

2006 LEGISLATIVE AGENDA DRAFT

Local Government Finance

The 2005 tax bill increased local government aid (LGA) by \$48.0 million. As a result the \$486.0 million in LGA will be distributed in 2006 to cities throughout the state. The increase represents a 11.0% increase over 2005. The 2006 amount, however, is approximately \$100.0 million below the 2003 amount. The 2005 tax legislation restored approximately 1/3 of the \$150.0 million dollar cuts made in 2003.

In 2006, the City of Minneapolis will receive \$93.4 million in LGA, or \$15.4 million over the 2005 amount. Of the increase, approximately \$7.5 million is permanent funding and the remainder will decrease due to the statutory limits built into the distribution formula. The permanent funds were expended based on prior city council direction that identified public safety as a high priority. Therefore, LGA was used to restore funding in the Police and Fire Departments, and approve an additional 71 police officers. The one-time funds were used to pay down pension obligations

~~Local Government Aid (LGA) reductions in 2003, 2004, and 2005 (\$26 million, \$35 million, and \$2 million respectively) have severely reduced essential services and have widened disparities in tax rates between Minneapolis and surrounding communities.~~

~~Several features of the 2001 property tax act are continuing to result in a shift of the total property tax burden from non-homestead properties to homestead properties. Among these features is the scheduled phase-out of the limited market value program, which will contribute to homestead property tax increases over the next four years. Due to changes enacted in 2001 and subsequent years, homestead property taxes will increase more rapidly than city spending.~~

The priority issue for Minneapolis:

- Full funding for the current LGA program and adoption of a formula that minimizes one-time funding.

Minneapolis supports:

- Suspending the phase-out of the limited market value program for residential properties
- Diversifying revenue sources for municipalities, including but not limited to street use utility, sales tax, and other user fees

Minneapolis opposes:

- Legislation including constitutional amendments that would arbitrarily limit government revenues and authority

City Bonding Priorities

The bonding priorities for the City of Minneapolis are as follows:

1. ~~Minnesota Planetarium and Space Discovery Center: \$24 million to complete design, construct, furnish, and equip the planetarium~~
 2. ~~Funding for the Bioscience Development Fund so that infrastructure improvements of \$13 million to the University Research Park can proceed in a timely manner~~
 3. ~~\$5 million to be used at the site of the former Sears store near Chicago and Lake Streets to pre-design, design, acquire, construct public infrastructure, and support development~~
 4. ~~Minnesota Shubert Performing Arts and Education Center: \$10 million to construct, furnish, and equip the center~~
- 1) Minnesota Shubert Performing Arts & Education Center: \$15 million to construct, furnish and equip the center.
 - 2) Grand Rounds Parkway lighting and roadway rehabilitation in the amount of \$8 million in 2006 and 2008. This will be a joint request from the City of Minneapolis and Minneapolis Park Board.
 - 3) University Research Park: \$6.45 million for the Bioscience Development Fund so that infrastructure improvements of \$13 million to the University Research Park can proceed in a timely manner.
 - 4) Heritage Park Redevelopment Project: \$6 million to acquire land and construct public infrastructure for Van White Memorial Blvd.
 - 5) Cedar Lake Trail: \$1,816,300 for completion of Phase III improvements to finish the trail.
 - 6) Target Center Debt Relief and Capital Improvements.

The city also supports capital project proposals that will enhance the city's livability and quality of life:

