vesting periods. PERA General Plan members would have received nominal contribution decreases for current active members. AMC collaborated with LMC and MICA to remind legislators that all proposals should be funded fully (both now and in the future) and not negatively impact the plans' financial trajectories. AMC also stated that should the Legislature decide to reduce employee contribution rates, that it not change the historically set ratios of employer/employee contributions. Only some of these concerns were taken into consideration. At the last meeting of the year, members from both chambers and parties voted to move the Rosen proposal forward, but voiced expectations of continued work on the package. While pensions remained a major bargaining item until the last minutes of session, a final proposal held elusive as broader budget negotiations fell through.

PTSD and Mental Health Leaves Benefit Proposal (HF4026/SF3943)

AMC worked alongside the League of Minnesota Cities, Rep. Jamie Long, and Sen. Jeff Howe to move proposals that would require—and pay for—mental health treatment for all public safety officers seeking to apply for pension duty disability or workers compensation benefits. At its core, the proposal would provide a new benefit to employees who experience mental duress and stress on the job by requiring (and compensating) for 24 weeks of professional treatment in the hope that that the employee would be able to return to work. During this time, the employee would be compensated for all treatment costs as well as provided a continuation of all salary and employee benefits. If additional treatment was needed, the employee would be able to extend their treatment program for an additional two, eight-week treatment periods. Conversely, the employee would also be able to return to work prior to the completion of the initial 24-week treatment program if their medical doctor and employer approved the early return. The bipartisan proposal garnered significant media and public attention throughout session as continued coverage of historic police departures ensued. AMC spent countless hours working alongside legislative authors and opposing interest groups to refine the proposal based on feedback. While the proposal eventually garnered support from firefighter groups, the Minnesota Professional Peace Officers Association (MPPOA) still opposed the proposal.

Status: Did not pass.

Pensions "Technical" Policy Bill

The Legislature passed by near unanimous vote a smaller, omnibus pensions policy bill focused on several smaller technical (and non-controversial) items for various pensions related plans. Of note, the bill includes an administrative change which will allow Advanced Practice Registered Nurses (ARPNS) to assist with disability determination status for all plans. The law also provides for a study of adequacy of police disability benefits by the Department of Labor and Industry; the report is due back by January 15, 2023.

Status: Signed by the governor on May 22, 2022 (Chapter 65).

911 Telecommunicators Pension Benefits Work Group Report (SF2198/HF2585)

In 2021, a 911 Telecommunicators (dispatcher) Pension Benefits Work Group was created as an amendment to Sen. Julie Rosen's omnibus pension bill late in session. The work group met throughout last summer to assess whether changes to telecommunicator retirement coverage is appropriate. Specifically, 911 telecommunicator organizers were 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 met over several days throughout summer and fall but were unable to come to agreement on whether telecommunicators should receive enhanced pension benefits and whether or not the Correctional Plan would be the appropriate venue to make the changes. AMC joined other public employers (MICA and LMC) in conducting exhaustive employer surveys regarding telecommunicator retention rates and suggested public employers continue to review pay benefits, scheduling flexibility, and opportunities to expand mental health and peer support benefits.

Housing, Workforce, & Economic Development

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

AMC PRIORITY: HOUSING

AMC continues to support a comprehensive approach that includes additional state investments across the housing spectrum including but not limited to workforce and affordable housing, senior housing, and emergency/ transitional housing supports.

As in previous legislative sessions, many bills were introduced this year aimed at alleviating Minnesota's housing crisis, with differing views on how to address it. The Senate Housing Committee prioritized bills that would reduce the cost of housing development. The House Housing Committee bills covered the housing spectrum, such as increasing the availability of affordable housing, homelessness prevention funding, and housing rehab. By the end of session, there was no compromise reached on how to spend a $50 million target given to the Housing Chairs by leadership and a Housing omnibus bill was not passed.

Comprehensive Housing Spectrum Act (HF2880/SF3147)

This bill from the League of Minnesota Cities sought to take a comprehensive approach to Minnesota's housing challenges across the housing spectrum, aimed at ensuring local areas have the tools needed to meet local housing needs. The bill was wide-ranging and created several new programs as well as strengthened existing ones. A few provisions of interest to counties include:

- Creates a Greater Minnesota Infrastructure Grant Program which would provide up to 50% of the capital costs of public infrastructure necessary for a workforce housing development project. This would help create new housing developments by making them more affordable.
- Imposes a Real Estate Excise Tax on the sale of property when the buyer is a corporate entity (not a non-profit or community land trust). This is intended to deter bulk investor purchasing of homes and preserve homeowner opportunities.
- Creates authority for cities and counties that have HRAs or EDAs to impose a mortgage registry tax or deed tax. This small tax would provide revenue for HRAs and EDAs to reinvest funds back into community to meet housing goals.
- Authorizes $400 million in Housing Infrastructure Bonds (HIBs) and gives preference to deeper affordable projects.
- Creates the Housing Costs Reduction Incentive Program which offers matching grants to cities and counties that provide fee waivers or establish inclusionary housing programs, in order to incentivize developers and attract affordable housing development.
- Appropriates $50 million to Minnesota Housing Finance Agency to make loans or grants to preserve Naturally Occurring Affordable Housing (NOAH) properties.
- Appropriates $10 million for grants to local housing trust funds which will serve as flexible assistance to meet local housing needs.

Status: Did not pass.

Additional Rental Assistance (HF3667/SF3883)

RentHelpMN is the state's federally funded rental assistance program, designed to assist renters and landlords affected by the COVID-19 pandemic. With dwindling funds, the Minnesota Housing Finance Agency was forced to set an application deadline of Jan. 28, 2022, for the program. The result left both renters and landlords without financial assistance as the pandemic continues. The program had allocated $537 million, split in two installments, to help renters and landlords affected by the COVID-19 pandemic. This bill, as amended, would appropriate $330 million from the state fiscal recovery fund to continue operation of RentHelpMN through June 1, 2022, when the state's eviction moratorium phases out.

Status: Did not pass.

Emergency Shelter Funding (HF3090/SF3140)

AMC worked closely with the Minnesota Coalition for Homelessness this session on common priorities around homelessness prevention and assistance. This bill was one of those priorities and would have appropriated $75 million to grants for the development and renovation of emergency shelters throughout the state. AMC sent a letter of support for the bill, noting the unsheltered homelessness crisis is not just in the metro but across the state.

Status: Did not pass.

Local Affordable Housing Aid Program (HF3982/SF3779)

This bill would establish an aid program to distribute money to cities and counties for them to develop and rehabilitate affordable housing. It also authorized a grant program for cities too small to qualify for funding under the aid program. This bill would annually appropriate $100 million to the grant program from the general fund, with $80 million going to counties and $20 million to cities. The distribution factors for counties and cities were based on their share of cost-burdened households paying more than 30% of their income towards housing.

Status: Did not pass.

Housing Infrastructure Bonds (HF3244/SF3821)

This bill provided $400 million for Housing Infrastructure Bonds (HIBs) and authorized $100 million in HIBS for the rehabilitation of low-income public housing. It also added the financing for households at or below 50% of the area median income as an eligible use of HIBs and required the Minnesota Housing Finance Agency to give preference to projects that provide affordable housing to households at or below 30% of AMI. AMC sent a letter of support for the bill as HIBs are one of the most flexible tools the state can use to address a lack of affordable housing across Minnesota.

Status: Did not pass.

Housing Omnibus Bills (HF4376/SF3994)

The Senate and House housing omnibus bills both addressed facets of Minnesota's housing crisis but were quite far apart in terms of funding. The Senate version (Draheim) added $50 million in new funding for programs that focus on housing creation including:

- $10 million for the Workforce Homeownership Program: Grants to increase the supply of workforce and affordable, owner-occupied multifamily or single-family housing throughout Minnesota.
- $35 million for homeownership investment grants: A new program that would provide grants via CDFI's, rather than Minnesota Housing, and focus on building owner-occupied homes including manufactured homes.

- $5 million for Build Wealth Minnesota: creating a targeted loan pool to address racial inequities in homeownership.

The bill also directs $15 million in existing resources at Minnesota Housing for a manufactured home parks revolving loan fund ($10 million) and sprinkler grants ($5 million) to ensure a number of multistory apartment complexes throughout the state are fitted with sprinkler systems. There were two DFL sponsored items included in the bill—the funding for sprinklers and Build Wealth Minnesota.

The Senate version also made some housing policy changes, the most controversial one would have repealed an exception to rent control prohibition that allows local units of government to impose rent control if approved by voters in an election. This was aimed at the cities of St. Paul and Minneapolis which previously passed rent control laws through local elections. There was persistent debate throughout session on whether it was appropriate for the Legislature to essentially overrule a law that local voters passed.

The House version (Hausman) added $229 million in fiscal year 2023 and establishes a $185 million base in the next biennium. The added funding addresses priorities around preventing homelessness, housing affordability, and housing creation. A few notable investments are:

- $50 million for a first-generation homebuyer's assistance program.
- $10 million for Homework Starts with Home program (the bill also expands eligibility of the program to include families with children younger than school-age).
- $7 million for local housing trust fund grants.
- $100 million to preserve naturally occurring affordable housing (NOAH).
- $14 million for family homeless prevention programing.

Housing was folding into the omnibus agriculture bill and was given a $50 million target but there was little negotiation from the conference committee on the housing front and no final compromise was reached.

Status: Did not pass.

WORKFORCE AND ECONOMIC DEVELOPMENT

Economic development and workforce bills this session continued to be aimed at addressing the economic recovery or lasting effects from the COVID-19 pandemic. With the unprecedented number of workers laid off during the pandemic, the state's unemployment insurance (UI) trust fund was drained and an additional $1.2 billion was borrowed from the federal government to pay claimants. A major topic throughout session was how Minnesota was going to refill the UI trust fund and repay the debt. The issue largely had agreement from the Senate and the Governor's office to use surplus and ARPA funds. However, the House DFL favored using a combination of surplus funds and a small increase in employer taxes to cover the cost, leaving more surplus funding available for other priorities such as education, housing, and human services. This topic was made more complicated as it became coupled with a promise from last session to give frontline workers a bonus check for working throughout the pandemic. A compromise came about midway through session on a bill that addressed both.

UI Debt Repaid and Frontline Worker Bonus Pay (HF3166/SF2677)

The final agreement provided nearly $3 billion for the UI repayment from the state's ARPA funds and surplus. While the bill was passed in late April, it came too late to stop an increase in the employer UI tax payments that were billed on March 15. Since the passage of the bill, DEED has been working to refund employer UI taxes or provide credits to employers.

The bill also provided funding for eligible frontline workers to receive a $750 bonus through a program stood up by the Department of Labor and Industry. Eligible workers must have worked at least 120 hours in Minnesota during the time period beginning March 15, 2020, and ending June 30, 2021 in the following sectors:

(1) long-term care and home care;

(2) health care;

(3) emergency responders;

(4) public health, social service, and regulatory service;

(5) courts and corrections;

(6) child care;

(7) schools, including charter schools, state schools, and higher education;

(8) food service, including production, processing, preparation, sale, and delivery;

(9) retail, including sales, fulfillment, distribution, and delivery;

(10) temporary shelters and hotels;

(11) building services, including maintenance, janitorial, and security;

(12) public transit;

(13) ground and air transportation services;

(14) manufacturing; and

(15) vocational rehabilitation.

