

# LEGISLATIVE WEBCAST SERIES 2019: WEBCAST #4

MAY 3, 2019

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# LEGISLATIVE DEADLINES AND KEY DATES

Session deadlines, past and present:

- ~~Deadline #1~~ ~~March 15~~
- ~~Deadline #2~~ ~~March 29~~
- ~~Deadline #3~~ ~~April 12~~

The governor, House and Senate have agreed to additional objectives:

- House and Senate: **pass all major finance bills off their respective floors** and conference committees appointed by **May 1**
- Governor, Senate majority leader, and House speaker: provide **fiscal targets** to conference committees by **May 6**
- **Conference committee reports due** to the house of origin by **May 13**

Constitutional adjournment is **May 20**

# OVERALL BUDGET TARGETS

**Reminder: \$1 billion surplus and \$2.4 billion in budget reserves**

| General Fund | Spending Growth | FY 20/21      |
|--------------|-----------------|---------------|
| Current Law  | 4.1%            | \$1.9 billion |
| Governor     | 8.4%            | \$3.8 billion |
| House        | 9.5%            | \$4.3 billion |
| Senate       | 4.6%            | \$2.1 billion |

**Remaining on bottom line:**

**Governor \$562 million; House \$635 million and Senate \$77 million**

# CUMULATIVE BUSINESS IMPACTS

## Key proposals:



# \$12 Billion

in increased revenue over four years



## \$5

BILLION

total increases  
on Minnesota  
employers



## \$755

MILLION

increases for  
pass-through  
entities



## \$1.5

BILLION

in income taxes  
for corporate  
taxpayers



## \$231

MILLION

for property tax,  
both renters  
and owners



## \$4

BILLION

for gas tax,  
registration,  
tab fees



## \$1.6

BILLION

for health care  
provider tax



## \$2

BILLION

new payroll tax for  
leave program

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# OMNIBUS TAX BILLS

## HF 2125: Omnibus Tax Bill

- **House**
  - \$3 billion general fund net tax increase over four years
  - Passed: **74 to 55**, all DFL members voted yes *except* Edelson
- **Senate**
  - \$45 million general fund net tax increase over four years
  - Passed: **39 to 28**, all GOP members voted yes *plus* Eken, Hoffman, Rest, Tomassoni
- **Governor**
  - \$1.9 billion general fund net tax increase over four years

### ***Conferees***

*House: Marquart, Loeffler, Lislegard, Gomez and Davids*

*Senate: Chamberlain, Senjem, Dahms, Howe and Rest*

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# OMNIBUS TAX BILL HIGHLIGHTS

| Tax provisions            | House                             | Senate             | Governor                  |
|---------------------------|-----------------------------------|--------------------|---------------------------|
| Switch to FAGI            | Yes                               | Yes                | Yes                       |
| Sec 179 full conformity   | Yes – TY 2018                     | Yes – TY 2019      | Yes – TY 2019             |
| Pass-through conform.     | \$767 M                           | \$779 M            | \$774 M                   |
| International income      | \$1.3 B, worldwide & deemed, 2017 | No                 | \$754 M, no DRD for GILTI |
| Business property levy    | \$231 M increase                  | (\$177 M) decrease | \$217 M increase          |
| Capital gains new tax     | 12.85%, \$700 M                   | No                 | No                        |
| Corporate AMT repeal      | No change                         | No                 | Yes (\$63 M)              |
| Rate reduction            | No                                | 7.05% (\$842 M)    | No                        |
| Estate tax freeze \$2.7 M | \$38 M                            | No                 | \$38 M                    |
| Data centers software     | \$70 M                            | No                 | \$70 M                    |



# TAXES

## ***TAKE ACTION!***

- Tell your legislators...
  - Minnesota already imposes higher tax burdens adding headwinds.
  - House and governor's proposals add very large tax increases on ALL businesses.
  - Fixed costs of doing business will increase.
  - Minnesota will become more of a tax outlier.
  - Minnesota will become even less competitive.
  - Cumulative impact of other proposals.
  - Volatility for the state results from unsustainable and increasing revenue.



# TRANSPORTATION

- **House and governor's proposals**

- 20-cent gas tax increase
- Tab fee increase
- Motor vehicle sales tax increase
- Metro area sales tax increase (for transit)
- Claw back of rental car and auto parts sales tax revenues dedicated to transportation in 2017

- **Senate proposal**

- No tax increases
- Preserves rental car and auto parts sales tax revenues for transportation

## ***Conferees***

*House: Hornstein, Koegel, Tabke, Richardson, Torkelson*

*Senate: TBD*

## ***TAKE ACTION!***

Ask your legislators NOT to raise transportation taxes when we have much work to do elsewhere in making Minnesota competitive for employers.