- Lake of the Isles Rehabilitation: \$5.0 million to complete improvements to the park
- Lowry Ave Corridor: \$5.0 million for phase-two implementation of the Hennepin County Project
- Lowry Ave Bridge Replacement: \$24.3 million to assist in the replacement of the Lowry Ave Bridge by Hennepin County
- Lutheran Social Services Park Avenue Apartments: \$5.0 million to fund the construction of 64 affordable housing units in the city
- MacPhail Center: \$5.0 million to assist in the construction of a new center
- North Minneapolis Workforce Development Center Repair: \$1.9 million requested by the Minnesota Department of Employment and Economic Development DEED
- Redevelopment Fund: \$20.0 million requested by DEED to continue the Redevelopment Fund
- Municipal Reforestation: \$20.0 million requested by the Department of Agriculture for a statewide program to remove and replant diseased and damaged trees located on public spaces.
- Transit Projects: \$73.5 million requested by the Metropolitan Council and Minnesota Department of Transportation (MnDoT) for the Tier 1 transit project. The Metropolitan Council has requested funding for I-35W rapid bus transit (\$8.3 million), Central Corridor (\$10.0 million) and Cedar Ave Corridor (\$5 million). MnDoT is requesting \$50.0 million for Northstar.
- Metropolitan Regional Parks: \$11.0 million is being requested for regional parks redevelopment and expansion.
- Housing: \$38.0 million is requested by the Minnesota Housing Finance Agency (MHFA) for permanent supportive housing and land for affordable housing.
- Flood Hazard Mitigation: \$12.0 million requested by the Department of Natural Resources for flood hazard mitigation in rural and metropolitan areas.

Affordable Housing

Providing all residents with safe, decent, and affordable housing is a priority in Minneapolis. As fewer resources are available, Minneapolis can achieve this goal by partnering with statewide housing advocates and agencies, including Housing Minnesota and the Minnesota Housing Finance Agency (MHFA).

Other affordable housing priorities in Minneapolis include safeguarding the current MHFA programs that serve low-income residents.

The priority issue for Minneapolis:

- Legislation authorizing state bonding or general fund appropriations for MHFA at a level significant enough to have statewide impact on shelters as well as permanent, supportive, assisted, and transitional housing that serve affordable housing needs throughout the state. Bonding proceeds should be used to continue the homeless prevention programs and initiate a state supported land trust project.

Minneapolis supports:

- ~~Legislation authorizing the creation of Tax Increment Financing (TIF) mixed-use and mixed-income housing districts for developments that contain both owner-occupied and rental units~~
- Statewide regulation of predatory lending. This includes support for:
 - Full funding of the Consumer Education Account so that the Commerce Commissioner may assist and educate consumers to avoid being victimized by unscrupulous lenders
 - Legislation which provides for registration, background checks, and continuing education for mortgage brokers
 - Legislation requiring lenders to provide loan applicants with a written statement strongly urging them to discuss their loan paperwork with an independent loan counselor
 - Legislation authorizing the Minnesota Attorney General, in addition to the Commerce Commissioner, to enforce the current provisions of Minn. Stat. Sec. 58.13, the “Minnesota Residential Mortgage Originator and Servicer Licensing Act” and appropriate sufficient funding for enforcement
- ~~Restoring the 4d class rate or enacting a similar mechanism in the tax code to encourage affordable housing production~~
- Continued review of the property tax code to encourage affordable housing production and preservation.
- ~~Legislation exempting claims within the City of Minneapolis from the \$8,500 cap on damages for housing discrimination lawsuits~~
- State income tax credits for both affordable housing and historic buildings

Transportation

~~Both Minneapolis and metropolitan communities benefit from a strong public transit system. Multi-modal transit systems such as bus transit, Bus Rapid Transit (BRT), Commuter Rail, and Light Rail Transit (LRT) ensure mobility to jobs throughout the region and promote economic growth. Public transportation helps sustain a healthy environment and economy, and with careful planning, can increase neighborhood livability. Minneapolis strongly believes that all transportation improvements must be done in a manner that is compatible with neighborhood livability.~~

The City supports increased funding for transit and highways. Minneapolis urges Governor Pawlenty and the State Legislature to approve a transportation funding program this year that includes adequate funding for transit and provides a stable secure funding source for expanding and operating our region's transit system with at least eight new transitways and doubled bus system by 2020.

Minneapolis supports transportation funding that is 1) predictable – annually anticipated so proper planning and programming can take place, 2) time sensitive – implemented in the 2007 calendar year and not subject to voter approval, 3) sensitive to the impact on the general fund, 4) geographically balanced – considering regional distribution and needs, and 5) available for both transit and highways, used for capital projects as well as operating and maintenance.

