

Key Legislation Not Enacted

Public Finance

Omnibus Tax Bills

(Chapter 285 - H.F. 2337 and Chapter 296 - H.F. 247)

Vetoed 5/4/12 and 5/14/12

Two omnibus tax bills passed the legislature, both of which were vetoed. These bills contained several provisions relating to cities. The key piece of the bills was business property tax relief, with the costs partially paid by tapping the state budget reserve, something the Governor did not support.

The bills contained general and local TIF and economic development provisions including an 18 month extension of the TIF 2010 Jobs bill provisions and clarifications to the foreclosure/market rate TIF statutes. Also included were provisions that would have increased the holding time for property for economic development and modifications to the threshold for blighted/substandard buildings. These provisions would have provided cities with additional flexibility to complete economic development projects, many of which are taking longer to complete due to the economy. Local TIF bills for Oakdale, Bloomington, Brooklyn Park, Dakota County, and St. Cloud were also contained in the vetoed bills. The bills also addressed affected levies due to the transition from the former Market Value Homestead Credit program to the new Market Value Exclusion program.

Public Safety

Shoot First – Defense of Dwelling - (Chapter 126 - H.F.1467/S.F. 1357)

Vetoed 3/5/12

If enacted, this legislation would have made several significant changes to various laws governing firearms in Minnesota. First, the bill extended from one-year to five-years the time period for a *Minnesota Permit-to-Purchase a Pistol*. It also mandated improved reporting of mental health and criminal background data to both the *Minnesota Crime Information System (MnCIS)* and the *National Instant Criminal History Background Check System (NICS)* for purposes of making background checks on applicants for a Minnesota permit-to-purchase a pistol, as well as a Minnesota permit-to-carry a pistol.

The bill also defined and delimited the authority of peace officers to disarm individuals during times of public emergency or public disorder, and provides a speedy means for judicial relief from any violation of that prohibition.

The most controversial sections of the bill codified and significantly amended Minnesota's law governing the use of force, including lethal force, in self-defense, both within and away from the home. The current statute governing the use of lethal force in self-defense in Minnesota is very brief, stating only that the intentional taking of the life of another is not authorized . . . except when the victim reasonably believes s/he is exposed to death or great bodily harm, or preventing the commission of a felony in the victim's home.

The bill drastically expended existing law by:

- repealing the common law duty to retreat in the face of grave danger occurring in a public place away from the home;
- broadening the definition of "dwelling" to include an individual's home and several public spaces;
- creating a *rebuttable presumption* that an individual using deadly force is presumed to possess a *reasonable belief* that there exists an imminent threat of substantial or great bodily harm or death if the person entering their home or vehicle did so by stealth or force;

- allowing a defender to use all force and means and meet force with superior force, as well as to continue using force, against an assailant until the danger is eliminated; and
- reversing the burden of proof in cases of self-defense, from the defender having to prove his or her innocence, to the prosecution having to prove beyond a reasonable doubt that the person did *not* act lawfully in self-defense.

Finally, the bill provided for the recognition by Minnesota of permits-to-carry a pistol issued by other states and jurisdictions. This issue raised concerns as other states do not have the same standards governing the issuance of permits.

Local Government Separation Ordinance Prohibition (H.F. 358/S.F. 2433)

This legislation sought to preempt local units of government from prohibiting or restricting their employees from sharing immigration data with federal authorities. The bill also preempted local ordinances, regulations, and policies that limit or prohibit government employees from communicating with federal officials about the immigration status of individuals or cooperating with federal officials in immigration enforcement. The bill also authorized citizens to sue local units of government to require compliance with the statutes.

The City of Minneapolis strongly opposed this legislation, arguing that trust between law enforcement and all communities in the city is vital to ensuring public safety. Legislators noted the expansive language in the bill would have allowed any public employee to investigate and report to federal authorities the suspected immigration status of any person at any time. A city that attempted to limit these actions by an employee could be subject to a law suit. The bill passed on the floor of the House and did not have a hearing in the Senate.