Additional eligibility requirements include: income parameters, worked in close proximity to individuals outside of the individual's household (could not telework), and must not have received unemployment insurance payments for more than 20 weeks on a cumulative basis for weeks between March 15, 2020, and June 26, 2021.

Status: Signed by the governor on April 29, 2022 (Chapter 50).

Local Workforce Development Board Funding (HF4134/SF4160)

A bill championed throughout session by AMC affiliate, the Minnesota Association of Workforce Boards (MAWB), would have provided $20 million to Minnesota's 16 local workforce development boards to address local workforce challenges, including the worker shortage and economic disparities. Funding was to be dispersed based on the state's federal workforce funding formula. The funding was included in the House version of the Jobs omnibus bill but did not make it into the conference committee report.
Status: Did not pass.

Career Academy Grants Established (HF4198/SF3930)

Mirroring a promising job training program in the Moorhead area, this bill established a onetime appropriation of $40 million for grants to counties to develop a Community Career Workforce Academy within the county. Community Career Workforce Academies would deliver instruction to students to prepare them for high-demand careers and retrain current workers who are unemployed or underemployed. During the last days of session, the Career Academy concept was included in a version of the final Tax bill, but it was changed from counties to local workforce development boards as the eligible grantees.

Status: Did not pass.

Jobs Omnibus Bill (HF4355/SF4091)

The Senate and House Jobs Omnibus bills were drastically different, with the Senate version (Pratt) not adding any new funding but making some policy changes around grantmaking for the Department of Employment and Economic Development (DEED). There were also some proposed changes around hiring and wage notifications. The House version (Noor) invested $175 million in priorities to address COVID-19 recovery, economic growth, and the workforce shortage. A Jobs Omnibus Bill was one of the few bills that made it through conference committee, although it was laid over by the Senate in the end and did not pass. The final bill included needed economic relief for businesses in Koochiching County and Cook County through the development of the Canadian Border Counties Economic Relief Program, with a one-time appropriation of $2 million. The program would provide grants to businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020. There was also added funding for the Main Street Revitalization Program, created in 2021 to provide economic relief to businesses impacted by the COVID-19 pandemic as well as the civil unrest after the murder of George Floyd. On the workforce development side, the bill would have funded several priorities DEED advocated for, including tech training programs for adults and youth, staff positions to support veterans and immigrants and refugees, and $1 million to modernize digital infrastructure.

Status: Did not pass.

Human Services

For additional information on this section, please contact Matt Freeman, Policy Analyst, at 651-789-4340 or mfreeman@mncounties.org.

The 2022 legislative session showed great promise for state investment in human services, with both a projected $9.25 billion state surplus by the time session hit its stride in early February and a demonstrated need across Minnesota communities as we entered the third year of a global pandemic. AMC recognized the need for state investment in human services with our policy priorities for 2022, which included the need for new investments in Mental Health Services and Infrastructure, to Address Acute Childcare Shortage Across the State, necessary Opioid Settlement Follow Up, and language to Support State Implementation Efforts of Family First Prevention Service Act to Avoid Cost Shifts to Counties.

The Legislature early on also seemed to recognize the unique opportunity to invest in a wide spectrum of human services priorities. Governor Tim Walz's supplemental budget proposal spent the entire surplus within the framework of expanding economic opportunity, supporting children and families, protecting Minnesotans' health and safety, and the local jobs and projects plan. The House DFL Majority priorities had a similar focus on working family policies, education, community-based public safety reforms and a total price tag of $7.4 billion. The Senate Republican Majority identified three policy priorities in permanent tax cuts ($8.5 billion), increased law enforcement investments, and literacy-focused education investments. The Senate Republican majority also recognized the crisis Minnesota was facing with workforce and staffing shortages, and proposed $1.3 billion in investment to address the long-term care workforce crisis. This proposal would help address critical short-term and long-term staffing challenges facing personal care assistants, direct support professionals, nursing homes, and assisted living and intermediate care facilities.

Early in the legislative session, the Legislature showed glimpses of bipartisan compromise regarding human services priorities. This included the early passage of a waiver bill (SF2876), which granted the commissioner of human services temporary authority to reinstate various COVID-19 waivers and modifications to human services programs, and an agreement on how to deposit and allocate the opioid settlement proceeds (SF4025). AMC drove this agreement and was actively involved in shaping this legislation.

Prospects for human services investments in 2022 remained hopeful as legislative leaders reached an end of session global deal with a roughly outlined $4 billion in spending, $4 billion in tax cuts, and a $1.4 billion capital investment target. Conference committees were charged with the work of attempting to reconcile differences in House and Senate omnibus bills; Health and Human Services was given a $1 billion dollar budget target to work within.

Overall, there was tension that was never resolved between the House and Senate in the area of human services. The House saw the 2022 budget surplus as an opportunity to make historic long-term investments. The Senate saw 2022 as a non-budget year, with some emergency issues in mental health and workforce that should be addressed this year. Thus, the size and scope of their budgets and the priority areas for investment within the field of human services never aligned between the two bodies of the Legislature.

Unfortunately, in the last weeks of session the Senate and House were unable to reach an agreement on an omnibus health and human services finance bill. The policy-only items the conference committee was able to agree on traveled as a separate bill – HF4065 – which included mostly DHS and Minnesota Department of Health (MDH) policy-only bills, the omnibus health and human services policy bill, and some individual policy bills brought forward by legislators. This 458-page bill passed the House by a vote of 68-65 and the Senate by a vote of 66-0 in the last hour of session.

The last human services bill passed in session was a combined mental health omnibus funding package and a final compromise on competency restoration, HF2725. Conversations on these two topics took place throughout session and these two provisions were ultimately negotiated outside of omnibus bill discussions, as it became clear that a consensus would not be reached on the broader spending package of an omnibus health and human services bill. This nearly $93 million package passed the Senate 66-0 and ultimately passed the house by a 68-60 vote with two minutes remaining in session.

For those curious about the offers exchanged over the $1 billion target, feel free to take a closer look at the links in the table below to see what was on the table in the conference committee.

Bill	House Final Offer	Senate Final Public Offer	Joint Materials
Health and Human Services SF4410/HF4706	**House 5.22.2022 CC Offer #5**	Senate May 20 Revised Offer 3 Narrative (PDF) CC Offer Sheet-Senate REVISED Offer 3 5-20-22 (PDF)	Side By Sides of the 28 human services articles considered for the omnibus bill

In the pages ahead, we review provisions with the handful of human services bills that did pass and many items of interest that did not.

AMC PRIORITY: MENTAL HEALTH SERVICES AND INFRASTRUCTURE

AMC's membership voted that our top priority in 2022 was mental health. The impact of the COVID-19 pandemic on the mental health of Minnesotans for years to come and the need for mental health supports will only increase. The cost of providing services is also increasing through higher provider rates and cost of living adjustments. The Senate Mental Health bill contains several of the AMC priorities around expanding mental health services and infrastructure. Passed on the last night of session, at the very last minute, both bodies passed a $92.7 million mental health package that includes many county priorities. At its core, this bill was a combination of the Senate Mental Health Package championed by Senators Draheim and Rosen, SF3249/HF3613, and the Competency Restoration package championed by Representatives Edelson and Albright. This bill was negotiated by leadership and "unofficial" conferees in the last days of session.

Status: Signed by the governor on June 02, 2022 (Chapter 99).

Adult Mental Health Initiative (HF2252/SF2089)

One of the most important county priorities this session within the mental health sphere was to secure an increase in funding for adult mental health initiatives (AMHIs). Adult Mental Health Initiatives (AMHI) are regional organizations that oversee adult mental health services and funding to counties and tribal governments in their area. The AMHI serve as a mechanism for regional collaboration to build effective community-based mental health services across Minnesota. There are 18 AMHI regions + White Earth Nation. Legislation in 2021 required DHS to submit a report to the Legislature outlining its intent relative to reconfiguration of the AMHI funding formula (completed in early February 2022), which began discussions on how the formula change would impact AMHI regions and the detrimental effects it could have on service delivery around the state.

In light of the strain put on our mental health system by the pandemic, and as DHS explored adjusting the allocation formula for AMHIs, the urgency grew to secure a substantial increase in AMHI dollars so regions and counties would not risk cuts to core staffing and services in future years. This AMC priority was championed by Sen. Rosen SF3249/HF3613, Sen. Frentz as well as Rep. Frederick SF4288/HF4584 and Rep. Reyer HF4588/ SF4473.

The omnibus mental health bill that passed provides an additional $10.325 million for AMHIs beginning in FY2025 and $20.65 increases per year ongoing. Especially in light of the impact of the pandemic, it is critical the state acknowledged AMHIs as essential, long-term infrastructure and fund the need appropriately. The bill eliminates "pilot project" language around AMHIs and instead recognizes these structures as permanent infrastructure. Language in the bill ensures that when DHS implements formula changes for AMHI in 2025 that no AMHI region receives less than the amount the region received in FY22. The increase in base funding in 2025 ensures that increased funding accompanies any formula change. DHS and MMB will also be more closely inventorying, tracking, and evaluating services provided by AMHIs across the state, seeking prioritization of evidence-based services.

AMHIs serve as a mechanism for regional collaboration to build effective community-based mental health services across Minnesota. Current State Funding of AMHIs is at $ 33.5 million per year, so this increase will be substantial in both preventing regions from facing cuts and making new investments in mental health services.

Status: Signed by the governor on June 02, 2022 (Chapter 99).

Competency Restoration (HF2725/SF3395)

Prior to this session, no law in Minnesota required that any state or local agency provide competency restoration to a defendant found incompetent to stand trial under Minnesota Rule of Criminal Procedure 20.01. Similarly, no law required such an individual to participate in or undergo competency restoration. To look further into this gap in our system, a Competency Restoration Taskforce (including AMC and MACSSA appointees) reported to the Legislature in 2021 and provided recommendations regarding the most effective ways for Minnesota to address the growing number of individuals deemed incompetent to stand trial. Their report contained recommendations to create new statutory language to effectively address the process of being deemed incompetent and restored to competency, to increase diversion of individuals with mental illnesses away from the criminal justice system, and to reduce the time individuals with mental illnesses spend in the criminal justice system.

Based on a subsection of these recommendations, NAMI and other taskforce participants brought forward draft competency restoration legislation in 2022. Legislators focused on a bill to better help those that are deemed incompetent to stand trial but are not eligible for civil commitment. AMC advocated to ensure that the new process did not result in new unfunded or underfunded mandates for counties. The legislation that passed creates an independent Competency Restoration Board, much like the Guardian Ad Litem Board, that is funded by the state through the Judicial Branch. The bill includes $16 million in ongoing funding for a competency restoration curriculum and hiring of a new position called "Forensic Navigator" that guides criminal defendants through the justice system and competency restoration process, connects them with support services, and provides pre-trial supervision throughout the process. Appropriations include $202,000/year for Department of Corrections for facilities inspectors, $5.042 million/year for the district courts for additional competency examination costs, and $11.35 million (FY24) and $10.9 million (FY25) for the State Competency Restoration Board for staffing and other start-up costs including educational services.

Much detail is still to be sorted out in the implementation process of this bill, which will be led by the Competency Restoration Board over the next year and a half. One concern from counties is that with a larger number of individuals ordered by the court to seek services, if that increase is not paired with a sufficient investment and expansion in capacity of providers or additional resources for counties to provide mental health services and case management, our already underdeveloped mental health system will be further overtaxed and further unable to meet the needs across the state.

