



City of Lakeville  
2026 Legislative Priorities



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## Primary Legislative Priorities

### A. Downtown Lakeville Social District

The City of Lakeville is requesting the Minnesota State Legislature grant a special provision to allow the City of Lakeville to designate a “Social District” within the Downtown area, modeled after the City of Anoka legislation adopted in 2022.

### B. State Mandates on Local Authority:

Lakeville opposes statutory changes which erode local control and authority including, but not limited to:

- Mandates that limit the city’s ability to manage our development standards, zoning regulations, and the use of right-of-way.
- Unfunded mandates that cause increased property taxes which impede the city’s ability to fund traditional services.
- Regulations prohibiting the imposition of infrastructure fees so new development pays its fair share of the off-site, as well as the on-site, costs of public infrastructure to adequately serve the new development.

### C. Post Office Improvements:

In March of 2021, the United States Postal Service released its 10-year plan, ‘Delivering for America,’ to return the organization to financial sustainability and achieve service excellence while maintaining universal six-day mail delivery and expanding seven-day package delivery. The Lakeville Post Office currently struggles to make consistent daily deliveries to residents, much less expanding to delivery seven days a week. The report indicates the successful implementation of the 10-year plan requires partnership from legislative and regulatory stakeholders. The City of Lakeville has contacted our local elected federal representatives and requested a review of the operations of the Lakeville Post Office. It is essential, for a growing city of over 75,000 residents, that the Federal Government implement improvements to Lakeville’s Post Office including the renovation and expansion of the sorting and distribution facility, upgrades to technology, increased staffing and training, and updated vehicle fleet and logistics to provide improved customer service and consistent and reliable handling, sorting and delivery of mail services. Further, the City desires a path forward to consolidate the city into one contiguous zip code to help avoid confusion related to mailing addresses.

### D. County Road 5/50 Interchange Improvements at Interstate 35:

County Road 5/50 is categorized as a minor arterial with an annual average daily traffic volume of 30,000 vehicles that pass through the interchange. Interstate 35 (I-35) has an annual average daily traffic volume between 75,000 to 80,000 vehicles at this interchange. The Interchange has high crash rates and significant traffic congestion due to insufficient capacity, sight distance, and turn lanes, and requires replacement to improve safety and delays. As the largest city in Dakota County and one of Minnesota’s fastest-growing populations, the City (along with Dakota County) has been

planning to replace this deficient Interchange for more than 20 years and made significant local investments (more than \$22 million) in right-of-way acquisition, local road reconfiguration, and draining improvements, along the County Road 5/50 corridor and within the Interstate 35 interchange area in preparation for future safety and capacity improvements. The project is programmed for construction in 2028/2029.

Replacing the County Road 5/50 Interchange at I-35 will provide the necessary infrastructure and investment to make safety and capacity improvements, improve existing and future regional mobility along the County Road 5/50 and I-35 corridors (E-ZPass, auxiliary or general purpose lane), and encourage additional job creation and tax base through new commercial and industrial development. The City is partnering with Dakota County and potentially MnDOT to coordinate interchange improvements to increase efficiencies and reduce impacts to the traveling public and existing businesses (MnDOT's Capital Highway Investment Plan programs replacement of the I-35 bridges over CSAH 60 and 205<sup>th</sup> Street, repairs to the I-35 bridges over Lake Marion and pavement improvements between CSAH 70 and the I-35E/35W split in 2029 to address existing deteriorating infrastructure). Currently, Dakota County is nearing completion of preliminary engineering and approved geometric layout for a new County Road 5/50 Interchange at Interstate 35 as part of a \$5,040,000 federal funding appropriation. In 2025, the State of Minnesota appropriated \$40.8 million toward the project to cover State Trunk Highway costs – i.e., bridges, ramps, auxiliary lane. The city is requesting an additional \$22 million from the State to cover the current funding gap to address local impacts and costs.

