



April 1, 2019

WHAT YOU SHOULD KNOW

House and Senate leadership released budget targets last week, providing guidelines for omnibus bills that must be completed by April 12. As expected, the House is more closely aligned with Governor Walz's budget proposal with a robust increase in spending and taxes. Senate Republicans are holding the line on tax increases and propose a smaller growth in spending.

The major differences among the three budgets:

Governor Walz

Increases general fund spending by \$3.8 billion or 8.4%, and new general fund taxes and fees by \$1.5 billion; 20-cent gas tax increase; reinstates health provider tax.

House

Increases general fund spending by \$4.3 billion, or 9.5%, and net tax increase of \$1.2 billion; 20-cent gas tax; reinstates health care provider tax.

Senate

Increases general fund spending by \$2.12 billion, or 4.66%, and no net tax increases; no gas tax increase and keeps sunset on health care provider tax.

WHAT YOU CAN DO

If you thought the governor's initial budget proposal was concerning regarding Minnesotans' pocketbooks, it got worse with his supplemental budget. His proposals hit employers especially hard as they are asked to pay more than \$2 billion to fund this spending – as much as the amount in the state's rainy day fund. [Read the updated fact sheet](#). Tell your legislators this level of spending cannot be sustained.



Tax Competitiveness

Tax Competitiveness

- **New bill would increase tax on capital gains above \$500,000 to 12.85%. ([HF 2756](#), Sandell, DFL-Woodbury) **WE OPPOSE**.** Current law treats the capital gains the same as income tax at 9.85%. Next up: Tuesday, House Taxes Committee.
- **New bill would increase income taxes by adjusting income brackets. ([HF 2753](#), Gomez, DFL-Minneapolis) **WE OPPOSE**.** Minnesota's income tax rates are among the most uncompetitive in the nation; [read the fact sheet](#). Next up: Tuesday, House Taxes Committee.
- **New bill would increase estate tax rates. ([HF 2557](#), Gomez, DFL-Minneapolis) **WE OPPOSE**.** Minnesota is already at a competitive disadvantage as one of only 12 states that still has an estate tax. Next up: Thursday, House Taxes Committee.
- **ICYMI: [House Property Tax Division released its omnibus report](#).** No changes were recommended for the statewide business property tax levy, but that remains a possibility for the omnibus tax bill. The report included large increases in local government aid, increases in property tax refund programs, and many local government sales tax changes. The report will be included in the House omnibus tax bill that is expected to be released within the next two weeks.
- **In the news: ["Commentary, Doug Loon, Minnesota Chamber: Governor's budget proposal leans too heavily on businesses"](#)** (St. Cloud Times)



Health Care

Health Care

- **Bill requiring disclosure of additional fees by clinics associated with hospitals awaiting House floor vote.** ([HF 685](#), Elkins, DFL-Bloomington/SF 131, [Draheim](#), R-Madison Lake) **WE SUPPORT**. Patients would be notified if they may be charged a separate facility fee due to a clinic's association with a hospital. It was advanced by House Health and Human Services Policy Committee and has passed Senate by unanimous vote.



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**. [Minnesota Chamber's Lauryn Schothorst testifies again in opposition to employer-tax-funded statewide paid-leave program](#) before House Jobs and Economic Development Finance Division and House State Government Finance Division. [Read the fact sheet](#). Next up: Monday, House Health and Human Services Finance Division; Wednesday, House Taxes Committee. The mechanics of this expansive proposal were thoroughly debated in a lengthy hearing in the House State Government Finance Division, raising more questions about its impact on the workplace, take-up rates and extent of leave allowed; costs to state and local government; and the claims processing systems which would need to be developed and staffed.
- **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**. [Minnesota Chamber's Lauryn Schothorst testifies again in opposition to bill penalizing employers for unintentional errors on paychecks](#) before House Jobs and Economic Development Finance Division.

Next up: Tuesday, House Jobs and Economic Development Finance Division as part of omnibus jobs bills.

- **'One size fits all' paid sick and safe heard in House Jobs.** ([HF 11](#), Lesch, DFL-St. Paul/[SF 1597](#), Pappas, DFL-St. Paul) **WE OPPOSE.** [Minnesota Chamber's Lauryn Schothorst testifies again in opposition to "one size fits all' paid sick and safe time](#) before House Jobs and Economic Development Finance Division.
- **In the news:** [Minnesota Chamber raises concerns with paid leave proposal](#) via [watchdog.org](#).



Transportation

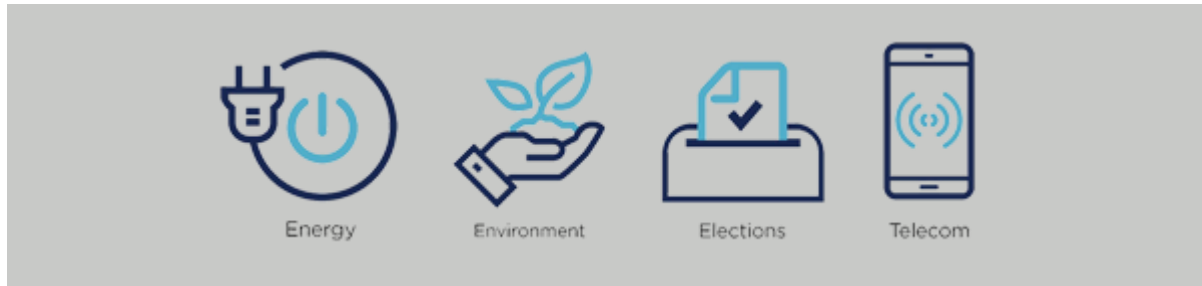
- **Bill to provide money for MnDOT to develop a freight optimization tool heard in committee.** ([HF 2333](#), Elkins, DFL-Bloomington/[SF 2236](#), Jasinski, R-Faribault) **WE SUPPORT.** This bill, which would appropriate \$1 million to help inform decision-making around public infrastructure investments, was heard by the Senate Transportation Finance and Policy Committee and held over for possible inclusion in Senate transportation budget bill.
- **Bill laying the groundwork to test autonomous vehicles laid over for possible inclusion in House transportation budget bill.** ([HF 1996](#), Elkins, DFL-Bloomington/[SF 2173](#), Newman, R-Hutchinson) **WE SUPPORT.** [Watch the Minnesota Chamber's Bentley Graves testify in support of the legislation](#) in last week's House Transportation Finance and Policy Committee.



Workforce Development

- **ICYMI:** [Watch the Chamber's Stacey Stout testify in the Senate Education E-12 Finance and Policy Committee](#) in support of two bills aimed at improving education outcomes in schools by providing data on kindergarten readiness.

([HF 2195](#), Pryor, DFL-Minnetonka/[SF 2165](#), Relph, R-St. Cloud and [HF 757](#), Her, DFL-St. Paul/[SF 33](#), Wiger, DFL-Maplewood). **WE SUPPORT.**



Other priorities: Energy, Environment, Elections, Telecom

- **Minnesota Public Utilities Commission reaffirms replacement of Enbridge Energy's Line 3 pipeline, unanimously rejecting petitions for reconsideration including from State Commerce Department.** Governor Walz continues to evaluate his options. Minnesota Chamber supports the replacement.
 - **Bill for continued streamlining of environmental review and permitting at state was laid over for possible inclusion in the Senate environment finance bill.** ([HF 2074](#), Fabian, R-Roseau/[SF 750](#) Ingebrigtsen, R-Alexandria) **WE SUPPORT.**
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