Status: Signed by the governor on June 02, 2022 (Chapter 99).

Other Omnibus Mental Health Bill Provisions Relevant to Counties (HF2725/SF3395)

- **First Episode of Psychosis** grant program creation to fund evidence-based interventions for youth at risk of developing or experiencing first episode of psychosis and funding for a public awareness campaign on the signs and symptoms. Also allows for these services to be eligible for already-existing children's mental health grants. This includes $6,000 in FY23 for DHS to implement the grant program, which has a base appropriation of $480,000/year. *(Article 1, Section 11) (Article 3, Section 4)*
- Allows for intensive residential treatment services (IRTS) and residential crisis stabilization license holders to operate **locked facilities.** $2.914 million (FY23) to provide start-up funds to intensive residential treatment services providers for treatment in locked facilities for patients who have been transferred from a jail or who have been deemed incompetent to stand trial and have determined need for secured facility placement. Base appropriation is $180,000 (FY24) and $0 (FY25). *(Article 1, Section 13) (Article 3, Section 7) (SF2674 /HF 2733)*
- **Removes county responsibility for nonfederal share of cost for officer-involved community-based care coordination services** (Jail Diversion) – effective January 1, 2023, or upon federal approval *(Article 1, Section 16)(Article 3, Section 16)*
- Modifies **critical access mental health rate** by directing managed care and county-based purchasing plans to reimburse providers at a rate at least equal to the fee-for-service payment rate – effective January 1, 2023. *(Article 1, Section 24) (Article 3, Section 8)*
- $1 million (FY23) in one-time funds to establish or expand programs focused on improving the mental health of employees. *(Article 3, Section 8)*
- Establishes a **Mental Health Urgency Room pilot project in Ramsey County** to create urgency rooms to be used as first resources for youth under the age of 26 who are experiencing a mental health crisis. $1.215 million (FY23) for mental health urgency room pilot project. Any amount not encumbered on January 1, 2024, will be cancelled and added to the base amount in FY24 mobile crisis grants. *(Article 1, Section 44) (Article 3, Section 12):*
- **Expands mobile transition units** to adults and allows for less restrictive levels of care for services. Appropriations include $4 million (FY24) and $5.6 million (FY25) increase in base funding for adult mobile crisis services for total base increase of $9.6 million and $796,000 to DHS for a person-centered discharge planning process for adults and children being discharged from psychiatric residential treatment facilities, child and adolescent behavioral health hospitals, and hospital settings. *(Article 1, Section 43) (Article 3, Sections 13-14)*

- Expansion of **children's residential treatment services** for mobile crisis and emergency purposes. These sections all have an effective date of the later of July 1, 2023, or federal approval. *(Article 1, Sections 9-10)*
- $1 million in FY23 to DHS for an **African American mental health service provider** to offer culturally-specific, comprehensive, trauma-informed, practice- and evidence-based, person- and family-centered mental health and substance use disorder services. The funding is available through June 30, 2025, and $104,000/year (FY24-25) is allocated for administrative costs. *(Article 3, Section 3)*
- $2 million (FY23) to DHS for **school-linked behavioral health grants**. *(Article 3, Section 18)*
- $2 million (FY23) to DHS for **shelter-linked youth mental health grants**. *(Article 3, Section 19)*
- Exception to the state's hospital moratorium from August 1, 2022, through July 31, 2027, to allow for increased mental health bed capacity; legislative report due January 2027 (Article 1, Section 4)
- $2.5 million (FY23) in one-time funds for the Establishment of a **Mental Health Provider Supervision grant program** to pay for direct supervision hours for interns and clinical trainees, establishment of programs to provide supervision to multiple interns or trainees, or to pay licensing application and examination fees for trainees. To qualify for the grant, a mental health provider must provide at least 25% of its encounters to state public program enrollees or patients receiving sliding fee schedule discounts. (Article 1, Section 7)(Article 3, Section 11):
- $1 million (FY23) in one-time funds for a **mental health grant program for health care professionals** through MDH for health care systems, hospitals, nursing facilities, community health clinics, etc. to establish or expand programs focused on improving the mental health of employees. *(Article 3, Section 8)*
- Exception to the state's hospital moratorium from August 1, 2022, through July 31, 2027, to allow for **increased mental health bed capacity**, with a legislative report due January 2027 *(Article 1, Section 4)*
- Modification to the state's hospital moratorium to allow for a **144-bed psychiatric hospital** on the former Bethesda hospital site in Saint Paul following a public interest review process *(Article 1, Section 3) (Article 3, Section 15)*

Status: Signed by the governor on June 02, 2022 (Chapter 99).

Data Sharing Authority – Mental Health & Crisis/First Responders (HF3529/SF3193)

One of the AMC Public Safety Policy Committee Priorities was to increase the ability for co-responder teams to share data when helping people in crisis. Sen. Howe and Rep. Wolgamott carried legislation that was included in the Human Services Omnibus Policy Bill. This was promoted by AMC, the League of Minnesota Cities, law enforcement entities, and other criminal justice stakeholders to allow more back and forth data sharing in those multi-disciplinary teams when engaging with clients in a mental health crisis. The hope is that it will give teams more tools to help people in crisis with mental health services when jail is not appropriate. By providing a limited amount of information, police officers will be able to better respond to mental health calls, while also respecting the privacy of individuals.

When encountering a mental health crisis, this new law:

- Allows law enforcement to obtain (1) the name and phone number of a mental health provider, and (2) strategies to address the mental health crisis when providing the name of a patient/client.
- Requires that the patient/client must be informed that this information has been obtained.
- Allows police chiefs and community corrections professionals to be included on adult protection teams.
- Requires law enforcement agencies to establish and enforce written policies when they seek or use mental health data. These policies must address access, retention, and data security, along with other requirements under the Minnesota Government Data Practices Act.

Status: Signed by the governor on June 02, 2022 (Chapter 98).

County Cost Share for Mentally Ill and Dangerous (MI&D) (HF3439/SF3136)

Forensic beds are at capacity in Minnesota and individuals are "stuck" in beds that are inappropriate to their needs but unable to move because there is not a bed available. Minnesota Statutes, section 246.54, provides for a provision to bill the county for 100% of the cost of care when the facility determines it is clinically appropriate for the client to be discharged (Does Not Meet Medical Criteria (DNMC). This same statute outlines the exceptions to this provision, which includes clients who are committed as sexual psychopathic personalities and clients who are committed as sexually dangerous persons. Counties advocated that clients who are committed as mentally ill and dangerous (MI&D) to the public should be added as an exception, so counties are no longer required to pay when counties are powerless to move the individuals to their next bed under a MI&D commitment when a client who needs to transition is from one state operated facility to another state operated facility. Counties had legislation introduced that would have eliminated the county cost share for individuals deemed MI&D when they no longer need hospitalization level of care at AMRTC and CBHH facilities but are awaiting a bed at another state operated facility. This change would also incentivize the Department of Human Services to continue the pursuit of their Performance Improvement Process.

Unfortunately, despite getting hearings in committees in both legislative bodies, this bill was not included in either omnibus spending bill. Because it was not a budget year, this measure ultimately did not cross the finish line. This is a provision we will pursue again in 2023.

Status: Did not pass.

Bonding for Regional Behavioral Health Crisis Centers (SF3084/HF3508)

Senator Senjem championed a bonding proposal in 2018 to establish regional behavioral health crisis centers across Minnesota. In 2022, Sen. Senjem again drafted legislation to provide money in the bonding bill for grants to local governments to pay for constructing or renovating facilities to house a wide range of services that treat people with mental illness or chemical-dependency disorders. However, the opportunity to invest additional bonding dollars to develop behavioral health crisis facilities was lost when there was no capital investment bill passed. The draft legislation was not publicly released, but it was expected to include $30 million for regional behavioral health crisis centers.

Status: Did not pass.

OTHER RELEVANT COUNTY HUMAN SERVICES PROVISIONS

DHS Waiver Extension (HF2914/SF2876)

AMC led efforts during the early months of the pandemic to codify waivers granted during the peacetime emergency. The Legislature passed legislation this session to continue programs that offer flexibility for child care centers, group homes, and social service operations during the pandemic. Governor Walz signed the bill on March 24, 2022. The legislation includes a $1 million appropriation for an emergency temporary staffing pool. The pool is open to a variety of facilities, including nursing and assisted living facilities, adult foster care, group homes, and shelters. The bill allows out-of-state medical professionals to provide services in Minnesota under out-of-state credentials. Other provisions include extending waivers that would allow oral or written signatures by applicants for public assistance programs, video conferencing for monthly foster care visits, and flexibility for people to work while waiting to complete background checks under some circumstances. It also allows state child care assistance programs to pay a provider when the center was closed due to health concerns related to COVID-19 – retroactive to November 1, 2021 – and allowed temporary modifications to child care staff distribution requirements. The waivers were retroactive to November 1, 2021 and were in effect until June 26, 2022.

More detail: The bill grants the commissioner of human services temporary authority to reinstate various COVID-19 waivers and modifications to human services programs. The law allows for:

- Temporary individual or blanket waivers to be granted related to hospital construction moratorium or bed capacity restrictions for nursing homes and hospitals within certain parameters.
- Reinstatement of CV03 (allowing oral or written signatures for public assistance applications); CV04 (allowing oral or written permission from public assistance program participants for DHS to conduct third party information verification); CV11 (allowing video conferencing in monthly foster care visits by a caseworker when there is a declaration of a federal or state emergency that "prohibits or strongly discourages person-to-person contact for public health reasons" and there is a person in the foster care household with a confirmed or suspected case of COVID-19); CV23 (waiving mandatory direct contact supervision requirements to allow case-by-case decisions related to working without supervision while a background study is being processed); CV53 (allowing a qualified professional to provide oversight of personal care assistance workers via two-way interactive telecommunications) and CV89 (allowing oral, written, or expressed approval of documents related to long-term services and supports).
- Continued child care assistance program payments during temporary closures related to COVID-19 from November 1, 2021, through June 26, 2022.
- DHS to temporarily suspend child care center staff distribution requirements (through June 30, 2022).
- DHS to establish a temporary emergency staffing pool for congregate settings. The law also appropriated $1.029 million for DHS to carry out this work through June 30, 2022.

Status: Signed by the governor on March 24, 2022 (Chapter 40).

Omnibus Health and Human Services Policy bill (HF4065/SF3816)

The omnibus health and human services policy bill largely consists of DHS policy bills that have been in the works for several years and noncontroversial policy changes that have no cost to the state. We are still waiting for official DHS policy briefings on the items within this bill. A number of the provisions found in the bill are outlined below.

Status: Signed by the governor on June 02, 2022 (Chapter 98).

Various County Relevant Human Services Provisions in the Omnibus Bill:

Vulnerable Adult Act Redesign – Phase 1 (HF1432/SF2317)

The vulnerable adult maltreatment reporting bill was included in the Omnibus HHS Policy Bill. HF1432/SF2317 addresses revisions to the Vulnerable Adult Act, based on the initial recommendations developed from stakeholder groups working as part of the VA redesign team. The changes will provide more authority and consistent guidance to Adult Protective Services across the State. It includes changes to investigation processes and notifications, and changes to definitions for reporting of maltreatment of vulnerable adults. The recommendations are intended to provide more support for vulnerable adults and transparency in the process. (Article 8)

Status: Signed by the governor on June 02, 2022 (Chapter 98).

