



## **Request for City Council Committee Action from the Department of Intergovernmental Relations**

**Date:** July 17, 2014

**To:** Chair Elizabeth Glidden and Vice Chair Alondra Cano  
**Referral to:** Intergovernmental Relations (IGR)

**Subject: Federal, State and Regional Update**

**Recommendation: Receive and File**

### **Department Information**

Prepared by: Gene Ranieri and Loren Olson

Approved by: Gene Ranieri, IGR Director \_\_\_\_\_

Presenters in Committee :IGR staff, Dennis McGrann, Ted Bristol

### **Supporting Information**

#### **Federal**

The City of Minneapolis contracts for representation with Congress, the Administration and federal agencies. Two Minneapolis based firms – Lockridge Grindal Nauen and FaegreBD Consulting represent the city in Washington, D.C.

Lockridge’s staff covers transportation and aviation issues while FaegreBD covers community development, housing, public health, development and environmental issues.

Mr. Dennis McGrann of Lockridge will provide an update on recent federal actions related to the Highway Trust Fund and the reauthorization of the transportation funding law - Moving Ahead for Progress in the 21<sup>st</sup> Century or MAP21. He will also discuss possible options to finance large scale infrastructure projects such as bridges and brief the committee on aviation issues. A power point presentation will be available for the meeting.

Mr. Ted Bristol of FaegreBD will review the status of the federal community development programs. The review will include not only the status of appropriations but also the Administration’s initiative to focus federal resources from several agencies such as HUD, Education and Justice, in a specific geographic area to improve the neighborhood and the lives of the residents. Mr. Bristol will also address the prospect of federal resources to assist cities to renew and reuse outdated facilities. A power point presentation will be available for the meeting.

### **Internet: Tax Issues.**

Congress has been working on two tax/internet issues this session. The House and Senate have considered proposals that would allow states to extend the sales tax to all internet retail sales and to prohibit local governments from imposing internet access taxes.

The Market Place Fairness Act would permit states to collect sales tax on internet sales regardless of the location of the seller. The bill passed the Senate in March 2013 but has stalled in the House.

The Internet Tax Freedom Act makes permanent a temporary ban on internet access taxes. The bill passed the House on July 14 and has been sent to the Senate. The current ban expires November 1, 2014. The Senate has not acted on the bill. It is discussion that the bills could be combined in the Senate but there seems to be no clear consensus on the bill's status in the Senate.

The passage of the Market Place Fairness Act would have an impact on state revenues. The Minnesota Department of Revenue in its tax reform presentations estimated that the state would collect approximately an additional \$400.0 million annually.

### **State of Minnesota**

**Revenues.** The Minnesota Department of Management and Budget (MMB) July Economic Update reported that the state has collected for the FY 2014, \$168.0 million in revenue above the February forecast. The MMB will release a report in August that will state the FY 2014 net fund balance (Revenues-Expenses).

The next revenue forecast will be in November/December 2015. The forecast will cover the current fiscal year as well as the next biennium.

### **Flood Damage, Request for Presidential Disaster Declaration and State Response.**

The Federal Emergency Management Agency (FEMA) has been assessing flood damage throughout the state. Preliminary reports indicate that the damage amounts exceed the federal damage thresholds required for a federal disaster declaration. The Governor has submitted a request for the declaration and a federal response is expected soon.

The 2014 Minnesota legislature established a special fund to provide the local match for federally declared disasters. The fund was appropriated \$3.0 million. Based on preliminary cost estimates to public facilities, the \$3.0 million may not be adequate and a special session may be called by the Governor.

City Emergency Management staff are working with FEMA, the state of Minnesota and Hennepin County to complete damage assessments and prepare requests for FEMA reimbursement of damage and restoration costs.

### **Regional**

**Regional Transit Equity Plan.** The Metropolitan Council is reviewing the draft plan and anticipates releasing it for public comment and approval later this year.

**Metropolitan Council Policy Plans.** Draft Policy Plans in the areas of Housing, Transportation, Regional Parks and Water Resources will soon be complete and adopted by the Met Council for public comment. The Housing Plan is expected to be adopted in July, the Transportation and Regional Parks plans in August and Water Resources in late August or early September. City staff are coordinating a multi-department review of the plans and preparing recommended responses which will come through the City Council process.