CGMC MEMBERSHIP MEETING
2025 Fall Conference
Grand Rapids, MN

AGENDA

- Welcome and call to order
- Policy position adoption
  - Environment and Energy
  - Annexation and Land Use
  - Transportation
  - Economic Development
  - LGA, Property Taxes, and State Government Finance
- Strategy, messaging, and next steps
- Upcoming events
- Adjourn

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POLICY POSITION ADOPTION

- Environment and Energy
- Annexation and Land Use
- Transportation
- Economic Development
- PT, LGA, and State Budget

Environment and Energy Policy Committee

Elizabeth Wefel, Lobbyist

Thank you to our Environment and Energy Committee Members!

Co-Chairs:

- Britt See-Benes, Virginia
- Sharon Hanson, Marshall
- Heidi Omerza, Ely

What do we anticipate next session?

- Money, money, money
- Bonding bill?
- Policy?

Bonding – Important Questions

- Can they get a bonding bill done?
- If so, how much money for water projects?
  - Last year, $176 million for Public Facilities Authority (less than requested)
  - Grant caps finally lifted
- Will state replenish lead line replacement fund?

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More Questions About Bonding

- Will divided house continue the push for changes to WIF and other programs?
  - DFL Capital Investment Chair and friends have attempted to change program because "too much money goes to greater Minnesota"
  - Rumblings about cutting funding to really small cities
- What about other policy proposals?
  - Sustainable Building Guidelines expansion. No advancement last year.
  - Capital Preservation Fund –brought down last year by intraparty fighting

PFAS
Are we still worried?

PFAS will still be part of the discussion, but not quite as much

- Modest changes and delays enacted in 2025
- Attempts at legislating around biosolids possible, but not likely
- Changes at federal level more impactful
  - We will be monitoring discussion on CERCLA liability

What Else Might Surface?

- Changes to NPDES permitting
- Nitrogen in water ?
- Wild Rice Sulfate rule?!
- Data Centers and responsibility for environmental review/ Non-disclosure Agreements
- Energy & Climate Change issues
  - Policies/legislation that impede other goals, such as more housing
  - Legislation that impedes cities' ability to take action

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Eliminating Language #2 and #5 (New #6)

~~CGMC advocates for a clean water framework that incorporates municipal wastewater and stormwater regulatory programs into the statewide watershed approach to address water pollution in the state in an efficient, effective, and equitable manner, relying on reductions from both point and non-point sources. Maximum flexibility with respect to achieving water quality goals should be encouraged.~~

CGMC supports increased funding for the construction, reconstruction, and improvement of municipal wastewater, drinking water, stormwater, and sewer facilities in Greater Minnesota ~~and increasing the caps of water infrastructure programs~~.

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Rearranging Policies

- Old 10 & 11 relating to Problem Materials and PFAS moved to water section
- Old 9 relating to Invasive species moved to funding section

Substantive Changes

1. Aquatic and terrestrial invasive species threaten the lakes, rivers, and parks of Greater Minnesota. The advance of these species may threaten the enjoyment of these resources by residents, impede tourism, and interfere with municipal water supplies. ~~CGMC supports legislation targeted at slowing or stopping the spread of these species, including dedicating funding from the Legacy Amendment and other sources to address this issue.~~ CGMC supports dedicated funds to address this issue, but the funds should be available to cities throughout the state

~~2. Minnesota's Legacy Amendment dedicates a portion of the sales and use tax to funding parks and trails.~~ Local and regional parks and trails play an important role in improving the quality of life throughout Minnesota. CGMC supports ~~a funding formula that allocates at least 20% to regional parks and trails in Greater Minnesota and opposes any formula changes that reduce that share~~ preserving and increasing the funds dedicated to regional parks and trails in greater Minnesota and to local parks and trails grant programs. In addition, CGMC supports allocating general fund dollars to the Greater Minnesota Parks and Trails Commission so that it can continue development of a system plan, evaluating funding requests, and executing other duties to promote the regional parks and trails system in Greater Minnesota.

New Policy

Addressing climate change and sustainability issues often involves complexity and the need to weigh the costs and benefits of proposed solutions.

The CGMC believes that the new policies, regulations and laws should be analyzed wholistically to balance competing priorities before adoption.

The CGMC also supports the abilities of cities to adopt and implement their own sustainability policies that are tailored to the needs of their residents and businesses

Annexation and Land Use Policy Committee

Elizabeth Wefel, Lobbyist

Thank You To Our Annexation & Land Use Committee Members!