Transitional Housing – Preventing Homelessness (HF3200/SF2949)

Transitional housing is temporary housing for homeless persons and families. This bill extends the transitional housing program's defined duration of transitional housing from 24 to 36 months and gives the commissioner of human services additional discretion to extend use of the program beyond the defined duration. Starting in fiscal year 2023, this bill adds $9 million from the general fund to the base appropriation for transitional housing programs. (Article 11, Sections 1-2)

Status: Signed by the governor on June 02, 2022 (Chapter 98).

SNAP/Economic Assistance Expansion and Policy Changes (HF611, HF4307, HF3844)

The state increased gross income eligibility for Supplemental Nutrition Assistance Program (SNAP) households to be equal to or less than 200% federal poverty guidelines, up from 165%. This expands the number of people who will receive SNAP by an estimated 4,500 across the state. There is no direct cost to counties, although the administrative reimbursement to counties is only 50% for this work. Counties raised some concerns about the impact of increased workload, as although the number of people eligible is a huge increase, the number of people expected to apply will be a challenge for eligibility workers already seeing an increased workload.

New policy provisions also allow counties to contact MFIP recipients by phone or in writing to complete necessary household reporting forms, excludes income or payments from service and rehabilitation programs from determining income for assistance purposes, allows data sharing from cash assistance programs, and SNAP and SNAP Employment and Training program. This policy change also directs DHS to issue guidance to local agencies that administer SNAP regarding the local agency responsibilities for verification of federal work requirements for SNAP recipients. This language was a compromise counties worked on with DHS to prevent additional unfunded mandates on county workers. *(Article 9, Sections 1, 3-6)*

Status: Signed by the governor on June 02, 2022 (Chapter 98).

Background Studies DHS – licensing and operations policy (New House/Administration Provision)

This policy change addresses mandatory direct contact supervision background checks allowed during the COVID-19 waiver to be extended through January 1, 2023. This is due to a persistent and extensive backlog of emergency background studies conducted during the peacetime emergency that still need to be updated. Counties raised questions about whether this would put in peril federal funding and were assured it will not. (Article 12, Section18)

Status: Signed by the governor on June 02, 2022 (Chapter 98).

Community Supports Policy – Capacity for Licensing Residential Services Licensing and Operations Policy (New Senate Provision)

In new language added in conference committee by Sen. Abeler, these provisions allow for licensed residential services provided to more than four persons with developmental disabilities in a supervised living facility (including intermediate care facilities) with a licensed capacity of 7-8 persons to be considered a permitted single-family residential use of property for zoning purposes. Local zoning authorities may impose additional requirements. The legislation also allows for adult foster care and community residential setting licenses with a capacity of up to six adults to not be licensed as adult mental health residential programs. *(Article 4, Sections 11 & 12)*

Status: Signed by the governor on June 02, 2022 (Chapter 98).

Use of Remote Assessments for Long-term Care Services (HF3471/SF3165)

Counties worked with advocates to negotiate a policy clarification, which clarifies use of remote assessments for long-term care services and the requirement that counites document that informed choice was offered to an individual. (Article 4, Section 35)

Status: Signed by the governor on June 02, 2022 (Chapter 98).

County of Financial Responsibility – excluded time (HF3471/SF3165)

Counties brought forward legislation that clarifies the definition of "excluded time" to include a period during which an applicant is receiving assisted living services, integrated community supports, or day support services. This language clarifies ambiguity about the county of financial responsibility created by recent passage and implementation of Waiver Reimagined legislation. *(Article 4, Section 43)*

Status: Signed by the governor on June 02, 2022 (Chapter 98).

Case Management (SF3388)

Counties worked in consultation with the Senate to reach a compromise on this policy language. The Senate originally offered a prohibition on contracted case management services, fearing there was a lack of transparency and accountability for case managers who are not direct employees of a county. The compromise language indicates that if a county contracts for case management services, the county agency must provide each home and community-based services recipient receiving services with the contact information that can be used to file a grievance within the county agency regarding the quality of services. *(Article 5,* Section 36)

Status: Signed by the governor on June 02, 2022 (Chapter 98).

COUNTY HUMAN SERVICES PROVISIONS THAT DID NOT PASS

Metro Demo – Supportive Housing for Families Operating Funding (HF780/SF1468)

Rep. Reyer and Sen. Draheim carried an initiative brought forward by MICA, Dakota County, and Scott County that would have expanded what is known as the "Metro Housing Demonstration Project" – a successful program that addresses homelessness through rental assistance and support services. The project mirrors traditional rental assistance with a person paying 30% of their income toward rent. When a demo participant transitions onto another rental assistance resource, they can retain their services, creating important services continuity, and the vacated demo rental assistance can then be redistributed to a new person. The proposal would have increased the number of vouchers from 226 to 500 and added Carver, Scott, and Washington Counties to the statute. This is a proven program that deserves to be funded appropriately and expanded to additional counties across the state.

Status: Did not pass.

Administrative Simplification Cash Programs (HF4307/SF4013 & HF4124/SF4330)

Counties continue to advocate for administrative simplification across human services programs, to create efficiencies for an overtaxed county workforce, and to ease access to programs for those seeking services. Counties supported an administration proposal for policy updates to MFIP, General Assistance (GA), and Minnesota Supplemental Assistance (MSA) that would change methodology to better align eligibility and reporting requirements across programs and reduce barriers for families. Several other stakeholders such as Children's Defense Fund, United Way, Saint Paul Promise Neighborhood, and some business organizations (such as the Saint Paul Area Chamber) voiced support for elements of this priority, commonly called "the benefits cliff."

Governor Walz recommended alignment between MFIP, GA, Housing Support, and SNAP rules by setting MFIP benefits based on six-month reporting periods (as opposed to monthly) and set benefits based upon income from the last 30 days rather than two months prior. The proposal, as introduced, would cost a little over $19 million over the next three years in general fund dollars and $22.48 million in federal TANF dollars over that same period. Despite broad-based support and a robust stakeholder coalition supporting this proposal, it had a very difficult time in the Senate. Senate Republicans expressed concerns that simplifications in human services eligibility and reporting heightened fears of waste, fraud, and abuse in our public programs. In response, Hennepin County developed a "slimmed down" version of the simplification bill (HF4124/SF4330) that was considered in a House committee hearing. However, during final negotiations, the Senate rejected, and the Governor/House backed off this proposal and it was not expected to be part of a final human services omnibus bill deal.

Status: Did not pass.

Human Services Service Delivery Transformation (HF4497/HF4579)

Counties have worked collaboratively with DHS to develop the modernization strategy plan and reviewed the fresh approach proposed in the recent Gartner Curam Assessment report on the state's outdated human services technology infrastructure. At the outset of session, counties were poised to introduce our own legislation to propose investments in the recommendations outlined in the Gartner report, adequate resourcing of legacy IT systems, and projects to improve the client and staff experience related to service access and delivery. To avoid confusion among legislators that competing proposals might cause, counties focused efforts on supporting the administration's proposal.

The governor' proposal was for $77.516 million in funding to support continued efforts to transform the human service delivery system towards an integrated, person-centered experience for individuals and families accessing human services programs. Funding would be designed to advance the strategy, recommendations, and roadmap that were developed by external IT consultants in partnership with DHS, MNIT, counties, and tribes. The goal would be to significantly change how the agency and its partners manage business transformation and system modernization activities and is centered on outcomes and people being served.

Serious distrust between DHS and the Senate, particularly as it relates to technology, meant that the Senate was reluctant to appropriate significant resources to the department without very strict parameters. Unfortunately, the legislative language floated with lawmakers did not contain accountability language or other policy parameters which almost meant this issue was a nonstarter in the Senate. Despite vocal support from legislators on both sides of the aisle for investments that would ease burdens on consumers and county staff, this issue faced an uphill battle all session.

When negotiations on the omnibus bill broke down, the budget spreadsheet reflected the proposal being considered having shrunk to $15 million over the next three years.

Other health and human services IT modernization projects bubbled up this session, including a proposal in the governor's budget for DHS staffing (about $1 million over three years) and $7.775 million (FY22-23) and $10.997 million (FY24-25) for MNSure to manage the IT transition for MNSure technology modernization. Part of this proposal was to help ensure METS preserves what is needed to support DHS programs while the broader proposal would be for a fully-integrated portal for navigators and brokers, and an upgrade to the caseworker-facing systems. In final offers, the Senate agreed to the full budget request.

The House also moved forward with a proposal to dedicate $10 million for early learning and child care technology systems upgrades. While counties supported this proposal in concept, it did not emerge with many details to clearly understand how the funding might be used. While the House carried this request, it was dropped fairly early in the final negotiations process in favor of other child care priorities.

Status: Did not pass.

Payment Rates Increase for Nonemergency Medical Transportation (NEMT Rates) (HF4351/SF 2999)

NEMT is a federally mandated benefit that enables Medical Assistance members to access covered health care services using the most cost-effective mode of transportation for nonemergency medical appointments. The federal government requires states to provide NEMT assistance to the nearest qualified provider using the least expensive type of appropriate transportation. Types and levels of transport are determined by medical necessity. Eligible providers must meet specific criteria as defined by MnDOT vehicle and driver requirements, additional driver and attendant training for protected transportation services, and Minnesota Health Care Program (MHCP) provider enrollment or local county or tribal agency criteria.

All NEMT transport services include reimbursement in the rates for all activities of the transport driver needed to ensure the safe loading, unloading, and transport of the rider. It is important that the rates for transportation are sufficient to cover increased costs of transport and to support a stable workforce. The current workforce shortage and increase in gas prices have created an additional challenge for these providers – it is essential we have stability in this service, so people are able to access their healthcare providers. This bill, increasing the rates for NEMT providers, was included in both House and Senate funding proposals.

Status: Did not pass.

Workforce Incentive Fund for Caring Professions/Long Term Care Workforce Crisis/Staffing Crisis (SF4410, HF4447, SF2786)

Workforce shortages in human services and healthcare were a dominant concern throughout the 2022 legislative session, with the governor and each branch of the Legislature having their own solutions. Unfortunately, with no HHS Omnibus Spending Bill passed, these priorities were not funded in 2022.

The Senate Omnibus bill proposed $322 million to recruit more workers in long-term care centers, group homes, and home and direct care providers and it raises the wages of workers in Minnesota's long-term care, personal care, and disability waiver rate service industries. The House Omnibus bill aimed to offer short- and long-term solutions to the workforce challenges in four categories: Medical Assistance rate increases, incentives for frontline workers, new programs to support low-wage workers navigating health care career pathways, and other administrative strategies, such as improved online tools.

The House also developed specific mental health workforce proposals, Emergency Funding for Community Mental Health Programs, and MH Workforce Grants – HF3215 and HF4113.

The Governor proposed a $115 million Workforce Incentive Fund for Caring Professions workforce program to establish incentives to work in jobs such as a personal care or nursing assistant. The money could be used for cash bonuses, education credits, or child care subsidies to establish incentives to work in jobs such as a personal care or nursing assistant to address severe worker shortage in those areas.

The program was designed to ensure money goes to workers, yet be flexible enough to be effective for employers.

Status: Did not pass.

CHILD WELLBEING

For additional information on this section, please contact Angie Thies, Policy Analyst, at (651) 789-4321 or athies@mncounties.org.

