



April 8, 2019

WHAT YOU SHOULD KNOW

Several disturbing proposals are advancing through the Legislature that would significantly raise the cost of doing business in Minnesota. Among them:

- Raising the gas tax to fourth highest in the nation.
- Imposing a new family and medical leave program that applies to all full- and part-time employees, financed by a new payroll tax on employers and employees.
- Reinstating the automatic inflator on the statewide business property tax.
- Removing the sunset provision on the health provider tax.

Policymakers may look at each bill in a silo, but business owners cannot. Employers – and eventually employees and consumers – bear the cumulative impact of each and every new tax and mandate.

The House and Senate budget committees are completing their omnibus budget bills prior to the April 13 legislative break. Both bodies will likely start voting on some of those omnibus bills this week as well. The House omnibus tax bill will be voted on once lawmakers return April 23.

WHAT YOU CAN DO

Employers are facing a growing number of proposed workplace mandates. Next stop for these bills is Wednesday before the House Taxes Committee. Let your legislators know how these mandates will hinder your ability to grow your business.



Tax Competitiveness

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- **House Tax Chair Paul Marquart released his omnibus tax bill, HF 2125 delete all amendment, which will be heard Tuesday and Wednesday.** Taxes are raised by a net \$1.35 billion in FY 2020/21 and \$1.7 billion FY 2022/23. This is about \$500 million more than Governor Walz proposed. The increases fall mainly on the business community with a direct tax increase of \$1.3 billion the first two years and \$1.46 billion the following two years. That is in addition to the new capital gains rate that raises taxes by \$700 million over the four years.

Among the concerns in the bill:

- Adoption of new capital gains top rate of 12.85%, second highest in the country, on capital gains and dividend income greater than \$500,000.
- Increases the state property tax levy by \$231 million over four years, impacting businesses that rent as well as own property.
- Adoption of federal tax base broadening provisions retroactive to 2018 with the only tax offsets full conformity of Section 179.
- For qualified data centers, certain computer software purchases would no longer receive a sales tax exemption.
- Freezes estate tax at \$2.7 million threshold versus current law that increased threshold to \$3 million. The federal threshold is at \$11 million.
- Here are links to the bill language, summary and spreadsheet: [HF 2125 DE Amendment](#), [HF 2125 DE Summary](#), [HF 2125 DE Spreadsheet](#).
- **The Senate Tax Committee will hear the governor's tax proposal Wednesday.** The Senate will release its omnibus tax bill after the session break. The bill will most likely be revenue neutral overall and adopt federal conformity provisions but offset those with tax decreases elsewhere.
- **In the news:** ["Minnesota, Winona chambers of commerce call for competitive taxes, fewer state mandates"](#) (Winona Daily News)
- **In the news:** ["Chamber's Beth Kadoun testifies against proposals to raise top tax rates for income, inheritance and capital gains"](#) (Minnesota House Session Daily)



Health Care

Health Care

- **House omnibus health and human services budget bill.** ([HF 2414](#), Liebling, DFL-Rochester) The bill extends the provider tax, expands health coverage mandates for employers, includes a OneCare public option, and includes premium subsidies instead of extending reinsurance.



Workplace Mandates

Workplace Mandates

- **Employer-tax-funded statewide paid-leave program heard in House Jobs.** ([HF 5](#), Halverson, DFL-Eagan/[SF 1060](#), Kent, DFL-Woodbury) **WE OPPOSE.** [Read the fact sheet.](#) Next up: Tuesday, House Ways and Means Committee.
- **Provisions for statewide paid family and medical leave, statewide paid sick and safe time, and employer penalties for unintentional errors on paychecks are all included in the House omnibus jobs bill.** ([HF 2208](#), Mahoney, DFL-St. Paul) **WE OPPOSE.** Next up: Today, House Ways and Means Committee.
- **Chamber continues to support Uniform State Labor Standards Act, which would prevent patchwork of local employer mandates.** ([HF 2776](#), Garofalo, R-Farmington/[SF 2321](#), Koran, R-North Branch) **WE SUPPORT.** Next up: Today, Senate Jobs and Economic Growth Finance and Policy Committee.
- **Responsible approach to addressing intentionally shortchanging employee salaries to be heard in Senate committee.** ([SF 1816](#), Pratt, R-Prior Lake) **WE SUPPORT.** This bill will more clearly define wage theft and hold accountable those employers that fail to pay employees their entitled wages. It is included in the Senate omnibus jobs bill. Next up for omnibus bill: Today, Senate Jobs and Economic Growth Finance and Policy Committee.
- **Proposal undermining the legal standard for filing sexual harassment claims included in House omnibus judiciary finance and civil law bill.** ([HF 2705](#),

Lesch, DFL-St. Paul) **WE OPPOSE**. Next up: Thursday, House Ways and Means Committee.

- **Bill penalizing employers for unintentional errors on paychecks heard in House Jobs.** ([HF 6](#), Mahoney, DFL-St. Paul/[SF 1933](#), Champion, DFL-Minneapolis) **WE OPPOSE**.



Transportation

- **House omnibus transportation bill includes a 20-cent gas tax increase, increases in tab fees and motor vehicle sales tax, and ½-cent metro area sales tax for transit.** ([HF 1555](#), Hornstein, DFL-Minneapolis) **WE OPPOSE**. Next up: Wednesday, House Ways and Means Committee.
- **Hands-free bill passes conference committee Monday.** ([HF 50](#), Hornstein, DFL-Minneapolis/[SF 91](#), Newman, R-Hutchinson) **WE SUPPORT**. This bill would require hands-free cell phone use in vehicles.



Other priorities: Energy, Environment, Elections, Telecom

- **Bills increasing energy mandates on Minnesota utilities to be heard in both House and Senate this week.** Proposals are included in [HF 1833](#), [SF 1692](#) and [HF 1956/SF 2431](#). **WE OPPOSE**. Increasing mandates can result in higher costs for utilities and ratepayers. Next up: Today, House Ways and Means Committee; Tuesday, Senate Finance Committee.
- **Chamber supports Senate, opposes House omnibus environment and natural resources finance bill.** ([HF 2209](#), Hansen, DFL-South St. Paul/[SF 2314](#), Ingebrigtsen, R-Alexandria) The Senate version would streamline environmental review and permitting at state agencies. By contrast, the House

bill reinstates the Minnesota Pollution Control Agency Citizens Board, establishes a carpet stewardship program and institutes a ban on flame retardants in carpets, mattresses, children's products and furniture.

- **Border-to-Border Broadband Grant Program would receive additional funding to expand high-speed internet across the state.** ([HF 7](#), Ecklund, DFL-International Falls/[SF 9](#), Koran, R-North Branch) **WE SUPPORT**. Next up: Monday, House Ways and Means Committee.
 - **In the news: "[Minnesota House backs driver's licenses for immigrants](#)"** (Minneapolis Star Tribune) The Minnesota Chamber supports this bill.
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