# Additional Legislative Priorities

## Local Control, Municipal Revenue & Taxation

### A. State Regulation of Adult-Use Cannabis and Cannabinoid Products:

The 2023 legislative session enacted legislation making Minnesota the 23rd state in the country to legalize adult-use cannabis. The new law, ch. 342, created a statewide regulatory framework for adult-use cannabis establishing state-issued licenses for the industry from seed to sale. The regulatory structure includes local regulation, with cities responsible for registering certain cannabis businesses that are licensed by the state and conducting compliance checks. The law requires businesses to comply with local zoning ordinances, authorizes cities to implement license limits, and authorizes cities to implement ordinances to establish a petty misdemeanor for public use of cannabis and cannabinoid products. These authorizations aside, cities have very limited discretion in the regulation of the industry.

In 2025 the legislature eliminated the Local Government Cannabis Aid account, the only cannabis specific funding provided to cities and counties. This aid was a critical part of the state and local relationship for administration and implementation; however, it was repealed before it was ever dispersed to cities and counties. The current law caps the retail registration fee cities may charge a cannabis retailer in their city. These fees range from \$0 to \$1,000.

Many questions remain for what is to be seen from the Office of Cannabis Management and the cannabis industry as it is established. Cities will be a critical component of the regulation and enforcement of this industry. In any future legislation, the following should be considered:

- Any legislation considered should be responsive to the needs of cities as they arise from the implementation of this industry.
- Legislation should restore the Local Government Cannabis Aid fund to ensure adequate funding for local governments to implement the law and respond to challenges resulting from the cannabis industry. Cities and counties should be able to recover costs from assisting businesses and implementing the law through fees or other revenue sources.
- Legislation should increase, and at a minimum, maintain any discretion and local control granted to cities in current legislation.
- The City of Lakeville opposes any proposals to diminish local control related to the cannabis industry.

### B. Federal Regulation of Hemp-Based Products

The bill that made its way through Congress to reopen the federal government on November 13, 2025, contained a provision to outlaw hemp-based products. The bill gives the industry 365 days before all products that contain more than 0.4 milligrams of THC are banned.

Whitney Economics' latest THC beverage report estimated that total U.S. THC beverage sales topped \$1.1 billion in 2024, with Minnesota being a key state in growth. Competing industries, mostly the nation's legal marijuana industry, and the beer and spirits industries, lobbied to close what they considered a "loophole" in the 2018 Farm Bill that led to the explosion of hemp-derived products. Their argument was that hemp products are largely unregulated and there are no labeling and marketing restrictions or efforts to keep THC-infused drinks and edibles from children. However, Minnesota has established one of the strongest regulatory frameworks in the country, addressing these very concerns through clear rules governing potency limits, packaging, labeling, and age restrictions.

If enacted, this federal ban on low-dose, hemp-derived THC beverages and edibles would have a significant negative impact on our business. For 2025, we project \$818,000 in sales and \$280,000 in profit from this category alone. It currently represents 4% of our total sales and is the only category showing continued growth. Every effort should be made on the federal level to strike this provision and restore the authority to produce hemp-derived products as previously allowed in the 2018 Farm Bill.

C. Expansion of Wine and Strong Beer Sales in Grocery/C-Stores:

Lakeville Liquors provides over \$1.5 million in property tax relief annually to our property taxpayers. Lakeville opposes any legislation that would allow the expansion of the sale of wine and strong beer beyond existing licensed premises due to significant detrimental economic impacts on city revenues and the negative effect on preventing drunk driving and underage alcohol sales and consumption. Minnesota law already allows grocery stores, gas stations, convenience stores, and wherever beer is sold to sell 3.2 beer.