The arc of human services, including child wellbeing issues, mirrored much of what we saw at the Capitol more broadly. The Senate and House and Governor had vastly different approaches to addressing human services issues within the parameters of a supplemental budget year which ultimately rendered them unable to find resolution on a budget bill. Despite this rather grim reality, the human services policy bill and two of AMC's priorities – a substantial mental health funding package and the Opioid Settlement alignment bill – were three of the very few bills that crossed the finish line this session and were signed into law. There was also agreement in the final stages of session on child care provisions and funding in the area of Family First Prevention Services Act (FFPSA). Unfortunately, timing and disagreements on spending prevented these and other provisions of interest from crossing the finish line. In total, AMC in partnership with MACSSA and LPHA, monitored over 50 bills with relevance in the child wellbeing space, working both offense and defense collaborating closely with the Department of Human Services (DHS), the Minnesota County Attorney's Association (MCAA), and advocates where possible. Many of these provisions are reflected in the omnibus bills (HF4065/SF3816), with the outstanding bills expected to garner additional attention during the 2023 cycle.

Opioid Settlement Alignment: SF4025/HF4265

This bill addressed necessary adjustments in order for Minnesota to be in alignment with the National Settlement and the terms of the Minnesota Memorandum of Agreement (MOA). The bill addressed the following areas: designated two separate funding accounts within the state, one for monies received through licensing and manufacturing fees (HF400) and one for funds received through the national settlement; established a claims bar for existing and future claims brought forward by political subdivision; and provides for the immediate release of settlement funds. A priority, AMC worked with legislators, state partners, the Opioid Epidemic Response Advisory Council (OERAC), the Attorney General's office, the League of Minnesota Cities (LMC), and the Coalition of Greater Minnesota Cities to draft and advocate for the passage of this legislation.

Status: Signed by the governor on May 10, 2022 (Chapter 53).

Opioids, Substance Use, and Addiction Subcabinet and the Governor's Advisory Council on Opioids, Substance Use, and Addiction (HF4065/SF3816)

A provision was included in the health and human services omnibus bill that establishes the Opioids, Substance Use, and Addiction Subcabinet and the Governor's Advisory Council on Opioids, Substance Use, and Addiction and clarifies the role of each entity, membership, and staff supports. AMC, MACSSA, and LPHA were not actively engaged in drafting or advocating for the creation of the subcabinet or advisory council.

Status: Signed by the governor on June 2, 2022 (Chapter 98).

Child Care Assistance Program Basic Sliding Fee (CCAP BSF): (HF3484/SF3379)

The bill made permanent the temporary, CCAP BSF reprioritization changes made in the 2021 session, thereby facilitating counties' ability to "clear" waitlists and individuals gain access to child care, a critical component of stabilizing Minnesota's workforce. AMC and MACSSA worked with Hennepin County in the drafting of the legislation and worked with many stakeholders, including the early childhood coalition, the department of human services, and the children's cabinet to advocate for its passage.

Status: Did not pass.

Expansion of Child Care Assistance Program Definition of Family (HF4579/SF4165)

The provision changed the definition of family to include foster parents, guardians, and relative caregivers allowing access to the child care assistance program (CCAP). AMC and MACSSA supported the provisions.

Status: Did not pass.

Childcare Grant Program Expansion (HF3783/SF3497)

This bill sought to add $5 million in funding to an existing program operated by the Department of Employment and Economic Development. The program provides grants to local communities to increase the number of quality child care providers to support economic development. Fifty percent of grant funds must go to communities located outside the seven-county metropolitan area.

Status: Did not pass.

Family First Prevention Services Act (FFPSA) (SF4189/HF4536)

The bill, led by AMC and MACSSA, brought forward provisions that reflect system needs that would allow Minnesota to fully realize the implementation of the new federal law and for the first time reimbursement for eligible placement prevention services. The bill specifically requested funding for a state run, qualified individual program, funding that addressed local and state infrastructure needs in the area of prevention services and continuous quality improvement (CQI) and recognized lost IVE funding as a result of the "bumpy" implementation of qualified residential treatment programs (QRTP's) in the fall of 2021. AMC and MACSSA led on drafting and advocating for the passage of the legislation, working in conjunction with Olmsted County and the Minnesota Intergovernmental County Association (MICA).

Status: Did not pass.

Family First Prevention Services Act (HF4579/SF4165)

The Minnesota Department of Human Services brought forward provisions that would establish a state run qualified individual program and fund necessary infrastructure at a state level in the area of continuous quality improvement (CQI). AMC and MACSSA monitored the legislation.

Status: Did not pass.

Child Protection Cost Study (HF3669/SF3692)

A provision was included in the tax omnibus bill that authorizes a study to examine the costs associated within child protection.

Status: Did not pass.

Cost of Care (HF3615/SF3647; HF4065/SF3816)

The bill, brought forward by Ramsey County and the Ramsey County Attorney's office sought to clarify a county's ability to seek funding from youths, parents, and caregivers related to placements of youth involved with corrections, foster care, and child support. AMC and MACSSA expressed concerns about the impact of this legislation to counties. AMC and MACSSA worked closely with Ramsey County, alongside the Department of Human Services to negotiate the provisions, ultimately advocating for permissive language which was included in the final health and human services omnibus bill.

Status: Signed by the governor on June 2, 2022 (Chapter 98).

Interviews of Children (HF3971/SF4435; HF4065/SF3816)

The bill, brought forward by advocates (Safe Passageway and Foster Advocates) clarifies the process of children in the presence of the alleged abuser. AMC and MACSSA provided technical assistance with advocates, the Department of Human Services and legislative authors.

Status: Signed by the governor on June 2, 2022 (Chapter 98).

Redirection of Social Security Income (SSI) and Retirement, Survivors, and Disability Insurance (RSDI) (HF3211/SF3955)

The bill, brought forward by Foster Advocates and Safe Passageway, redirects SSI and RSDI benefits counties receive associated with the care of children to a trust. Counties worked alongside the state and advocates to negotiate and draft the legislative language; counties advocated for state management of the trust and for funds to be designated as an offset to benefits lost as a result of the benefits being redirected to a trust. Under federal and state law, if a child is eligible, Minnesota counties may utilize SSI and RSDI benefits to support children in foster care, as well as for youth aging out of foster care.

Status: Did not pass.

Indian Child Welfare Act (ICWA) (HF4065/SF3816)

A provision was included in the health and human services omnibus bill that transfers the aid reductions for counties that are not in compliance with ICWA to the Board of Regents of the University of Minnesota for the

Tribal and Training Certification Partnership in the College of Education and Human Service Professions at the University of Minnesota, Duluth. The funds are designated to be utilized to support enhanced training on the Indian Child Welfare Act and the Minnesota Indian Family Preservation Act for county workers and the state guardians ad litem and to build indigenous child welfare training for the Tribal child welfare workforce.

Status: Signed by the governor on June 2, 2022 (Chapter 98).

Mille Lacs - Initiative Tribe: HF4579/SF4165

The provision in the Omnibus health and human services bill established the Mille Lacs Band of Ojibwe as an Initiative Tribe and appropriated $1,263,000 in fiscal year 2023 to support planning and implementation activities to this end. AMC and MACSSA supported this provision and advocated for its passage.

Status: Did not pass.

Paperwork Reduction (HF4264/SF3115)

The bill, led by Pine County, sought to address administrative burdens and system infrastructure needs in the Social Service Information System (SSIS), an ongoing area of need with far reaching workforce implications. AMC and MACSSA worked in partnership with Pine County to advocate for the legislation.

Status: Did not pass.

Home Visiting (HF3886/SF3766)

This legislation, brought forward by advocates including the Minnesota Coalition for Targeted Home Visiting, sought to establish a universal, voluntary home visiting program for families with infants across Minnesota. AMC and LPHA worked with advocates and legislative authors to provide technical assistance and advocate for the passage of the bill.

Status: Did not pass.

Department of Human Services Policy Bill (HF3380/SF3350; HF4065/SF3816)

Provisions offered by Child Safety and Permanency (CSP in the Department of Human Services policy bill provided updates in the areas of definition of kinship, notification and engagement of relatives during emergency placement and when a child is further engaged in child welfare and child protection, and in the area of noticing of parent(s) or custodian(s) and child among other areas. AMC and MACSSA provided technical assistance on the provisions.

Status: Signed by the governor on June 2, 2022 (Chapter 98).

Waiver Reinstatement Package - CV 11: (HF2914/SF2876)

The bill sought to clarify the continuance and modification of several waivers active during the COVID-19 pandemic, peacetime emergency. Of the provisions included, CV 11 grants the commissioner of human services temporary authority to reinstate various COVID-19 waivers and modifications to human services programs. Specifically, CV 11 allows video conferencing in monthly foster care visits by a caseworker when there is a declaration of a federal or state emergency that "prohibits or strongly discourages person-to-person contact for public health reasons and there is a person in the foster care household with a confirmed or suspected case of COVID-19. AMC and MACSSA provided technical assistance and testified in support of the provision.

Status: Signed by the governor on March 24, 2022 (Chapter 40).

Office of Foster Youth Ombudsmen (HF3845/SF4209)

Led by Foster Advocates, this legislation establishes the Office of the Foster Youth Ombudsperson and a related board. The legislation also appropriated $775,000 in FY2023 for the establishment and operation of the office and board with a base appropriation of $726,000 annually. AMC and MACSSA monitored the legislation.

Status: Signed by the governor on May 19, 2022 (Chapter 63).

Juvenile Court Guardianship (SF2736/HF2671)

Establishes juvenile court guardianship for at-risk youth. AMC and MACSSA monitored the legislation.

Status: Signed by the governor on April 13, 2022 (Chapter 45).

Harassment Restraining Orders for Emancipated Youth (HF2665/SF3853)

Permits certain emancipated minors to seek harassment restraining orders on their own behalf. AMC and MACSSA monitored the legislation.

Status: Signed by the governor on May 22, 2022 (Chapter 82).

Public Health

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

The public health discussion continued to center around COVID-19 response, with a large focus on the impacts of COVID-19 on health care and public health workforce. LPHA and AMC prioritized two main items in the public health field: funding to support public health infrastructure and state-level investment in Public Health Emergency Preparedness. AMC also closely tracked developments related to health care and long-term care workforce.

The House Health Omnibus bill proposal was lengthy and included many local public health priorities. The Senate Health Omnibus bill was more narrowly focused, with the bulk of the language centering on creation of a nurse licensure compact. A conference committee was appointed to negotiate a supplemental omnibus budget bill to focus on Health and Human Services topics in the last weeks of session. The committee was given a $1 billion budget target. Unfortunately, at the end of session, the conferees were unable to reach agreement on a spending bill, which remains unfinished. However, before the conclusion of session, agreement was reached on an HHS policy-only omnibus bill.

Public Health Infrastructure and System Transformation (HF4398/SF4014)

LPHA and AMC advocated for local public health infrastructure funding. The governor's revised budget proposal included a proposal for $23.5 million per year in ongoing funding to support public health system transformation. It would have provided $20 million in grants to local public health and $1 million to tribes to fulfill foundational public health capacities. Remaining funding would have provided a grant to the Minnesota AmeriCorps organization to support building public health workforce, created an Office of American Indian Health within MDH, and provided additional regional staff in MDH to support local and tribal public health. This provision was included in the House Health Omnibus bill. During conference committee negotiations at the end of session, House advocates proposed reducing the total funding amount and merging it with Public Health Emergency Preparedness funding.

