

WEEKLY MEMO

Date: January 30, 2015

To: Mayor Lynn Stauss, Council President Mark Olstad, Council Vice-President Chad Grassel, Council Members Clarence Vetter, Mike Pokrzywinski, Craig Buckalew, Henry Tweten, and Marc DeMers.

RE: Weekly Update

UPCOMING MEETINGS:

February 3, 2015 – 5:00 PM – Regular Council Meeting – Council Chambers

February 10, 2015 – 5:00 PM – Work Session – Training Room

February 17, 2015 – 5:00 PM – Regular Council Meeting – Council Chambers

February 23, 2015 – 5:00 PM – Special Meeting – Training Room

Agenda Items:

The Consent Agenda consists of considering the approval of two exempt gambling permits, the special event application for Grand Cities Art Fest, a lease agreement with the Northwest Multi-County Housing Authority for office space in City Hall, adopting a resolution accepting a report of feasibility and setting a public hearing for paving in Replat of Outlot B Point of Woods 5th Addition, the replacement of the furnaces at Fire Station No. 1 for the bay area, and approving an appointment to the Library Board.

There is a notice under communications about a public meeting that will be at the library on February 17th from 4:00pm until 5:30pm in regards of having bus services in East Grand Forks starting earlier in the day. These additional costs will be covered by funds that were already received from the State.

Included with the memo is an update from the Coalition of Greater Minnesota Cities about Legislative Day.

David Murphy

From: Coalition of Greater Minnesota Cities [CGMC_Communications=flaherty-hood.com@mail227.atl121.mcsv.net] on behalf of Coalition of Greater Minnesota Cities [CGMC_Communications@flaherty-hood.com]
Sent: Friday, January 30, 2015 10:54 AM
To: David Murphy
Subject: CGMC in Brief - Jan. 29, 2015

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Newsletter for the Week of January 29, 2015

Record turnout for Legislative Action Day

This year's CGMC Legislative Action Day was a huge success! Nearly 100 city officials from 40 cities attended the CGMC's annual lobbying event, which was held in St. Paul on Wednesday. We also had a record number of legislators attend the legislative reception and dinner that capped off the day, with a bipartisan mix of nearly 60 legislators representing both rural and urban districts. Notable attendees included House Speaker Kurt Daudt (R-Crown), House Minority Leader Paul Thissen (DFL-Minneapolis), Senate Tax Chair Rod Skoe (DFL-Clearbrook) and House Capital Investment Committee Chair Paul Torkelson (R-Hanska).

The day began with a membership meeting in which attendees were apprised of the CGMC's top legislative priorities and given tips on how to lobby at the Capitol. The meeting was followed by a lunch with speakers Senate Majority Leader Tom Bakk (DFL-Cook) and House Tax Committee Chair Rep. Greg Davids (R-Preston),

who shared their insights into the legislative session and fielded questions from the crowd.

Attendees then spent the afternoon meeting with legislators at the Capitol and urging them to support CGMC proposals on Local Government Aid, broadband, workforce housing, transportation, environmental regulations, job training and the Business Development Public Infrastructure grant program. A copy of the lobbying materials that were given to the legislators can be found [here](#).

A big thank you to all the member cities that participated in this year's event!

Gov. Dayton's budget a missed opportunity for Greater Minnesota growth

Despite many legislators deeming 2015 the "Greater Minnesota session," Governor Dayton released a budget this week that focuses on students and higher education. Under his proposal, more than 77% of the projected \$1 billion surplus will go toward Health and Human Services, Higher Education and E-12 education. Despite the bipartisan focus on Greater Minnesota economic development in the legislature, the Governor has no new initiatives in that area. And, while the Governor's budget dedicates \$30 million to the Broadband Infrastructure Fund, this is far short of his own Broadband Task Force's recommendation of \$200 million.

Governor Dayton also failed to increase Local Government Aid in his budget for the next two years. The CGMC is proposing to increase LGA by \$45.5 million by 2017 to get back to the 2002 level.

In response to the Governor's budget, CGMC President and Ely City Councilor Heidi Omerza released a [statement](#) to the press calling it "a missed opportunity to bring economic growth to Greater Minnesota." Her comments were included in several news articles, including [this one](#) in the Star Tribune.