D. Elections:

In 2024, the City of Lakeville spent \$116,312 and 19,185 hours of staff time on three elections (presidential primary, general primary, and general election). Cities are essential in administering state and federal election laws and conducting voting activities. To strengthen the effectiveness of election administration, the Legislature should:

- Seek input from cities on proposed changes to voter registration, election law, and needed improvements and updates to the Statewide Voter Registration System (SVRS).
- Provide Cities with ongoing and sufficient funding through the Voting Operations, Technology, and Election Resources Account (VOTER) fund to provide cities with resources to conduct elections and meet the mandated requirements outlined in the statute.
- Provide ongoing resources to cities that administer absentee balloting and early voting for the extended early voting period and additional weekend hours required during a general election.

E. Met Council Governance:

The 17-member Metropolitan Council has 16 members, who represent geographic districts within the Twin Cities seven-county metropolitan area, with one member serving at large. However, they are all appointed by and serve at the pleasure of the Governor and typically fall within the current governor's party affiliation. To provide a governance structure that is more representative of our respective communities, local governments (cities and counties) should be afforded an opportunity to provide input in the selection process for members who represent local interests in regional planning efforts.

F. Revenue Restrictions:

The City of Lakeville strongly opposes levy limits and other financial restrictions imposed upon local governments. Local taxpayers hold their local elected officials accountable for local government spending and taxing decisions. When the state imposes levy limits, reverse referenda, or other fiscal restraints on local elected officials, it negatively impacts the ability of cities to meet the needs of their residents and removes the autonomy of local officials.

G. Data Practices Act:

The City of Lakeville supports a comprehensive periodic review of the Minnesota Government Data Practices Act (MGDPA) which was first enacted in 1979, over 40 years ago. Times have changed, specifically with technology. In 1979, cities were mainly maintaining data in paper form. Legislators from that time could not have imagined where technology would be today. The MGDPA should be updated to address those changes. The City of Lakeville should support these efforts:

- Provide additional state funding to assist Cities with meeting the increasing complexity of managing government data and records.
- State funding should be provided for statewide data practices training.
- Allow Cities to charge for the staff time required to comply with wide-ranging data requests, regardless of what type of copies of the data are requested.

H. Fiscal Disparity Fund Distribution:

The City of Lakeville supports the Fiscal Disparities Program and any effort to modernize and improve the program to fund the needs of the metro area.

I. Targeting Property Tax Relief Directly to Individuals:

The City of Lakeville supports targeting property tax relief directly to individuals as opposed to direct aid programs like Local Government Aid (LGA) and believes that income, not property value, is the most appropriate measure of "ability to pay" property taxes. Lakeville supports additional property tax relief to those in greatest need by directing dollars to the circuit breaker program from programs such as LGA. The circuit breaker income adjusted property tax relief

program provides direct assistance to those homeowners in greatest need, whether those local homeowners reside in a city that receives direct aid from the State.

The City of Lakeville also supports modifications to the homestead market value exclusion program. The general parameters of the program have not changed since 2011 and recent trends in residential home values have significantly reduced the value of the exclusion for many homeowners. The legislature should adjust the program to reflect the increases in market values.

## J. Cyber Security

A Legislative Commission on Cybersecurity was established in 2021 to provide oversight of the state's cybersecurity measures and review and make policy recommendations to state agencies and the legislature to strengthen the state's cybersecurity infrastructure. However, many of the commission recommendations have not yet been implemented, which creates cybersecurity vulnerabilities, especially at the local level as many communities lack the necessary tools and capabilities needed to protect their systems. The problem is serious. Each month Minnesota IT Services defends against roughly 27,000 phishing emails and messages across all state agencies and several cities and counties have been recent targets of ransomware attacks as local governments continue to remain particularly vulnerable to cyberattacks. The passage of the federal Infrastructure Investment and Jobs Act of 2021 provided additional federal resources to Minnesota to better prepare the state's preparedness and response to future cyberattacks. However, even with additional federal resources, many cities across the state remain vulnerable to cyberattacks and are in need of hardware and software support.