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# HEALTH CARE

- **House and governor's proposals**
  - OneCare “public option”
  - End reinsurance in favor of 20% premium subsidy
  - Reinstate provider tax
- **Senate proposal**
  - No public option
  - Extends reinsurance for three years
  - Allows provider tax to sunset

## **Conferees**

*House: Liebling, Moran, Schultz, Halverson and Hamilton*

*Senate: Benson, Abeler, Utke, Jensen, Marty*

## **TAKE ACTION!**

Ask your legislators to extend the proven reinsurance program.

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# WORKFORCE DEVELOPMENT

## SPENDING

**Governor's recommended increases:                      \$717 million**

- \$514 million for increases in basic formula (3% in 19/20, 2% in 20/21);
- \$41 million to retain universal, school-based pre-K slots for 4-year-olds

**House recommended increases:                                      \$914 million**

- \$514 million for increases in basic formula (3% in 19/20, 2% in 20/21)
- \$41 million to retain universal, school-based pre-K slots for 4-year-olds
- \$16 million for scholarship investments

**Senate recommended increases:                                      \$228 million**

- \$94 million for increases in basic formula (.5% in 19/20, .5% in 20/21)
- \$44.5 million for scholarship investments

### ***Conferees***

*House: Davnie, Youakim, Pinto, Sandstede and Urdahl*

*Senate: TBD*

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# WORKFORCE DEVELOPMENT

## PRIORITIES

Improve education outcomes and increase the supply of quality childcare:

- Investments in early learning scholarships – *House and Senate Education*
- One-year continuation of early learning scholarships to all Parent Aware participating providers – *Senate Education*
- Kindergarten readiness assessment – *Senate Education*
- Coordination of CCAP and scholarship investments – *House Education*
- Childcare provider grants – *Senate Jobs and House Jobs*
- Regulatory relief and task force – *Senate HHS*

# ENVIRONMENT AND NATURAL RESOURCES

- **SF 2314 (Ingebrigtsen, R-Alexandria)**
  - Funds statewide program to evaluate and address risks of TCE/no ban on TCE
  - Funds Wild Rice Stewardship Council
  - Contains all of Chamber's permitting recommendations
- **HF 2209 (Hansen, DFL-South St. Paul)**
  - Reestablishes the PCA citizens board
  - Creates a carpet stewardship program
  - Bans certain classes of flame retardants

## ***Conferees***

*House: Hanson, Becker-Finn, Fischer, Nelson, N. and Persell*

*Senate: Ingebrigtsen, Ruud, Eichorn, Johnson and Tomassoni*

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# LABOR-MANAGEMENT AND ENERGY

## House-passed omnibus jobs bill (HF 2208)

### WORKPLACE MANDATES

#### *WE OPPOSE*

- Statewide paid family and medical leave (HF 5, Halverson, DFL-Eagan/SF 1060, Kent, DFL-Woodbury)
- Statewide paid safe and sick time (HF 11, Lesch, DFL-St. Paul/SF 528, Pappas, DFL-St. Paul)
- Wage theft prevention (HF 6, Mahoney, DFL- St. Paul/SF 1933, Champion, DFL-Minneapolis)

### ENERGY MANDATES

#### *WE OPPOSE*

- Governor Walz “One Minnesota Path to Clean Energy”  
Clean Energy First Act (HF 1956, Long, DFL-Minneapolis/SF 2431, Frentz, DFL-Mankato)
  - 100% carbon-free by 2050
  - Clean Energy First
  - Energy optimization and CIP modernization

#### *Conferees*

*House: Mahoney, Wagenius, Stephenson, Long and Hassan*

*Senate: Pratt, Dahms, Osmek, Housley and Simonson*

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# LABOR-MANAGEMENT AND ENERGY

## Senate-passed omnibus jobs bill (SF 2611)

### WORKPLACE MANDATES

#### *WE SUPPORT*

- Uniform state labor standards (HF 2776, Garofalo, R-Farmington/SF 2321, Koran, R-North Branch)
- Wage theft prevention (SF 1816, Pratt, R-Prior Lake)

### ENERGY MANDATES

#### *WE OPPOSE*

- Conservation Improvement Program Modernization Act (SF 1915, Rarick, R-Brook Park/HF 1839, Ecklund, DFL-International Falls)