Fireworks Expansion (Chapter 243 – H.F. 1774/S.F. 1694)

Vetoed 4/28/12

Governor Dayton vetoed this fireworks industry-backed bill to expand the sale and use of fireworks in Minnesota from the current sparklers and novelties to the explosive aerial and multi-tube variety, also known as Class C fireworks. The measure was passed by the House on April 23 by a vote of 77-50, and by the Senate on April 24 by a vote of 48-17. The legislation was strongly opposed by local units of government, including the City of Minneapolis, the fire service, law enforcement, and medical professionals. The City of Minneapolis was one of several organizations to submit a letter respectfully requesting Governor Dayton veto the bill. A veto override attempt failed in the Senate 37-29. The House did not attempt such an action.

Regulatory Services

Residential Sprinklers Mandate Prohibition (Chapter 284 – S.F.1717)

Vetoed 5/7/12

Bill would have prevented Minnesota from adopting a revised building code that would require new single-family homes to contain fire sprinklers. This is the second time the Governor has vetoed this bill. Legislation included language prohibiting the State Building Code, Fire Code, or local governments from requiring the installation of fire sprinklers in new or existing single-family homes.

Occupational Licensing (S.F. 1629)

Required state and local government to demonstrate it has a compelling interest in protecting against harm to public health or safety, and the occupational regulation is the least restrictive means of furthering that compelling interest prior to requiring an occupational license in that jurisdiction. The bill would give a person the right to bring an action for declaratory judgment against the unit of government or other equitable relief for a violation.

Food and Beverage Licensing and Inspections (S.F. 1701)

This legislation authorized the delegation of powers agreement between the Commissioner of Health and local governments to specify the fees to be charged by the designated agent for delegated licensing duties. The bill also permitted the agreements between the Commissioner of Health and local governments or designated agents to perform certain licensing, inspection, and enforcement duties under chapter 157 (food, beverage, and lodging establishments) and chapter 327 (manufactured homes), to specify the fees to be charged by the designated agent states that the fees must not exceed the costs, including overhead costs, to the designated agent for the performance of the delegated duties, and the fees collected must not be used for any other purpose than the purpose for which the fee is collected.

Pawn Shop Regulation (H.F. 1195)

Two key bills were introduced pertaining to the regulation of pawn shops and industrial loan and thrifts H.F. 1195 involved the fees lenders are allowed under state law to charge their customers, in addition to finance charges. The current law amended in the bill applies to most types of loans, including sales on credit, and to most types of lenders, but does not apply to the small unsecured (no collateral) loans known as "payday loans." This bill expands the current list of types of fees that state law permits lenders to charge their customers in addition to interest. The additional type of fee permitted by this bill is *any* fee or charge agreed to by the lender and the borrower. It does not apply to unsecured payday loans, but it would allow pawn shops to charge any fee or charge agreed to the parties.

Industrial Loan and Thrifts (H.F. 2725)

Bill would have allowed an industrial loan and thrift (ILT) company to organize as a limited liability company. Currently, an ILT must be organized as a regular corporation. This was concerning to the City because several pawn shops are incorporated as ILTs. LLCs are easier to form and face fewer regulations, such as the city zoning requirements, than pawn shops which are ILTs. Allowing ILTs to also be LLCs was seen as an attempt to circumvent city ordinances and state requirements governing ILTs.

Inverse Condemnation (H.F. 2084 / S.F. 1664)

Legislation to allow private waste haulers to bring an action in district court to compel a city to commence condemnation proceedings if a city organizes its waste collection and the hauler loses business made it to the House floor but stalled in the Senate Local Government Committee. The City of Minneapolis worked with League, Metro Cities, county and township groups and others to oppose the legislation.

At one point the bill was amended in the House and Senate to place a mandated reimbursement under contract law, instead of placing it in the eminent domain statute chapter. The change eliminated ambiguity over how lost business revenue would fit under lost real property reimbursement requirements, and also made certain a city would face additional costs in an attempt to organize its waste collection. If this bill had become law, cities not currently organized would not have been able to afford to do so.

Interim Use Moratorium Ban (H.F.389 / S.F.270)

Legislation to set a time limit on when cities can impose an interim use moratorium to delay a project and to limit development contracts and park dedication fees passed the House, but failed in a vote on the Senate floor. The Senate bill was amended to remove interim use moratorium limits but still failed.

The bill that failed stated a municipality may not require land dedications or fees in development contracts not authorized in statute or mutually agreed upon by all parties. Cities would have been unable to amend any requirements unless the developer agreed to the changes.

