



May 28, 2019

WHAT YOU SHOULD KNOW

The Minnesota Chamber delivered on many of your priorities to help keep Minnesota affordable to raise a family, grow jobs and support strong communities. Taxes for middle-income families were reduced for the first time in nearly two decades, and we helped lower property taxes for businesses, prevented massive tax increases, and blocked expansive and expensive workplace mandates – all of which would have significantly raised the cost of doing business.

A number of proposals, both helpful and harmful to Minnesota employers, fell by the wayside. That is the nature of divided government. Compromise among leadership assures that many issues already are teed up for the 2020 Legislature. We are grateful to those legislators who worked so hard on behalf of businesses in our state.

WHAT YOU CAN DO

Many issues important to the vitality of Minnesota businesses will be center stage in 2020, the second year of the biennium. Legislators need to hear how these proposals affect your ability to grow and prosper in Minnesota.

- [Register for a webinar in which our policy staff](#) analyzes the 2019 session and previews the 2020 Legislature.
- [Join us at a location near you during our Statewide Policy Tour](#) in June. **June 20 in Lakeville at BTD.** Bring your peers, and engage them with the Minnesota Chamber.
- Watch for our 2019 Voting Record to see how your legislators supported your priorities.



Tax Competitiveness

Tax Competitiveness

We supported these successes:

- Reducing the statewide business property tax by 6%.
- Reducing the second-tier rate in personal income taxes from 7.5% to 6.8% for earners between \$38,771 and \$154,020 for married joint filers.
- Federal tax conformity to help ease compliance administrative burdens and complexity. Some businesses will still see an income tax increase as provisions are only partially offset by state tax-relief measures.

We blocked:

- More than \$9 billion in proposed new taxes, the lion's share which would have been paid for by Minnesota employers. More than \$12 billion were proposed; end result was a \$2.6 billion increase mostly due to the removal of the sunset on the 2% provider tax that is now reduced to 1.8%.
- New capital gains tax rate of 12.85%, second highest in the nation.
- Retroactively taxing foreign earnings of multinational companies. Minnesota will join the majority of other states by not including the foreign income provisions in the 2017 federal tax bill (deemed repatriation, GILTI and FDII).
- A rollback of estate tax threshold to \$2.7 million.
- Automatic tax increases on business property taxes and tobacco taxes.
- New worldwide reporting requirements that would have gone in opposite direction of the United States, other countries and other states that have moved to a territorial tax system that taxes income earned within their borders.
- Repeal of sales tax exemption for computer software, an economic development incentive for locating data centers in Minnesota.
- A proposal to give state revenue commissioner broad authority to disallow tax provisions.

We continue to advocate for:

- Making Minnesota more competitive by reducing all four personal income-tax rates and the corporate rate.
- Allowing immediate expensing of equipment by fully conforming to federal Section 179 rules.

- Easing the transfer of family businesses and farms to the next generation by repealing or conforming Minnesota's estate tax to the federal threshold.
- Helping maintain Minnesota's strong innovation by enhancing the research-and-development tax credit.



Health Care

We supported these successes:

- Extending reinsurance for two years, continuing to stabilize the individual health insurance market.
- Increasing efforts to help combat opioid abuse with specific policy provisions: required continuing education for doctors about best practices for prescribing opioids; limits on how many opioids can be prescribed at any given time; requirements that prescribers check a statewide database before prescribing opioids to ensure they have a full view of the patient's history with opioids use.
- Increasing transparency of health care costs by requiring disclosure of additional fees by clinics associated with hospitals.

We blocked:

- A continuation of provider tax at its current level. It will be reduced by 10%.
- The expansion of public health programs, which would have destabilized the private insurance market.
- Additional taxes, mandates and regulations that would increase costs.
- Restrictions on the use of pharmacy benefit managers that would have raised the cost of prescriptions.

We continue to advocate for:

- Removing barriers to delivering coordinated, cost-effective and quality care by aligning Minnesota's health care data privacy laws with federal law.
- Identifying ways to lower health care costs by establishing an independent Health Policy Commission.



Workplace Mandates

We supported these successes:

- A compromise that protects employers who unintentionally shortchange employee paychecks and increases penalties for employers who intentionally do so. Wage theft is now a criminal felony offense. However, the “intent to defraud” standard for defining wage theft remains intact, so employers who inadvertently make payroll errors should not be unfairly penalized under these new provisions.