### *Conferees*

*House: Mahoney, Wagenius, Stephenson, Long and Hassan*

*Senate: Pratt, Dahms, Osmek, Housley and Simonson*

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# LABOR MANDATES AND ENERGY

## House-passed omnibus judiciary finance bill (HF2705)

### WORKPLACE MANDATES

#### *WE OPPOSE*

- Sexual harassment legal standard (HF 10, Moller, DFL-Shoreview/SF 1307, Dziedzic, DFL-Minneapolis)
- Senate omnibus bill did not include language changing the sexual harassment legal standard
  - SF 2295 (Housley, R-St. Mary's Point)

#### *WE SUPPORT*

- Passed Senate Judiciary Committee

### *Conferees*

*House: Mariani, Lesch, Moller, Pinto and Zerwas*

*Senate: Limmer, Anderson, B., Johnson, Lang and Latz*

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# LABOR-MANAGEMENT

## MANDATES - TAKE ACTION!

- Tell your legislators to oppose state-defined, expansive, and expensive one-size-fits all mandates on employee benefits. **Preserve private-sector flexibility on wage, benefit and scheduling decisions.**
- **Oppose one-size-fits-all mandates** on employee benefits that would constrain employers' ability to conduct business.
  - Businesses, particularly small businesses, already struggle to endure the costs associated with missed productivity of workers. The cost to find temporary workers using state-mandated leave requirements is a double – or triple, in some cases – tax on our job-creators.
  - Creating an expansive statewide mandate on employers to provide 12 weeks of paid parental and family leave and 12 weeks of paid medical leave would mean an employee could miss 24 weeks of work. That's 44 percent of workdays in a year.
- **Preserve private-sector flexibility** on wage, benefit and scheduling decisions.
  - Employers use benefit packages to attract and retain quality employees – even without the state telling them to do so.
- Ensure changes proposed by policymakers **consider impacts on employers.**
  - New mandates hurt employers and employees with a worker shortage already reaching a crisis.
  - 1.2 million Minnesotans – almost half the state's workforce – work for small businesses.

# LABOR-MANAGEMENT

## UNIFORM STANDARDS - TAKE ACTION!

- Ask your legislators to support uniform standards so employers don't have to spend time complying with a **patchwork of complicated wage and benefit rules**.
- Different rules in local jurisdictions across the state **force employers to spend more time complying with laws and less time innovating and creating jobs**.
- Statewide laws should prohibit local governments from enacting a patchwork of **burdensome workplace mandates**.
- **Local mandates disproportionately hurt small businesses** as many owners operate human resources.
- **Employee benefits are far more complicated** than indoor air laws, especially considering the mobile, global nature of today's workplace.
- We should preserve private-sector flexibility on wage, benefit and scheduling decisions. **Employers use benefit packages to attract and retain quality employees – even without the state telling them to do so.**

# ENERGY

## TAKE ACTION!

- Make sure your legislators understand the price businesses are paying for power and tell them to maintain reliable and cost-effective power at competitive prices. **Encourage your legislators to take a balanced approach to modernizing the power grid.**
- Minnesota's commercial and industrial power rates have increased faster than the U.S. average and faster than inflation. Instead of mandates, **we should allow a market-driven approach.**
- Given current market dynamics and increasingly competitive costs for renewable energy, **the state can achieve policy goals without imposing additional mandates.**
- Appropriate attention has not been given to the complexity and impacts emerging from integrating high levels of new types of resources on the grid. Employers need competitively priced and reliable power and fuel to operate and expand operations. **Power system reliability and concerns about cost impacts to ratepayers need to be considered.**
- **Make sure that policymakers do not shift the intent of CIP** away from conservation to “efficient electrification”—allowing for and rewarding fuel switching and load growth as long as that electricity is deemed efficient.

# HOW CAN YOU HELP?

## Grassroots Outreach:

***TAKE ACTION: share your priorities with your legislators!***

- Invite them to your business.
- Email them during session; respond to action alerts.
- Willing to share your story or the impact of a particular issue?

Contact Jennifer Byers, [jbyers@mnchamber.com](mailto:jbyers@mnchamber.com)

- Thank legislators when responsive!

QUESTIONS?



# UPCOMING EVENTS

**May 21** – MN Supplier Match Roundtable: Connecting Minnesota's Minority-Owned Businesses

**May 23** – Recap Webinar of the 2019 Legislative Session

**May 29** – Chamber 101: Growing Your Membership

**June 5** – Annual Washington, D.C. Fly-In 2019

**June 17** – Golf Tournament at TPC Twin Cities

**Summer 2019** – Statewide Policy Tour (various dates)



<https://www.mnchamber.com/connect/upcoming-events>

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