Status: Did not pass.

Public Health Emergency Preparedness (HF4103/SF4078)

LPHA and AMC advocated for a bill that included $9 million per year in funding for Public Health Emergency Preparedness and response activities, which are currently only funded by federal dollars. This would have aligned the funding with the Centers for Disease Control and Prevention's issued report: Public Health Emergency Preparedness and Response Capabilities: National Standards for State, Local, Tribal, and Territorial Public Health. The bill required at least 90% of the funding to go directly to local public health. The bill was heard in the House Health Finance and Policy Committee where LPHA testified in support. The bill was incorporated into the House's Health Omnibus Bill. During HHS policy bill negotiations in conference committee, House advocates for the bill proposed reducing the total funding amount and merging it with other local public health infrastructure funding.

Status: Did not pass.

Nurse Licensure Compact (SF2302/HF2184 and SF4198)

AMC tracked the proposal which would have funded the Board of Nursing to join the Nurse Licensure Compact. Currently, 39 states and territories are part of the Nurse Licensure Compact, which recognizes a multistate license to practice nursing. Those that were opposed to the bill expressed concerns that other states do not require the same licensing standards as Minnesota which they expressed could weaken standards for nursing. Those in favor of the bill expressed support for allowing people to practice in a wider range of places and via telemedicine to address nursing shortages. This bill was a high priority in the Senate Health Committee and was passed off the floor in the Senate by a vote of 35-32 and was included in the Senate Health omnibus bill. The proposal was not heard in the House.

Status: Did not pass.

HHS Policy-Only Omnibus Bill (HF4065/SF3816)

A policy-only HHS omnibus bill was passed after agreement was not reached on a funding bill. The policy-only bill includes several items of interest to local public health:

- Moves administration of Fetal Alcohol Spectrum Disorder grants from DHS to MDH.
- Adds additional requirements for annual reporting related to the dental utilization report and MinnesotaCare.
- Retroactively to July 1, 2021, and until the COVID-19 federal public health emergency ends or July 1, 2023, whichever is earlier, telehealth visits provided through telephone may satisfy the face-to-face requirements for reimbursement under the payment methods that apply to a federally qualified health center, rural health clinic, Indian health service, Tribal clinic, and certified community behavioral health clinic, if the service would have otherwise qualified for payment if performed in person.
- Permits a nurse who desires to resume practice at a licensed nursing facility or licensed assisted living facility but whose license to practice lapsed effective on or after January 1, 2019, to submit an application to the Board of Nursing for reregistration.
- Codifies Governor Walz's order creating the Opioids, Substance Use, and Addiction Subcabinet and the Governor's Advisory Council on Opioids, Substance Use, and Addiction and requires the governor to appoint an addiction and recovery director.
- Changes the SNAP household gross income requirement from 165% of the federal poverty level to 200% of the federal poverty level.
- Changes the definition of 'Food' in the Food Inspection and Enforcement statute to state that edible cannabinoid products are not food. Adds definitions and changes requirements related to edible cannabinoid products derived from hemp. Permits the sale of THC derived from hemp to be sold in no more than 5mg servings.
- Changes some membership requirements for the Rare Disease Advisory Council.

Status: Signed by the governor on June 2, 2022 (Chapter 98).

Emphasis on Lead Prevention, Safe Drinking Water and Safe Living Environments

Much effort was focused on lead prevention and safe drinking water in House Committees. Numerous bills were heard and eventually carried over into the House's Health Omnibus bill. Some of the lead related bills that were considered were:

- HF 3898/SF 3607 – This proposal would have defined elevated blood lead level as 3.5 micrograms of lead or greater per deciliter of whole blood. The House Health Omnibus bill added grants related to the change of approximately $16 million in grants in FY 23 and $10 million in FY 24-25 to local public health departments for public health response related.
- HF 2650/SF 2531 – This proposal would have established a residential lead service line replacement grant program. It was heard in numerous House committees.
- HF 3003/SF 3118 – This bill would have provided funding to MDH to conduct statewide testing for the presence of lead in drinking water obtained from private wells, day care facilities, and rental properties and to remediate contamination where found. It was heard in numerous House committees.
- HF 3006/SF 3317 – This bill included funding to develop a program that provides voluntary private well testing through local clinics as well as information about water safety, water treatment options, and private well owner water safety plans. It was heard in the House.
- HF 2463/SF 2345 – This bill would require landlords to test properties for radon every five years and would require MDH to create materials for distribution to renters. It was heard in the House.

Status: Did not pass.

Other Items of Interest

- HF3862/SF3904– This bill would have allowed MDH to distribute antigen tests and KN95 respirators at no cost to keep high-risk individuals safe. This bill was not passed.
- HF1419/SF1455– This bill relates to public awareness of skin lightening creams containing mercury. This bill was part of omnibus negotiations at the end of session and was not passed.
- HF3114/SF3348 – This bill would have established a school-based health center activity grant. Under the bill, local health departments are eligible sponsoring organizations for the funds. The bill was heard in the House and included in the House Health Omnibus bill that was ultimately not passed.
- HF3153/SF3111 – This bill would have expanded tobacco and nicotine cessation treatment under Medical Assistance. It was heard in the House and included in the House Health Omnibus bill but was ultimately not passed.
- HF4112 – This proposal would have added several members, including a local public health representative to the membership of the Rural Health Advisory Committee. This was heard in the House and was included in the House Health Omnibus bill but was not passed.
- HF4398 – The governor's budget bill and the House Health Omnibus bill included a provision to expand the role of Community Health Workers. Specifically, it proposed a partnership with the Community Health Worker Alliance to promote the profession and scope of practice, conduct program evaluation, and provide technical assistance. It includes $1.4 million in FY 23 and $2.1 million in FY 24-25. Ultimately, the provision was not passed.

Public Safety & Corrections

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

Public safety was one of the focal points of the 2022 session. There was agreement from all sides that something needed to be done to improve public safety in Minnesota, but how to accomplish that goal was uncertain. There were proposals including large appropriations from the Governor, House DFL, Senate DFL, and Senate GOP, including a top county priority to increase funding for community corrections and establish a new funding formula going forward. In addition, conversations continued about other policies including no-knock warrants, GPS tracking warrants for stolen cars, and increasing criminal penalties and sentences. The political divide was not resolved, and no additional spending passed despite an agreed upon target of $450 million for public safety.

BILLS SIGNED INTO LAW

Snowmobile Trespassing Penalties Increased (HF2819/SF3063)

Relatively early in session, both bodies passed a noncontroversial bill supported by the Department of Natural Resources, the Minnesota United Snowmobilers Association, and the Minnesota ATV Association. Chapter 46 increases monetary penalties for snowmobiles and other off-road vehicles that trespass or cause damage to off-road trails. Testifiers stated that most trails for snowmobiling are privately owned and are provided for use by citizens. Increasing penalties is intended to deter bad conduct and protect the private landowners that make their land available for recreational purposes.

Status: Signed by the governor on April 13, 2022 (Chapter 46).

Competency Restoration Board (HF2725/SF3395)

In 2018, the Department of Human Services announced it would no longer provide inpatient competency restoration services. That left a gap in services for those that are unable to regain competence but do not meet the criteria for civil commitment. In 2019, a Competency Restoration Taskforce was established and worked to define service gaps and what an effective competency restoration program should include, but no state law or policy changes had yet been enacted. Multiple news stories highlighting these gap cases brought the issue to the forefront in the 2022 session. Throughout the 2022 session, the three bills addressing this issue contained three different approaches to establishing a new program. The House bill created a new program administered by the judicial branch. The Senate had one bill with counties running competency restoration programs and another bill that would have located such a program within the judicial branch. The final compromise, Chapter 99, creates the State Competency Restoration Board that is state funded and will operate as an independent board like the Guardian Ad Litem Board. The duties of the board are to create a curriculum for competency restoration and manage a staff of forensic navigators that will coordinate services and court reporting for criminal defendants found to be incompetent. For more detailed information on the appropriations included in the bill, please see the Health and Human Services section of this document.

Status: Signed by the governor on June 2, 2022 (Chapter 99).

Extension of Hometown Heroes Assistance Program (HF2746/SF2634)

The Hometown Heroes Assistance program was signed into law in July 2021. The program provides access to education, prevention, and care for cardiac conditions, emotional trauma, and cancer diagnoses for firefighters. This legislation expands the definition of critical illness to include cardiac conditions and other illnesses covered by an insurance policy. It also allowed a transfer of the funds appropriated in 2021 to the Commissioner of Public Safety to be used for the program instead of reverting to the General Fund.

Status: Signed by the governor on May 2, 2022 (Chapter 49).

PUBLIC SAFETY OMNIBUS BILLS

The House and Senate Judiciary and Public Safety Committees did not agree to much this year. The Senate focused on retention and recruitment of law enforcement officers through hiring and retention bonuses. The House focused on funding local law enforcement, as well as community grants to local governments and nonprofit organizations focused on violence prevention. Both House and Senate approaches included some component of the county priority related to community corrections funding. The Senate added $25 million in ongoing increased investments, and the House added approximately $10 million this biennium and another $26 million and $38 million each year in the next biennium and included the funding formula with some additional provisions harmful to counties. In the end, there was no agreement on a compromise bill. Below is a summary of some of the county priorities in the bills.

Senate Judiciary and Public Safety Omnibus (SF2673)

- Justice Reinvestment Initiative (JRI) Proposal – The Senate did not include the community corrections formula provisions from the Justice Reinvestment Initiative. Because the Senate did not include the Justice Reinvestment Initiative proposal, it had funding for the three delivery systems separately. The bill made significant increases in ongoing funding of $16.25 million to the Community Corrections Act subsidy, $5 million to the County Probation Officers Reimbursement, and $3.75 million for the DOC Field Services Department. The bill also included a reporting requirement for how the additional funds would be spent.
- Body Cameras – $5 million appropriation for POST provided program grants which could be used for body cameras and other things.
- Emergency Management Grants – $3 million in ongoing funding for emergency management readiness grants including a reporting requirement.
- Interstate Transfer – $250,000 for reimbursement to law enforcement agencies for the transport of probation clients that are returned to Minnesota pursuant to the Interstate Compact.
- Various Law Enforcement Provisions including – $1 million for marketing to attract law enforcement employees and students; $2 million for Pathways to Policing; $2 million to Ramsey County for a gunshot detection system; $1 million for nonprofit organizations that provide nonmedical mental health treatment to first responders; $2.5 million for Violent Crime Enforcement Team; $20 million in bonuses for new peace officer hiring; $47 million for bonuses to current law enforcement officers.

Status: Did not pass.