We blocked:

- A mandated statewide, 24-week paid family and medical leave program financed by a new 0.6% payroll tax on employers and employees.
- A mandated statewide one-size-fits-all paid sick and safe time program on all employers.
- Removing the current sexual harassment legal standard that would have made Minnesota an outlier in workplace law.

We continue to advocate for:

- Allowing employers to meet employee benefits needs in a tight labor market by preventing local governments from mandating wage and benefit packages.



Transportation

We supported these successes:

- Additional money to help resolve the shortfall in long-term metro transit funding.
- Requiring hands-free use of cell phones while driving.

- Clarifying existing law to establish permanent, long-term efficiency expectations at Minnesota Department of Transportation.

We blocked:

- Efforts to roll back the current dedication of sales tax from rental cars and auto parts to fund roads and bridges.
- A proposed gas tax increase of 20 cents per gallon.

We continue to advocate for:

- Policy that prepares Minnesota for new technology of connected and autonomous vehicles.



Workforce Development

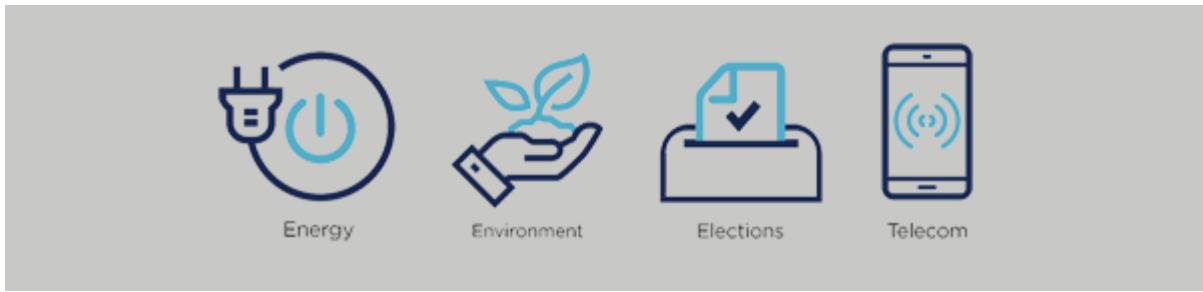
Workforce Development

We supported these successes:

- Workforce development scholarships for students to enter areas of greatest workforce demand. Schools partner with local employers and industries to pick the fields of highest need for the region.
- Funding for early learning scholarships that will allow greater participation. Families with children ages 3 and 4 and high-risk children will be served first.
- Funding to increase the number of quality childcare facilities and providers in communities with documented shortages.
- Greater transparency in state regulations so childcare providers aren't deterred from starting or growing their businesses. Creating a task force, including the Minnesota Chamber as a member, to consider further changes in licensing, provider recruitment and retainment, and regulation.

We continue to advocate for:

- Creating a driving-only credential for immigrants and making it an option for all eligible drivers.



Other priorities: Energy, Environment, Elections, Telecom

Energy

We supported these successes:

- Evaluating the costs, benefits and impacts of energy storage deployment on grid safety and reliability, and reducing the demands for electricity.

We blocked:

- Significant mandates for electric utilities to meet power needs using clean energy resources – including a carbon-free requirement for electric generation – without regard to higher costs that could be passed on to ratepayers.
- Changes to the Conservation Improvement Program that promote fuel switching and load growth and could result in higher rates.

We continue to advocate for:

- A balanced approach to modernizing power grid.
- Maintaining affordable, reliable and competitively priced energy for employers.

Environment

We supported these successes:

- Funding to cover legal fees of Minnesota Pollution Control Agency and Department of Natural Resources when forced to defend their permit approvals in court.
- Continued streamlining of environmental review and permitting process by limiting extension of public-comment periods to 30 days.
- Requiring science-based peer review of new or revised state water quality standards.

- A compromise to abide by federal rules on using flame retardants in a variety of products, so manufacturers and retailers have greater certainty of what products can be sold in which states.

We blocked:

- The re-establishment of the Minnesota Pollution Control Agency Citizens Board, preventing additional red tape in agency decision-making.
- The establishment of a carpet stewardship program, preventing confusion in the chain of commerce.
- A ban on TCE, which would have affected more than 80 public and private facilities and made Minnesota the only state to enact a ban.

We continue to advocate for:

- 16-year wastewater treatment permits for industrial facilities to parallel the permits for municipal plants; current permits are five years.

Telecom

We supported these successes:

- Funding for broadband grants to improve internet service across state.

Minnesota Chamber of Commerce
400 Robert Street North, Suite 1500
St. Paul, MN 55101