For more information on the Governor's budget, [click here](#).

Property tax changes do not provide property tax relief to Greater Minnesota

In Governor Dayton's budget, documents showed that "new revenue" would be coming to Minnesota cities – which could help assist cities in a year where the Governor did not increase LGA. Unfortunately, the budget documents conflate revenue with tax base in the case of railroad property tax "modernization" and directs most new funding to the metro area in the case of changes to the Municipal State Aid Street Fund.

In recommending "modernization" of state railroad property assessments, the Governor proposed expanding the taxable property of railroads to include property like rolling stock while also simplifying rules for taxing railroads. According to the Governor, current laws do not provide for an accurate determination of the fair market value of railroad operating property. This proposal would allow the commissioner to use "modern, generally accepted appraisal practices" to estimate market value for railroads, update obsolete language, and may reduce the burden of resources spent on dealing with appeals stemming from older appraisal methodology. However, this is not new "revenue" because this proposal merely expands the tax base – by \$12.5 million in FY 2017. In order to capture this expanded tax base, cities would still need to raise their levies.

The Governor's budget proposal also includes changes to the Municipal Street Aid Street Fund, including a gross receipts tax (at 6.5%) and registration fee increases. In 2016 and 2017, these changes add up to more than \$77 million in aid to cities, with 66% going to the Metro area. However, because few cities in Greater Minnesota receive funds under the MSAS, new revenue would impact only 9.5% of Greater Minnesota cities, but 56% of metro area cities. Moreover, of the new revenue, over 24% goes to cities that do not receive LGA, which undercuts the administration's assertion that the revenues are a substitute for LGA.

Gov. Dayton unveils transportation proposal

Gov. Dayton released his transportation funding package on Monday. His proposal addresses a 10-year time period, pledging money to the constitutional

funding formula, funding for metro and Greater Minnesota transit and bike and pedestrian pathways. The new funding mechanisms included in his proposal are a 6.5 percent tax on gasoline at the wholesale level, an increase in tab fees, a half-cent metro area sales tax, and money from the general fund. It also includes \$2 billion in Trunk Highway Bonds.

On the spending side, this translates to \$6 billion to the state trunk highways, \$2.356 billion to counties, cities and townships, and \$2.92 billion to transit, all over 10 years. As for the Corridors of Commerce program, which is one of the CGMC's top transportation priorities, the plan pledges \$1.6 billion over 10 years. Unfortunately, the plan does not address road funding for cities with a population under 5,000, which is another key transportation issue for many CGMC cities.

The Governor, Senate and House have now all introduced their opening bids on transportation. We anticipate that the CGMC will be called on to produce stories about the need for more transportation funding, especially about the increases in project cost participation. Get your stories and numbers ready so the Legislature does not ignore the need for transportation investment in Greater Minnesota!

CGMC President Heidi Omerza pens guest column

CGMC President Heidi Omerza wrote a **guest column** urging the Legislature to keep its focus on Greater Minnesota issues and take meaningful action to improve economic development this session. The column was sent to newspapers across the state and has already been published in the Bemidji Pioneer, Owatonna People's Press, Hutchinson Leader and Worthington Daily Globe.

Advocating for Parks & Trails

For those who missed Legislative Action Day, lobbyist Elizabeth Wefel introduced CGMC members to **Greater Minnesota Parks & Trails**, an organization comprised of counties, cities and individuals from across the state who are interested in strengthening our regional and local parks and trails. GMPT will be holding its first ever **Legislative Day** in St. Paul on Feb. 10. If you're interested in joining the group or learning more, please contact Elizabeth at [4](mailto:eawefel@flaherty-</p></div><div data-bbox=)

hood.com or 651-259-1924. The GMPT's membership form is available [here](#).

Save the date!

Please mark your calendar for upcoming CGMC events and important dates:

- **CGMC Summer Conference:** July 22-24, 2015, Duluth



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Our mailing address is:

Coalition of Greater Minnesota Cities
525 Park St., Suite 470
St. Paul, MN 55103

Contact: Bradley Peterson at bmpeterson@flaherty-hood.com or 651-259-1940

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