Priority issues for Minneapolis:

- Dedicated funding for transit
- Legislation that increases state funding for the Tier 1 Corridor projects as identified by the Metropolitan Council: 35W BRT, Northwest Busway, Northstar Commuter Rail, Cedar Avenue BRT, and Central Corridor LRT
- ~~The creation of a statewide task force to put forth a state airport strategy that incorporates the interests of the entire state, including citizens, the business community, the metropolitan area, and greater Minnesota. This task force would advise MnDOT as it updates its aviation plan. In addition to passenger movement, the task force should incorporate air cargo and environmental concerns into the plan, withholding recommendation of any expansion of Minneapolis St. Paul International Airport (MSP) until the task force aviation study is complete~~
- Legislation creating alternative sources of revenue for transportation improvements. These could include authority to create and utilize a transportation utility and authority for more extensive use of special assessments.

Minneapolis Supports:

- The current language for the constitutional amendment dedicating the motor vehicle sale tax to transit and transportation. Minneapolis' support is contingent upon the percentages dedications remaining the same and that the state make some effort to hold the general fund harmless.

Public Safety

Keeping residents and visitors safe is a top priority for the City of Minneapolis.

Priority issues for Minneapolis:

- Funding for the entire public safety system, including such critical functions as police, fire, prosecutors, public defense, communication systems, probation and the courts. Providing public safety, a core responsibility of local government, is threatened by insufficient funding.
- ~~Ensuring a statewide coordinated plan for addressing gang activity through funding of the State Gang Strike Force and expanded representation~~
- ~~Funding for the development and implementation of criminal justice information systems such as CrimNet and MNCIS that will allow local law enforcement agencies to share criminal justice information with jurisdictions statewide~~
- Creating a statewide coordinated plan for dealing with released sex offenders that addresses the overall concentration of offenders located within the City of Minneapolis and Hennepin County. To

ensure this equitable distribution of sex offenders, the State must fund additional housing options and placement of half-way houses and should require the county of commitment to bear financial responsibility for released offenders

Minneapolis Supports:

- ~~Amending the trespass statute to increase the length of time that a person trespassing on the property can be barred from the property~~
- Changing the criminal code to address chronic offenders of indecent exposure ~~and interference with privacy~~ laws
- Adding the following to the list of qualified domestic abuse offenses: murder in the first, second and third degree, manslaughter in the first and second degree, interfering with an emergency phone call, false imprisonment, kidnapping, violation of a no contact order and domestic assault by strangulation
- Streamlining statutes in order to more effectively prosecute prostitution-related offenses
- Legislation making it a crime to drive under the influence of any drug that makes a person an unsafe driver, including THC.
- Minneapolis supports amending the rifles and shotguns in public places statute to apply to the outdoor areas, such as the front and back yards, of the private lands owned by persons other than the possessors of the weapons
- Increasing penalties for chronic offenders by including theft; receiving stolen property; trespass; disorderly conduct; crimes involving transit; violations of local ordinances prohibiting unlawful aggressive solicitation; consuming alcoholic beverages in public; and loitering or lurking with intent to commit a crime as enhancable offenses
- ~~Increasing the 911 surcharge to provide adequate funding to all public safety answering points in Minnesota~~
- Expanding the vulnerable adult statutes to prescribe felony level punishment for neglect
- Amending domestic assault provisions of the criminal code to require courts to furnish criminal history information to prosecutors without charge
- Amend the “qualified domestic violence related offense” definition to “qualified prior offense” to allow for broader application for non-domestic (stranger) assaults.
- Enhancing the penalty for assaults on Animal Control Officers to assault in the fourth degree
- ~~Amending the “Ted Foss” law to require a full lane buffer between non-emergency vehicles and emergency vehicles~~
- Allowing for a gross misdemeanor careless driving offense if driving conduct results in a fatality and increasing penalties for all other driving offenses resulting in fatalities
- Allowing for a misdemeanor offense for restricting access to a telephone for the purpose of emergency calls in a place of business.
- Increasing the probation period for criminal vehicular homicide and injury
- ~~Making possession of any amount of marijuana with intent to sell a misdemeanor~~

Minneapolis Opposes:

- ~~Legislation that re-enacts the Minnesota Personal Protection Act~~
- ~~Reducing sentences for drug offenders and changing criminal thresholds for selling and possessing controlled substances~~

Municipal Governance

Minneapolis' ability to conduct business in an orderly and efficient manner is frequently regulated by state law.