House Judiciary and Public Safety Omnibus (HF4608)

- Justice Reinvestment Initiative Proposal – The House omnibus bill included the full JRI policy proposal in H.F. 4609, but also included a prohibition of supervision fees with no additional funding to cover the gap in county budgets. The House bill also changed the formula agreed upon by the JRI stakeholders by adding language that would have required the caseload study to weigh misdemeanors at no more than half that of felonies and deducted funding for any days that a person has been incarcerated during the supervision period. The House partially funded the JRI proposal with $10.45 million in FY2023 but provided the full recommendation in FY2024 of $26.239 and FY2025 of $38.789 million.
- Allied Radio Matrix for Emergency Response (ARMER) Funding – $1 million for reimbursement grants to counties with a 5% match. The proposed funding level was far below the $125-$250 million the Department of Public Safety estimate of how much the replacement of radios would actually cost.
- Body Cameras – $9 million was appropriated statewide in FY2023 for body camera equipment purchase with $4.5 million ongoing. The bill also appropriated $6.016 million in FY2023 to create and administer a cloud storage program for body camera data with a funding base of $6.036 million in FY2024 and $6.057 million in FY2025.
- Emergency Management Grants – The bill appropriated half of the county ask with $1.5 million in ongoing funding for emergency management readiness grants.
- Law Enforcement Provisions –$10 million co-responder grants; $15 million local community policing grants; $15 million local investigation grants; $2 million for first responder wellness; $5 million for Domestic Violence and Sexual Assault Intervention and prevention grants; $3.639 million for Office of Justice Programs for technical assistance to applicants and grant management; $1.78 million community based public safety grants; and $4 million for direct assistance to crime victim survivors.

Status: Did not pass.

OTHER BILLS

No-Knock Warrant Reform (HF3398)

H.F. 3398 was heard in the House Public Safety Committee but did not make it to other hearings or a vote on the floor. The bill would standardize the application process for no-knock warrants and significantly limit the use of the warrants to cases involving persons held against their consent if the warrant is necessary to avert imminent death or great bodily harm. Additionally, it would direct the attorney general to create a four-hour training course on search, seizure, and obtaining warrants for law enforcement and provide the training four times per year. Though similar bills were heard last year, the push for reform of no-knock warrants was renewed after the death of Amir Locke during the execution of a no-knock warrant on February 2, 2022. Many law enforcement representatives spoke in opposition to the bill stating that no-knock warrants are a useful tool and the requirements for issuance of the warrants are already restrictive. However, other testifiers supported the bill, including Mendota Heights Police Chief and Chair of the POST Board Kelly McCarthy.

Status: Did not pass.

GPS Tracking Warrants for Stolen Cars (HF2910/ SF3329)

HF2910 (Moller) was heard in the House Public Safety Committee. It would allow law enforcement officers to attach a GPS tracking device to a stolen car without court approval if the lawful owner gives consent or reports the vehicle as stolen. The device could decrease high speed chases but would need to be removed within 24 hours unless a court order is obtained. One testifier questioned whether the bill violates 4th amendment rights. Rep. Kelly Moller, the author of the bill and a county prosecutor, disagreed that it violates constitutional rights because the bill targets stolen cars which likely decreases the driver's right to privacy. Ultimately, the bill did not pass though it was heard in committee in both bodies and had agreement on the intent of the bill.

Status: Did not pass.

Removal of Discretion in Sentencing When Firearm Involved (SF2576, SF2673/ HF3893, HF3894)

The Senate Judiciary Committee focused heavily on increased criminal penalties and sentencing practices this session. The Committee heard SF 2576 (Gazelka) and SF 2673 (Limmer) in a combined hearing. The bills would change mandatory minimum sentencing for certain crimes involving a firearm. If a firearm is used in the commission of certain crimes – like burglary, kidnapping, criminal sexual conduct, or arson – the court would be required to impose a mandatory prison sentence. However, current law allows a judge or prosecutor to make a motion to waive the mandatory minimum prison time. It is often used as a bargaining tool by prosecutors in plea negotiations. The bill takes discretion away from the judge and requires imposition of a prison sentence in accordance with the statute regardless of mitigating factors. Taking away discretion from prosecutors and judges has not been favorable to the GOP led Senate in the past but has changed in the last year. The reason for the change is a perception that prosecutors and judges are using their discretion to give more lenient sentences to defendants convicted of violent crimes.

Status: Did not pass.

Technology and Broadband

For additional information on this section, please contact Nathan Zacharias, Policy Analyst, at 651-789-4342 or nzacharias@mncounties.org.

Setting the Stage

The Legislature allocated $70 million in 2021 for broadband with funds from the federal Capital Projects Fund. None of those funds went toward broadband projects in 2021 because Treasury had not approved the state's application to use the funds. Minnesota was allocated $180 million, so after spending $70 million, $110 million remained at the beginning of the 2022 legislative session. AMC's strategy was to secure as much of the remaining $110 million as possible for broadband and obtain a one-time state general fund expenditure. General funds would allow the Office of Broadband Development to immediately issue a round of grants after issuing no funds in 2021.

Legislative Session

Governor Walz outlined strong support for broadband funding by including $170 million for the state grant program in the supplemental budget he presented to the Legislature in January. This was the largest budget proposal for broadband from the governor since taking office. It took some time before legislators introduced and heard their own broadband funding bills. Sen. Torrey Westrom brought his bill, SF3617, before the Senate Agriculture Committee in early March. The bill included a provision that would allocate the full $110 million remaining in the Capital Projects Fund. Rep. Rob Ecklund had his bill, HF4375, heard and passed by the House Industrial Education and Economic Development Committee in early April. The bill contained $100 million in general funds for the state grant program. Ultimately, House leadership lowered this figure to only $25 million when it passed from the floor of the House. The competing proposals for broadband funding picked up policy changes and took several twists and turns along the way.

Most of these items were included in HF3420, the Agriculture, Drought Relief, and Broadband omnibus bill, which passed both chambers and was signed by the governor. It was one of the few pieces of legislation that passed during a contentious legislative session and included $210 million total for broadband spending.

Here's a list of the provisions:

- $50 million general fund for Border-to-Border ($25m FY 23 and $25m FY24)
- $60.7 million Capital Projects Fund (must be spent by 2026)
  - Up to $30 million for low-density pilot program
    - Increased state match to 75% and grant cap to $10 million per project.
    - Report back to the Legislature by 12/31/2023 on impact of policy changes
  - Up to $15 million for state broadband mapping
  - Up to $15 million for line extension grant program (see description below)
    - Any unused funds from the above three categories revert to the Border-to-Border fund.
- $50 million Capital Projects Fund left unallocated by the Legislature for Governor Walz to spend within the bounds of Treasury guidelines.
- Guarantees all forthcoming funds from the Infrastructure, Investment, and Jobs Act ($100m+) will be deposited in the Border-to-Border Grant Program for future infrastructure grants.

Line Extension Grant Program (up to $15 million)

This provision established a new pilot program within the Border-to-Border Grant Program that funds line extensions from existing networks to connect nearby households in unserved areas. Rep. Jordan Rasmusson authored the House legislation, and the Senate companion was authored by Sen. Mark Johnson. This legislation will allow consumers to use an online portal to report there is no service available at their home or business. From there, the Office of Broadband Development will share the address to all broadband service providers in the area, and if it is determined that no service is available, OBD will conduct a reverse auction and fund a grant of no more than $25,000 to the provider to extend wireline service to the household. The project must be completed within one year of the grant award. If service is already available, that provider must notify the household of the service as well as any broadband assistance programs available to them.

Status: Signed by the governor on May 26, 2022 (Chapter 95).

AMC PRIORITY: BROADBAND FUNDING

Broadband funding has long been an AMC priority, and the Legislature provided consistent funding—although varying amounts—for the state's Border-to-Border Broadband Grant Program during the past few legislative sessions. The historic state budget surplus coupled with federal funds available for appropriation by the Legislature gave AMC an opening to ask for significant investments in broadband infrastructure. **Ultimately, we were able to secure $210 million for state investments in the broadband grant program**.

AMC PRIORITY: CYBERSECURITY GRANT FUNDING

Cybersecurity threats pose a significant threat in today's interconnected world. For counties who manage several IT platforms that host a variety of private financial, health, and property tax information, threats of system hacks and exposure are a daily concern. AMC worked hard to place funding in the House version of the Omnibus State Government Finance bill, HF4293. $1.8 million over two years was included in the bill and would be available through competitive grants to improve counties' cybersecurity infrastructure. MN.IT would oversee the grant program. In early drafts of the legislation, counties were not eligible to receive grants. Thanks to the work by AMC staff, the bill language was changed to accommodate county governments' eligibility requests.

Status: Did not pass.

Transportation & Infrastructure

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

AMC's Transportation & Infrastructure priority for the 2022 session focused on support for a bonding bill that would include funding for statewide transportation-related programs such as the Local Road Improvement Program (LRIP), the Local Bridge Replacement Program (LBRP), the Local Road Wetland Replacement Program (LRWRP) and the Busway Capital Improvement Program. While 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, this session we shifted our focus to the bonding bill since the 2022 session would be a bonding year. The last bonding bill that passed the Legislature was in October 2020 during a special session. It was a significant bill for transportation, and we were hopeful that legislators would continue that trend again this year. Unfortunately, a bonding bill did not come to fruition this session. Instead, the focus for transportation centered around a full, statutory dedication of the auto parts sales tax revenue to transportation and the need for state matching dollars for the federal Infrastructure Investment and Jobs Act (IIJA). Here is a look at how it all unfolded.

AMC PRIORITY: BONDING

Because it was a bonding year, it seemed promising that the Legislature would pass a significant bonding bill this session. Unfortunately, that was not the case. In fact, no bonding bill was even introduced by the end of session.

As mentioned above, it is important to note that the 2022 session was a bonding year. With the first year of a biennium being the budget year, the second year is referred to as the bonding year. Though in recent years, it has not always followed this pattern. The last bonding bill that passed was in October 2020 and it was one of the largest to date. Then, during the 2021 session – a non-bonding year – the House DFL majority introduced a substantial bonding bill, though it never made it to the House floor for a vote.

One of the main reasons we thought a significant bonding bill was likely this year was because both the House and Senate Capital Investment Committees went on extensive bonding tours over the interim. In addition, there is often a big push for a bonding bill during an election year and after redistricting, all legislators will be on the ballot this November.

Before the 2022 session officially started, the governor released his capital budget recommendations which included a $2.73 billion capital investment proposal. Included in his proposal were the following general obligation bond amounts for the transportation-related programs we were following at AMC:

- $120 million for the Local Bridge Replacement Program.
- $90 million for the Local Road Improvement Program.
- $5 million for the Active Transportation Program.
- $60 million for the Busway Capital Improvement Program.
- $20 million for the Local Government Roads Wetland Replacement Program.

The House Capital Investment Committee met weekly throughout session, hearing presentations on the many local projects that were introduced that the committee did not have a chance to visit on its statewide bonding tour. The Senate Capital Investment Committee met only a few times this session, with most hearings held near the end of the regular session. They met in early May for a hearing on SF4066 (Jasinski) which included $200 million in general obligation bonds for both the LRIP and LBRP.

By the final week of session, there was still no bonding bill introduced. When the global agreement put forward by leadership was unveiled, it included a $1.4 billion bonding bill as part of the final package. Senate Capital Investment Committee Chair Tom Bakk (I-Cook) held a press conference in the final weekend of session and said that they were close on a bonding bill. He said the $1.4 billion bill would be broken down as follows: $1 billion in asset preservation for agencies as well as roads + bridges and wastewater, and the remaining $400 million would go mostly to local projects. The agreement also included a separate $150 million in general fund cash to include in the bonding bill, but there was not much information on how that would be spent.

Ultimately, another bonding year has come and gone without the passage of a bonding bill. AMC and many other local government groups participated in a non-partisan press conference after session adjourned to try and convince legislators to come back for a special session and pass a bonding bill. In the event that there is no special session yet this year, we hope that bonding will be included in early discussions next session. Incoming legislators will have their work cut out for them in many ways, but hopefully there will be enough interest to pass a bonding bill next session in order to make up for the lack of one this session.