The City of Lakeville supports state action to identify and strengthen state and local capabilities, including the funding to evaluate state government cyber vulnerabilities, single points of failure, and fixes, and, based on those findings, create an ability for municipal governments to apply for grant funding or assistance to help conduct the same evaluation. Additionally, state and federal policymakers should:

- Seek municipal government input on any direction of state or federal funding that seeks to address cybersecurity preparedness and response and ensure city government participation in any task force or planning committee tasked with directing funding priorities for local government cybersecurity efforts.
- Ensure that any grant program administered by Minnesota IT balances the unique needs of smaller, less-resourced cities and larger cities and base cybersecurity funding opportunities on locally identified needs.

- Avoid unfunded mandates related to data notification breaches by ensuring proactive discussions with lawmakers and state leaders regarding cybersecurity awareness, prevention, remediation, and breach notification.

## K. Regulation of Massage Therapists

In the absence of any required statewide standards or regulations, several cities have entered the traditional state domain of healthcare licensure by enacting ordinances that require all massage therapists to obtain a local professional license and many cities have also required brick-and-mortar establishments to obtain a business license. These ordinances help local law enforcement officers to differentiate between legitimate providers and businesses engaged in sex trafficking and prostitution, as well as provide for health and sanitation standards.

City staff and law enforcement have spent a lot of time and resources conducting statewide criminal background checks; investigating massage therapist accreditation programs to determine legitimacy and credibility; and inspecting and monitoring establishments due to resident complaints and concerns. This has resulted in different procedures, requirements, and fee structures across the state. Despite the thorough work of city staff and law enforcement, when an illegitimate business suspects investigation, it will often close down and re-open in a different city. Without any sort of statewide database of these businesses, one city's solution may become another city's problem. Additionally, local law enforcement agencies do not have access to national criminal history data. This has allowed those with criminal convictions in other states related to sex trafficking and prostitution to obtain massage therapy business and/or professional licenses in cities in Minnesota. Allowing access to this information could help cities prevent sex trafficking across state lines.

The City of Lakeville supports the statewide registration or licensure of massage therapists that would not pre-empt the ability of cities to regulate massage therapy establishments. The city also supports legislation pertaining to the practice of massage therapy that accomplishes the following:

- Helps cities establish the legitimacy of providers and businesses applying for a local license to practice, including allowing local law enforcement agencies access to national criminal history databases.
- Prevents individuals from conducting criminal activities such as prostitution and sex trafficking out of establishments operating as massage therapy facilities.
- Improves provider compliance with Minn. Stat. ch. 146A and requires the state to take action in response to noncompliance.
- Protects the public from injury and from other conditions that may result in harm.

## L. Sales Tax on Local Government Purchases

The local government sales tax exemption enacted in 2013 and expanded in 2014 does not apply to all city purchases. Some purchases for municipal enterprise operations, such as liquor stores and golf courses are excluded from the exemption. In addition, in order to receive the sales tax exemption on construction materials under current law, cities must bid labor and materials separately and also designate a contractor to be a purchasing agent on behalf of the city. The existing Department of Revenue rules (Minn. Rule 8130.1200, subp. 3) are complex and the implementation can be so complicated that it can cost cities more money to implement than they will save on the tax exemption. Finally, although cities currently do not pay the motor vehicle sales tax on marked police vehicles or firefighting vehicles, other city vehicles are not exempt from the motor vehicle sales tax.

The 2021 legislature extended the sales tax refund process under Minn. Stat. § 297A.71 and Minn. Stat. § 297A.75 to contractor purchases of construction materials, supplies, and equipment incorporated into public safety buildings for initial construction, remodeling, expansion, and improvements for public safety facilities owned by local units of government. The refund process also applies to materials used in related facilities such as access roads, lighting, sidewalks, and utility components.

In order to ensure that taxpayers receive the full benefit of the local government sales tax exemption, the following must be implemented:

- The exemption should apply to all purchases made by local units of government.
- The process to receive the exemption for construction materials used in local government projects should be simplified or added to the refund process now available for local government public safety facilities.
- The exemption should be extended to all local government purchases that would otherwise be subject to the motor vehicle sales tax in Minn. Stat. ch. 297B.