Priority issues for Minneapolis:

- Legislation granting the Minneapolis Employees Retirement Fund (MERF) the authority to invest funds with the State Board of Investment (SBI)
- Legislation removing the "liquidity trigger" in the current MERF statute, which requires the City of Minneapolis to fully fund each retiree's pension immediately upon the date of retirement. The proposal will reduce and extend the City and the State's payments to MERF to 2020, the date set for full funding of MERF's liabilities
- Legislation that excludes the MERF executive director from the Governor's salary cap
- ~~Legislation that facilitates the City's collection of impound and storage fees from owners of abandoned vehicles~~
- Legislation to allow the City of Minneapolis to bring a deficiency claim against the owners of abandoned vehicles as is currently allowed for private towing lot operators. The deficiency claim is to recoup losses not covered by the sale of their vehicles.
- ~~Legislation permitting cities to enter into agreements regarding the placement of advertisements on trash receptacles in the public right of way through a license, permit or franchise process~~
- Legislation expanding the current state statute for cities of the first class to add litter and recycling containers as amenities in the public right of way that advertising can be affixed upon with a permit.

Minneapolis supports:

- ~~Legislation which allows for alternatives to the public bidding process for transit facilities~~
- Legislation creating alternative sources of revenue for transportation improvements. These could include authority to create and utilize a transportation utility and authority for more extensive use of special assessments.
- ~~Legislation extending the current special service district law~~
- Creating Downtown Special Service Districts.
- ~~Local authority to extend benefits to domestic partners~~
- ~~Changes in the legal notification law allowing the Internet to be used more frequently to notify citizens about public actions~~
- ~~Altering MN Statute 118.07 so that the City would be able to exercise the same investment option authority already in use by Hennepin County~~
- ~~Amendments to the Minnesota Government Data Practices Act that protect business proprietary data~~
- Revising the existing state law that restricts the City of Minneapolis to "Rule of Three" in the selection process and replacing this with language that maximizes the number of applicants hiring departments can consider for hire
- Repealing the special laws establishing specific unclassified appointed positions in Minneapolis

- Minneapolis supports pension reform legislation that provides responsible pension management and governance while addressing the City’s long-term financial obligations and maintaining the City’s commitments to retirees. Legislation relating to any of the City’s three closed pension plans must contain a local approval clause.
- Minneapolis support retention of the city’s authority to limit full liquor off-sale hours to 8:00 p.m., Monday through Thursday, without negatively impacting the ability to regulate the sale hours of 3.2 malt liquor off-sale.

City Livability

The City works to keep Minneapolis a desirable place to live, work, conduct business and play.

Priority Issues for Minneapolis:

- Legislation fully addressing the effect that airport noise has on surrounding neighborhoods, including fully funding noise mitigation programs to the 60 DNL as committed to by the Metropolitan Airports Commission (MAC)
- Legislation creating a tax credit for building owners resolving lead contamination issues in housing units
- Maintaining the current formula that provides state funding to local governments for core public health activities

Minneapolis supports:

- Legislation that holds managed care plans and health care providers accountable for lead screening for children on medical assistance and increases state funding for lead control activities
- Policies that promote early intervention to remove lead hazards in homes before children are poisoned
- Sustaining the minor consent law permitting adolescents to see medical providers for reproductive, mental health and chemical dependency issues without informing a parent or guardian
- ~~Protecting the funding for health and human services safety net programs–~~
- Expand health care access and protect funding for health and human services safety net programs including child and adolescent mental health services
- Restoring or maintaining the funding for early childhood programs
- ~~Restoring~~ Support designated funding for youth development programs
- Improving dental health care for children and low-income adults
- Ensuring efficient public health emergency preparedness and response
- ~~Legislation increasing the cigarette tax no less than \$1 per pack~~
- Legislation protecting the well-being of children such as the Children’s Health Security Act
- Re-authorizing the “This Old House” program
- Statewide smoking ban providing that the ability of local units of governments to enact more restrictive ordinances is not prohibited
- ~~Legislation proposed by the Minnesota Department of Health to lower the mandatory environmental intervention blood level~~