Status: Did not pass.

TRANSPORTATION

Transportation Spotlight – IIJA and Auto Parts Sales Tax

With the passage of the federal Infrastructure Investment and Jobs Act (IIJA) at the end of 2021, we knew from the outset of the legislative session that finding a source for the non-federal match would be an important focus for the Legislature. Success for the IIJA in Minnesota hinges on the state's ability to maximize the available federal funds through non-federal matching dollars. When Governor Walz unveiled his supplemental budget recommendations in January, his transportation recommendations largely focused on providing the non-federal match by way of general fund surplus dollars, broken down as follows:

A portion of the funding would be used as a match specifically for IIJA programs that fund state and local roads and bridges. For this portion, the governor recommended providing additional general fund money to the Highway User Tax Distribution Fund (HUTDF):

- $200 million in the 22/23 biennium, which would mean an additional **$65.1 million for CSAH**
- $293.322 million in the 24/25 biennium, which would mean an additional **$95.476 million for CSAH**

His recommendations included a separate pot of general fund money that would go to MnDOT and be used as a match for IIJA programs that fund other modes, including transit, aeronautics, pedestrian and bicycling, electric vehicle infrastructure, and more. This separate pot of money would include $40 million/year over the next four years. Below is an outline of how that $40 million/year would be spent:

- $7 million/year for Greater MN transit
- $6.5 million/year for aeronautics
- $10 million/year for Metro Transit
- $3.4 million/year for EV infrastructure
- Remaining ~$13 million is TBD, flexible for discretionary programs

The House Transportation Committee focused its first hearing of the session on IIJA and its potential for transportation in Minnesota. The committee took testimony from the public on what the IIJA means for the state. Former Ramsey County Public Works Director and County Engineer Ted Schoenecker provided comments to the committee in addition to Blue Earth County Engineer and Public Works Director Ryan Thilges. Both engineers highlighted the benefits of the IIJA and its increase in funding over the FAST Act, but they were also cautiously optimistic based on the competitive nature of the programs and a concern for how far it will reach in Greater MN and on the local system generally. They recognized the significance of the funding, but also noted that it takes funding at the local, state, and federal level to meet the needs and demands on our local transportation system, emphasizing the need for consistent, dedicated funding as well as bonding for the local road and bridge programs.

While the governor's supplemental budget recommendations did not include a full, statutory dedication of the auto parts sales tax revenue to transportation, the amount of general fund money that his recommendations proposed spending would have been enough to do so. For the past several years, Senate Republicans have been hoping to complete the full statutory dedication of this revenue to transportation. This session, we knew it was going to be at the forefront as a legacy item the Senate Transportation Committee Chair, Senator Scott Newman, might want to complete before his retirement. Simultaneously, it could be a way to find the needed match money for the IIJA.

A full, statutory dedication of the auto parts sales tax revenue became a focus for the session. The Senate moved quickly on standalone bills that made their way through the committee process, with bipartisan support at each stop. The Senate's focus was on 100% of the revenue going to roads and bridges, with a portion of it going specifically to small cities and towns. The House was more hesitant to hear the bill, but eventually did so and amended it to reflect a full, statutory dedication to transportation, but with 60% going to roads and bridges and 40% going to transit. Below is a breakdown of the initial two versions:

HOUSE POSITION – HF3931 (Huot)	**SENATE POSITION – SF3086 (Howe)**
• 60/40 split, mirrors MVST • 60 = 53% HUTDF, 4% small cities, 3% town roads • 40 = 36% metropolitan area transit account, 4% greater MN transit account • Standalone bill as amended went to the Tax Committee where it stayed	• 76% HUTDF • 12% small cities • 12% towns • Standalone bill passed off the Senate floor with bipartisan support (59-7) • Provision was added to the Senate side of the Omnibus Transportation Bill

AMC weighed in on the issue during the House Transportation Committee hearing. As a statewide organization, AMC has long advocated for the need for increased transportation funding. One of our top priorities over the past several years is support for a comprehensive transportation funding bill that includes new, dedicated revenue for roads, bridges, and transit. It was only a few years ago that we reversed a long-standing position of opposing general fund dollars to fund transportation due to the fact that there are many other county programs that rely on the general fund. After careful consideration, we reversed that position and supported re-directing a portion of the revenue collected from the sales tax on auto repair parts as part of a compromise solution to address the dire needs of our transportation infrastructure.

We knew that the only way to find a solution on how to divide the revenue this session would require compromise. We urged the Legislature and the governor to work together to find a solution so as to bring additional funding to county highways and bridges through the County State Aid Highway (CSAH) fund while also including a portion for transit.

Ultimately, the Senate moved the bill through the committee process and passed SF3086 (Howe) off the Senate floor with overwhelming bipartisan support, by a vote of 59-7. The version that passed included 86% of the revenue going to the HUTDF, 7% to small cities, and 7% to towns. The Senate also included the provision in this form in its omnibus bill position (more below). In the House, HF3931 (Huot) as amended was passed out of the Transportation Committee and was re-referred to the House Tax Committee, but never got a hearing. In the end, the House and Senate were not able to find a compromise on this revenue. Currently, $145 million/year of revenue from the auto parts sales tax goes to the HUTDF. This is a little less than 50% of the total revenue.

Omnibus State Government Finance Bill (HF4293)

The stage was set for an interesting end of session as we saw both the House and Senate Transportation Committees put together their omnibus bills. Both bills focused on finding IIJA match money at the state level, but with different approaches. The House had a smaller target to work with of $250 million for transportation and only included one-time funding for the IIJA match. The Senate followed a similar approach to the governor's supplemental budget recommendations for IIJA match money and also included full statutory dedication of the auto parts sales tax revenue to transportation. This session, the transportation finance and policy provisions were included in the Omnibus State Government Finance bill. Below is a breakdown of the transportation finance provisions in the House and Senate positions:

HOUSE POSITION	SENATE POSITION
• $225 million General Fund target • IIJA match: $30.86 million one-time GF appropriation to CSAH • Federal Funds Local Assistance Program: $36.8 million • EV infrastructure IIJA match • Active Transportation, $12.5 million	• 100% statutory dedication of the revenue from the auto parts sales tax to transportation ○ 86% HUTDF, 7% small cities, 7% towns • IIJA match money, similar to Walz supplemental budget recommendation • Increased the EV surcharge to $229 and adds a $114.50 surcharge for plug-in hybrid vehicles

Transportation Policy Provisions

In addition to the funding provisions included in both the House and Senate positions, there were also numerous policy provisions – some that were found in both bills, others that were just in the House or Senate bill. There were policy provisions that AMC supported on each side as well as provisions that were concerning to counties on each side. Below is a breakdown of some of the top policy provisions AMC was following:

- **Traffic Safety Advisory Council:** AMC supported a provision on the House side, which established the Traffic Safety Advisory Council and included a representative from AMC and the MN County Engineers

Association (MCEA) on the Council. We welcomed the opportunity to work with all members of the Council on the development and implementation of projects and programs intended to improve traffic safety on all Minnesota road systems.

- **Speed Limits:** At the beginning of session, a standalone bill was introduced HF2771 (Becker-Finn), which would allow county boards to establish speed limits on county roads without a traffic and engineering study. Both AMC and MCEA have long-standing platform positions supporting the exclusive role of the Commissioner of Transportation in establishing speed zones on all roadways and we oppose any statutory changes that result in a lack of consistency in how speed limits are determined across the State of Minnesota. The bill was amended in committee and would have only applied to certain roads in Ramsey County. This amended position was included in the House side of the omnibus bill. Despite the limited nature of the amended language, we were still opposed and believed it set a bad precedent.
- **Metro Counties LOST Report to Legislature:** AMC opposed the language in the Senate position that would require metro counties that have implemented the local option sales tax to provide a report to the Commissioner on the use of this revenue. Counties have the statutory authority to implement this tax and before doing so must hold a public hearing and designate how the revenue will be spent. We believe counties should not be required to provide a legislative report on locally raised tax dollars. A similar provision was included in last year's transportation omnibus bill, and we also opposed it then.
- **Guideway Funding:** AMC opposed the language in the Senate position relating to the county responsibility for the funding of guideways. At a time when additional funding for the transportation system is needed, counties should not be required to shoulder these costs on their own. A similar proposal was put forward last session, and we shared the same concerns at that time. Since then, a large federal infrastructure package has passed that includes significant funding to maintain our roads, bridges, and transit system. Leveraging federal resources and new transportation funding is what is needed to maintain and improve our state's transportation assets, instead of shifting those costs to our counties.
- **Truck Weights:** Included in both the House and Senate positions were provisions relating to truck weights, which AMC weighed in on during the committee process and achieved a neutral position. On the House side, a provision to increase the weight and width allowed under a special permit for trucks hauling forest products was included. On the Senate side, the special farm products permit was amended to include grass seed in the definition of qualifying agricultural products. Also on the Senate side was a provision regarding weight limits for towing and recovery vehicles. AMC worked closely with proponents on all of the above bills to make sure these changes worked for counties, and we could remain neutral.
- **Independent Expert Review Provisions**: Both the House and Senate positions included provisions put forward from the Driver and Vehicle Services Independent Expert Review, also known as the King Report. While there were differences on each side, AMC was supportive of the inclusion of these provisions.
- **Public Land Survey Monument Restoration:** AMC supported the Senate language that would create a legislative report detailing the status of the monuments that mark public land survey corners in the state. Public Land Survey System (PLSS) monuments are essential for all property descriptions, location of infrastructure, and are the basis for accurate digital geospatial data. A report detailing the status, work needed, and costs will be helpful to addressing the statewide restoration and preservation program of the PLSS.

Between the finance and policy provisions in the transportation articles of the Omnibus State Government Finance bill, there was not much similar language between the House and Senate positions. The conference committee did not spend much time during public hearings going over the transportation articles, but conferees spent most of the final weeks of session trying to reach agreement behind the scenes.

In the final week of session when the framework for the global agreement reached by leadership was announced, the target for transportation was promising. It included a $360 million general fund target for ‘22-23 and $480 million general fund target for ‘24-25. Of those numbers, $282 million in ‘22-23 and $377 million in ‘24-25 was required to go towards provisions designed to provide matching dollars towards federal IIJA funding. While not explicitly stated, the amounts above were enough to include the full, statutory dedication of the auto parts sales tax revenue to transportation. According to leadership and conferees, this was a major sticking point in negotiations and one they spent several days trying to reach an agreement on. The Senate was hesitant to have any of the revenue go to transit, and the House felt strongly that a portion should go to transit. Accordingly, the House purportedly moved on its position of 60/40 (roads and bridges/transit) and was willing to have only 60/40 of the new, undedicated money go to transit, which would be an 80/20 split of the revenue overall.

While the conference committee did agree to some transportation policy provisions that were non-controversial, there was no final conference committee report agreed to on the Omnibus State Government Finance Bill. In the days and weeks following the regular session adjournment, AMC voiced our concern about the need for the Legislature to act on IIJA matching funds. Counties were hoping to see the Legislature come back for a special session to pass a transportation funding bill that included a stable flow of state matching dollars over the next five years in order to maximize available federal funds. Instead of maximizing these funds and competing for discretionary grant dollars, the state will not even be able to access the formula fund increase without a direct appropriation from the Legislature. This is something we hope is at the top of the to-do list at the start of next session.

Status: Did not pass.

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