## M. Operation of Electric Assisted Bicycles:

The City of Lakeville supports modifying state statutes to include the same driver's license or motorized bicycle/electric-assisted bicycle without the rider pedaling to promote rider safety. State statutes should be updated to include the use of bicycles with motors, including ebikes, according to their capabilities. The required permit training should advance ebike rider safety. Ebike riders under 18 should be required to wear protective headgear, as is currently required for motorized bicycle riders. The minimum age for both ebike and motorized bicycle operation should remain 15 years old. Providing law officers with better options for reasonable suspicion stops and violation citations will help to prevent accidents and tragedies. Where appropriate, bicycles should be required to have working lights, turn signals and other safety equipment.

## N. Tax Forfeited Property

The City of Lakeville supports statutory changes that balance repayment of unpaid taxes and assessments, utility charges and other fees and that more equitably allocates the distribution of proceeds between counties and cities to avoid city taxpayers being forced to absorb the costs. The county should also be required to coordinate with local jurisdictions, where the tax forfeited property is located, to ensure that any pending or outstanding assessments are clearly listed on the public notice so that any potential buyer of the tax forfeited property is aware of these additional costs prior to purchasing the property.

In addition, the city would like greater authority to take more expedient action to acquire tax forfeited property. Recent legislation changes created a new tax forfeiture process, where the city (and county) can no longer place holds on forfeited property and now must purchase tax forfeited property through a public auction process. Tax forfeiture State Statutes should be revised to allow cities the first right of refusal to acquire forfeited properties for public uses such as road right of way, regional stormwater basins, parks and trail access or for other similar public needs.

## O. Emergency Medical Services

The City of Lakeville supports statutory changes that provide stable funding to municipalities for Emergency Medical Services. The City of Lakeville asks that the legislature and Office of EMS implement policies that would accomplish the following:

- Allow local units of government to designate which licensed ambulance service provider or providers may serve their communities and to determine the appropriate level of service.
- Provide local units of government with tools and authority to ensure transparency by EMS providers.
- Uncouple the professional standards oversight role of the Office of EMS from service area determinations.
- Include representatives of municipalities on the Office of EMS' EMS Advisory Council.
- Provide authority for the Office of EMS to set professional standards.
- Requiring the Office of EMS to submit biennial reports on EMS service delivery data points for each local unit of government to the appropriate legislative committees.

## Transportation

### A. Transportation System Improvement and Maintenance Funding:

The City of Lakeville supports State efforts to bolster financial resources needed to address road, highway, and freight rail improvements. The City of Lakeville also supports efforts to provide cities with adequate tools to fund maintenance and improvements to local roadways. Current levels of funding for roads and highways are inadequate to maintain existing road and highway needs and meet the needs of growing areas such as Lakeville. Lakeville recognizes the need for additional transportation funding statewide and will continue to advocate for additional

resources to maintain the State's transportation infrastructure. In addition, cities still lack the authority to use additional tools for city street improvements; such resources continue to be restricted to property taxes and special assessments. It is imperative that alternative authority be granted to municipalities for this purpose to relieve the burden on the property tax system. The City of Lakeville will be financing millions of dollars in street maintenance and reconstruction projects with property taxes over the next several years. Street maintenance and reconstruction projects will be the most significant contributing factors to future property tax increases. This is in addition to millions of dollars in project costs financed from other sources such as special assessments and municipal state-aid street funding. Legislation that penalizes local projects based on greenhouse gas emission calculations hampers efforts to modernize and expand needed transportation corridors and should be repealed or amended.

#### B. Dan Patch Commuter Rail Corridor:

Lakeville is opposed to any State or Federal funding that supports the study, planning, design, or engineering of the Dan Patch Corridor.