Minneapolis opposes:

- Legislation allowing the purchase of wine in grocery stores or other changes making it easier for minors to purchase alcoholic beverages

Environment

Currently Minnesota has a Renewable Energy Objective law requiring utilities to make a good faith effort to meet 10 % of their electricity needs with qualifying sources of energy by 2015 – this is a statutory requirement, subject to PUC, for Xcel Energy. Good faith efforts make it difficult for investors to rely on. Twenty other states plus the District of Columbia have adopted a Renewable Electricity Standard.

Minnesota law requires that utilities offer green power to their customers - interested consumers make an additional payment for each "block" of renewable energy they wish to purchase. While this represents one step in the transition to a cleaner energy system, alone, it is not enough. Renewable energy will not become a major component of a utility's power mix through these voluntary efforts alone. A Renewable Electricity Standard would help to ensure that the electric mix becomes cleaner over time and all ratepayers share in the cost.

The priority issue for Minneapolis:

- Increasing the amount of new renewable energy used by utilities supplying energy to Minneapolis/Minnesota (gradually increasing by at least 20% by 2020).

Minneapolis supports:

- Renewable energy that produces less pollution when compared to coal plants.
- Stable energy prices. Unlike fossil fuels, renewable energy does not suffer from dwindling supplies, or volatile prices.
- Reducing our dependence/reliance on volatile markets for foreign oil and domestic natural gas.
- Renewable energy definition that include only hydropower plants that are small (less than 60 megawatts).
- Promoting the goals of the proposed Clean Water Legacy Act, with an on-going review to assure that Clean Water Legacy Act funds are properly distributed between assessment, TMDL development and capital projects to ensure both protection for our water resources and support for future development and redevelopment.
- Minneapolis supports an equitable funding solution for the Clean Water Legacy Act but would oppose the use of surcharges on local utility fees

Minneapolis opposes:

- Legislation that would further limit opportunities for the City to build or purchase renewable energy at reasonable prices.
- Increasing incentives for coal plants or large hydropower plants (those exceeding 60 megawatts) for use by Minneapolis.

Jobs & Economic Development

Costs associated with land recycling, specifically remediation and redevelopment, are major barriers to creating jobs and providing housing opportunities for older cities. State assistance in financing the development of brownfields and the elimination of blight, along with other tools that facilitate successful and sustainable redevelopment, are top priorities for Minneapolis.

Minneapolis supports:

- ~~Statewide Tax Increment Financing (TIF) legislation to facilitate the redevelopment of large projects for redevelopment districts that will facilitate the clean-up of property and the redevelopment of projects like the University Research Park and the Urban Renewal Area proposal~~
- Funding for the Department of Employment and Economic Development (DEED) Redevelopment Account ~~and restoring statewide jurisdiction for the account~~
- ~~Safeguarding the funding level of the DEED Contamination Cleanup Grant Program~~
- Continuing and increasing the funding level of the DEED Contamination Cleanup Grant Program and authorizing the transfer of the contamination tax to the clean-ups grant account.
- Continuation of the Livable Communities Act programs
- ~~\$2 million in state bonding~~ Increase funding for the Minnesota Historical Society and Local Preservation Grant Program. ~~contingent upon the agency's willingness to lift the \$75,000 cap on grants from the program~~
- State funding for the “Close the Gap” employment initiative
- Establishing a state income tax credit program to facilitate the preservation of historic property
- Continuation of the authority of state and local government to acquire land by eminent domain for public use.
- ~~Legislation removing the existing \$1.0 million limit on state tax credits to facilitate bioscience development~~