Co-Chairs

- Kelcey Klemm, Detroit Lakes
- Greg Pruszinske, Hibbing

Annexation – Defending Cities' Right to Grow

- Without agreement between city and township organizations, it is difficult to advance needed annexation reform
- CGMC focused on defending cities' annexation rights
- Annexation legislation introduced –again-but not heard
- Issues may bubble up again this year, and we will be there!

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Land Use – Ensuring Ability to Implement City Vision for Growth and Development

- Efforts to restrict cities zoning and other authority over housing have continued
  - Legislation stopped again after intensive efforts by cities
  - Last minute efforts at negotiation failed
- Legislation likely again
  - Housing chairs have been working on proposals, but have not shared anything
  - CGMC working with other city groups on potential compromise

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Revise 7 – Add Language

MUNICIPAL LAND DEDICATION

Land dedication and/or payment in lieu of ~~is~~ are useful tools for guiding development in a way that meets community needs. CGMC opposes legislative interference with street and/or park dedication agreements.

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Revise 9 – Add Language

STATE PLANNING ASSISTANCE

CGMC supports the provision of state grants to assist municipalities with land use planning and zoning codes.

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Transportation Policy Committee

Darrin Lee, Lobbyist

Thank you to our Transportation Committee Members!

Co-Chairs

- Kevin Raney, Owatonna
- Clinton Rogers, Janesville

What to Expect in 2026?

- Quiet session?
  - Most action on transportation will rely on whether the legislature needs to pass a supplemental budget bill
  - Tied House of Representatives will limit action on ongoing disagreement over policy issues, such as Greenhouse Gas Emissions requirements for transportation projects
  - Adjustment to auto parts sales tax dedication?
- Will the legislature pass a bonding bill?
  - Bonding bill may be the best opportunity for new transportation investments
  - Last year:
    - Local Roads: $47M
    - Local Bridges: $31M
    - Local Road Wetland Replacement Program: $5M

Recommended Changes to CGMC Policies

Adjust #9 regarding revenues from electric vehicles

9. ADDITIONAL DEDICATED FUNDING FOR TRANSPORTATION

CGMC supports measures to generate additional dedicated revenue for transportation projects in Greater Minnesota.

A. The gas tax is currently one of the primary sources of revenue for state highways. With increasing adoption of electric vehicles expected to reduce revenue generated from the gas tax over time, the legislature ~~should consider alternative funding options such as increasing~~ increased the annual electric vehicle surcharge ~~or developing~~ and developed a new fee charged per kilowatt hour at public electric vehicle charging stations with revenue dedicated to the Highway User Tax Distribution Fund. Additionally, the legislature created an Electricity as Vehicle Fuel Working Group to provided further funding recommendations. The CGMC supports recommendations that maintain and increase funding from these sources to the HUTDF.

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Update #11 to reflect legislative change benefitting greater MN transit

11. ALLOCATION OF STATE TRANSPORTATION DOLLARS

CGMC supports MVST statutory allocation, which dedicates 60% of funding to highways, ~~36%~~ 34.3% to metro transit and ~~4%~~ 5.7% to Greater Minnesota transit. However, CGMC would not oppose efforts to increase Greater Minnesota's share of the 40% transit dedication. CGMC opposes decreasing the 60% of funding to highways in favor of transit. CGMC also supports the state's exploration of additional transportation revenue sources that recognize the changes to the auto fleet, such as increased fuel efficiency, electric vehicles, and other emerging technologies.

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Economic Development Policy Committee

Darielle Dannen, Lobbyist

Thank you to our Economic Development Committee Members!

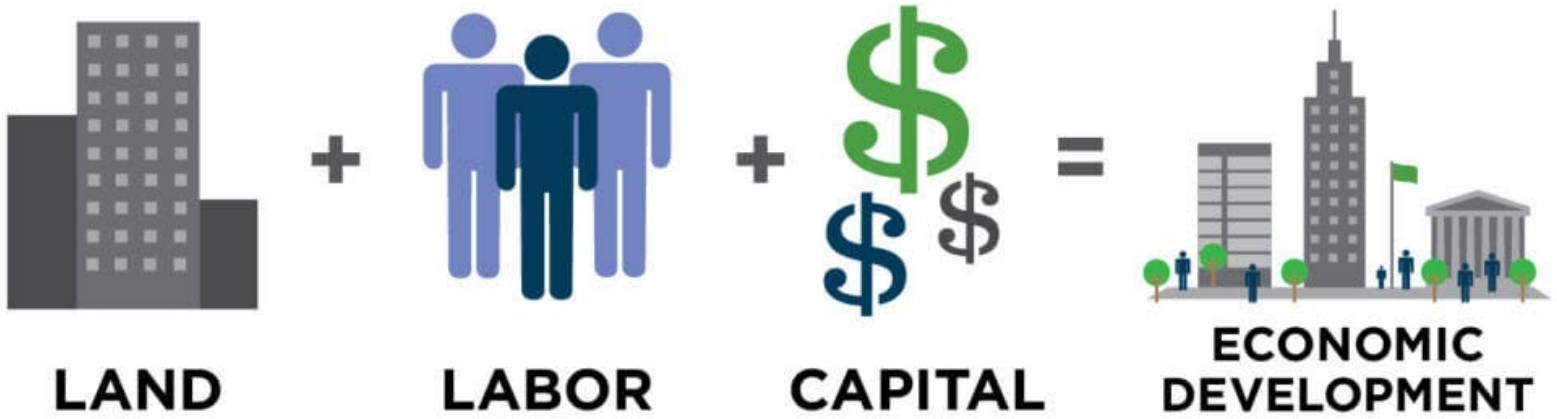
Co-Chairs:

- Craig Clark, Austin
- Greg Zylka, Little Falls

Agenda

- Brief overview: Economic and workforce development
- Review of 2026 policy changes

CGMC Focus:
Growing the Toolbox



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2026 Economic Development Bill Agenda

- Tax Policy
  - Remove income restrictions from Housing TIF law in Greater Minnesota
  - Extend 5-year rule to 10 in Greater Minnesota
- Business Development Public Infrastructure (BDPI)
  - $20M in general obligation bonds
  - $2.5 in general fund appropriations
- Housing and Child Care
  - Support reasonable and rational policies/appropriations that benefit Greater Minnesota communities
  - Anticipating making changes to the Greater Minnesota Housing Infrastructure program

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Significant Economic Development Policy Changes

- Greater Minnesota Housing
  - New priority supporting evaluating program outcomes and revising programs and scoring criteria to ensure they meet the needs of Greater Minnesota communities.
- Greater Minnesota BDPI Program
  - Updated to reflect appropriate dates. Dollars requested stay the same.
- Greater Minnesota Workforce Development
  - Updated language to focus on the need for Minnesota to be competitive in its workforce program offerings. Additional tweaks to provide greater clarity.
- DEED's Key Business Attraction and Expansion Programs
  - Added support for a more user-friendly state agency process for grant applications and practical geographical reform around employer location.

LGA, Property Tax and State Budget

Bradley Peterson, Executive Director

Thank you to our LGA/Property Tax Committee Members!

- Co-Chairs:
  - Audrey Nelsen, Willmar
  - Andrea Boettger, New Ulm

LGA for 2026 Session

- Protect the current LGA appropriation
- Headwinds
  - Likely future deficits
- Arguments
  - LGA provides the foundation for the services and infrastructure that our residents and businesses count on
  - Inflation continues to drive up costs for cities and property taxpayers cutting LGA would only exacerbate that trend
  - The state should look first to curb costs in programs that are tied to inflation and growing in cost before looking to LGA to address deficits

Sales Tax Discussion

- 2025 session failed to see a resolution
  - House and Senate Tax Chairs have substantially differing views
- Moratorium on local sales taxes has expired
  - Situation reverts to pre-2023 law
- Sen. Rest has stated that dealing with sales taxes is one of her highest priorities
- House co-chairs have VERY different views
- Many cities and counties are preparing to bring local sales tax requests to the legislature
- Outcome is highly difficult to predict

2026 LGA/Property Tax Policies

- Added bullet to State Budget position (#4) supporting review of state's debt capacity guidelines
- Added position on restoration of local cannabis aid (#14)
- Added position on Data Centers (#15)
- Duty Disability (#17)
- Update EMS policy to reflect Ambulance Operating Deficit Grant Program (#18)

Messaging, Strategy, And Next Steps

Session will be filled with lots of noise, but…

- Election year and little money will mean likely not much gets done
- Continue to be assertive about Greater MN's needs

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Messages for 2026

- Protect LGA
- Pass a bonding bill
- Fund lead service line inventory and replacement
- Oppose one-size fits all zoning and housing policies

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Next Steps

- Meet with your legislator
  - Discuss CGMC priorities with a focus on LGA and bonding bill
- Plan on attending Legislative Action Day
  - AND bring another person from your city
- Watch for updates from CGMC
- Respond to action alerts

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Upcoming Events

February 17, 2026

Legislative session begins!

March 25, 2026

CGMC Legislative Action Day:
Registration open soon

July 22-24, 2026

CGMC Summer Conference in New Ulm

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More Questions?

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