### Economic Development

#### A. Workforce Readiness:

Incumbent worker training and education must be an important component of Minnesota's efforts to improve workforce readiness. By making firms and employees more competitive, incumbent worker training can increase wages, increase employment opportunities, fill skilled worker gaps, and keep jobs and employers in their communities. The Minnesota Job Skills Partnership is one proven tool that provides training to thousands of incumbent workers each year. The City of Lakeville is in favor of legislation to address the following:

- Fully fund the Minnesota Job Skills Partnership and other workforce training programs administered by the Department of Employment and Economic Development, the Department of Human Services, and various education agencies.
- Provide additional flexible funding to local workforce councils, including governments and educational facilities, for the purpose of upgrading the skills and productivity of the workforce, and pursuing additional creative programming and funding to prepare and place underemployed and unemployed Minnesotans, as well as address the issue of those phasing out of the workplace and retiring.
- Provide additional funding for programs specifically designed to address youth employment such as career and workforce readiness programs, and employment disparities.
- Continue to support cities that provide workforce programs that are coordinated with and complement state and regional efforts by seeking municipal approval before making any changes to those service areas.

B. On-Sale Liquor or Wine Licenses:

Minn. Stat. § 340A.404 defines the establishments to which a city may issue an on-sale intoxicating liquor license. Every year cities see local businesses and organizations with innovative models for event centers, food halls, arenas, boutiques, museums, art spaces, and cultural or community centers that are not clearly named in this statute but would like to obtain a liquor license. Several cities have received special legislation allowing their municipalities to issue on-sale liquor or wine licenses to these types of entities. However, this process interferes with the ability of municipalities to respond expeditiously to innovative business models, controls the placement and operating manner of these entities, and limits municipalities from providing licenses for businesses that would generate local tourism and revenue.

The City of Lakeville supports legislature to modernize and expand the list of establishments in Minn. Stat. § 340A.404 to which municipalities are authorized to issue on-sale liquor or wine licenses, subject to restrictions imposed by the municipality, to allow for innovative business models and economic development within their jurisdiction.

C. Expansion of the Job Creation Fund (JCF) and Minnesota Investment Fund (MIF):

The City of Lakeville supports the expansion of state programs to allow cities the ability to provide competitive incentive packages. The Job Creation Fund provides financial incentives to new and expanding businesses that meet certain job creation and capital investment targets. The Minnesota Investment Fund provides financing to help add new workers and retain high-quality jobs on a statewide basis. Both programs have successfully been used in Lakeville and are needed economic development tools.

The City of Lakeville supports fully funding the Minnesota Job Skills Partnership and other workforce training programs administered by the Department of Employment and Economic Development, the Department of Human Services, and various education agencies.

D. Tax Increment Financing (TIF):

Cities need greater flexibility to use TIF for community and economic development that supports residents and businesses. Further restrictions of TIF would render the tool less effective and hinder local efforts to support job creation, housing, and redevelopment. The Legislature should consider expanding the use of TIF to assist in the development of technological infrastructure and products, biotechnology, research, transportation, and transit-oriented development, non-retail commercial projects, and modifying the various provisions of existing TIF law to better facilitate redevelopment and housing activities.

## Housing

### A. City Role in Housing:

The city values living options for people of all ages and stages of life. Lakeville strives to be a community where residents can live and age in place. Lakeville will accommodate individuals and families at all stages of life and strive to meet the housing, transportation, education, shopping, access to health care, and other needs of all demographic groups within the city. Funding for life cycle, workforce, and affordable housing is the responsibility of State and Federal governments and should not be borne solely by local property taxpayers. In addition, the city opposes any mandated housing requirements. Cities can facilitate the production and preservation of life cycle, workforce, and affordable housing by:

- Applying for State or Federal funding from applicable grant and loan programs.
- Working with developers and residents to blend life cycle and affordable housing into new and existing neighborhoods.
- Establishing standards that encourage lifecycle and affordable housing.