The House version of the bill that passed was amended before passage and a provision requiring a 2/3 vote of the city council and a 30 day time limit to enact an interim use moratorium was removed. The final version only required a public hearing with a 10 day notice period prior to the implementation of an interim use moratorium.

Transportation

Transit Operating Cuts – No Change

Cuts to suburban transit providers, which were part of the budget agreement last session, were left unchanged this year. The House proposed eliminating the cut scheduled to occur this year. Because MVST projections are up by \$18 million, House Transportation Chair Beard proposed eliminating the additional cuts to suburban transit provider reserves. That proposal did not gain traction, but \$39.6 million allocated for Metropolitan Council bonding includes an option to provide up to \$4.2 million to suburban providers to refill their reserves, which double as capital accounts.

Southwest Light Rail Planning Funds–Not Enacted

Despite a strong push from local and business leaders along the proposed Southwest Light Rail line, the legislature did not include the requested \$25 million in state money for the project in the bonding bill. While the failure to secure the state share this year does not spell the end for the project, it could create a logjam for state dollars for other transit projects queuing up behind Southwest. For every \$1 in state money, there is \$9 in local and federal money for transit projects in the metro area. This is an issue that will likely take on more urgency next session.

Contingency Funding for Transportation Projects During a Shutdown (H.F.1971 / S.F.1530 and H.F.2631/S.F.2172)

The House and Senate pursued provisional funding for state transportation projects in the event of a state shutdown but no bills passed. Funding for transportation projects was one of the primary sticking points during last year's shutdown, as transportation projects are funded with constitutionally dedicated funds and funding for individual projects are not included in state budgets. Many bills were introduced this session to keep programs funded in the event of a shutdown but lost some steam as the immediacy of the shutdown and its aftermath fade.

Distance Based Fares (H.F.2852)

The House and Senate proposed bills requiring the Met Council to raise its transit fares by 25 cents, but nothing passed. At one point a pilot project that would have allowed suburban transit providers to

implement a distance based fare pilot project was considered. The Met Council testified in support and asked to be included in the pilot project authorization for routes over 15 miles to attempt to reduce subsidies by increasing the fare box recovery. In the end, the pilot project did not pass but may return next session as transit governance issues are discussed.

Met Council

Staggered Terms (S.F. 2014)

Vetoed 4/5/12

A bill providing for staggered terms for the Metropolitan Council was vetoed by Governor Dayton. The legislation would have established staggered terms for Council members following reapportionment of Council districts in 2013.

Met Council Study (H.F. 2673)

Due to renewed attention on its structure, authority and operations, the Met Council has argued in favor of a comprehensive study, rather than piecemeal changes and reforms. H.F. 2673 would have established a task force on metropolitan governance to study and make recommendations to the legislature on metropolitan governance. The bill did not receive a hearing.

Transit Governance Proposal (Not Introduced as a Bill)

The House Transportation Committee held an informational hearing to begin discussions on a proposed transit governance redesign. The proposal, spearheaded by House Transportation Chair Beard, would eliminate transit functions from the purview of the Met Council and create a “Regional Transportation Governance Board” (RTGB) comprised of elected city, county and township officials to oversee transit planning, as well as a separate board of locally elected officials, the Metropolitan Transit Commission (MTC), to oversee the operations of transit. The board would replace the Metropolitan Council as the MPO for the region.

The RTGB would be granted levy authority, which would replace current state general fund support and revert to funding transit with metropolitan property taxes. The bill would provide for a levy to cover any shortfall in Motor Vehicle Sales Taxes (MVST) monies, and a regional rail levy. The RTGB would also have bonding authority for capital expenditures.

The CTIB would become a committee under the new RTGB, and the quarter cent sales tax currently collected by CTIB would continue but the money would go to the RTGB. The money would also be allowed to be used for all forms of transportation. The CTIB would lose its authority to issue bonds.

Although the transit governance provisions provide some streamlining, they go against the recommendation of the Office of the Legislative Auditor to keep planning and operations functions under one roof.

There are a number of other pieces recommending changes to transit governance that could emerge next session. Future transit cuts would be required to be proportional to the distribution of any transit funding reductions so a part of the metro area could not lose more than a proportional cut to their current service. A proposal to re-open the opt-out statute to allow a city in the taxing district with little or no service to apply for local replacement service was considered. And finally, local veto authority over transit lines was proposed for local municipalities through which a light rail line would pass.