



February 25, 2019

WHAT YOU SHOULD KNOW

Governor Walz released his tax-laden budget that approaches \$50 billion for the next biennium, an 8% increase in general fund spending and new taxes of \$3 billion. The significant tax and spending increases, if enacted, will raise taxes on all Minnesotans including large tax increases on the business community.

The state budget forecast will be released Thursday. Early indications are that the \$1.5 billion surplus projected in November 2018 will be lower, underscoring that lawmakers should be focusing on reducing, not growing, the cost of government.

WHAT CAN YOU DO

Governor Walz's budget proposals will frame the tax-and-spending debate at the Legislature. All policymakers - [from the governor](#) to [your legislators](#) - need to hear firsthand how the proposals will affect your ability to grow your business.

ISSUE UPDATES



Tax Competitiveness

Tax Competitiveness

Hearings set for bills to provide alternative calculation for the research-and-development credit an important tool to help maintain Minnesota's strength in innovation and grow the state's economy. ([SF 996](#), Senjem, R-Rochester)

WE SUPPORT.

Next up: Wednesday, Senate Taxes Committee. Hearing rescheduled from last week due to weather.

Where do Minnesota's tax burdens rank? Minnesota Center for Fiscal Excellence and Tax Foundation will present an overview on how Minnesota ranks for tax burdens to the Senate Taxes Committee on Tuesday.

In the news: Minneapolis Star Tribune raises red flag on governor's budget: "[Editorial: Walz offers an overly ambitious first try on budget.](#)" Fairmont Sentinel endorses Minnesota Chamber call for spending restraint: "[Editorial: Massive surplus not enough for Gov. Walz.](#)"



Health Care

Health Care

Bill to share patient information would reduce duplicative tests, lower costs ([HF](#), Halverson, DFL-Eagan)

WE SUPPORT.

Modernizing Minnesota's Health Records Act would remove barriers to delivering coordinated, cost-effective and quality care.



Workplace Mandates

Workplace Mandates

All employers, employees would be taxed to create statewide paid-leave program ([HF 5](#), Halverson, DFL-Eagan/[SF1060](#), Kent, DFL-Woodbury)

WE OPPOSE.

This bill creates an expansive, state-administered, 24-week paid leave insurance program on all employers and employees including independent contractors. [Listen to the Chamber's Lauryn Schothorst testimony before the House Commerce Committee](#). For more information, read and [download the fact sheet](#). Next up: Tuesday, House Government Operations Committee.

Proposal leaves no standard for filing sexual harassment claims ([HF 10](#), Moller, DFL-Shoreview/[SF 1307](#), Dziedzic, DFL-Minneapolis)

WE OPPOSE.

This bill would remove the longstanding “severe or pervasive” legal standard for sexual harassment claims, making Minnesota an outlier in sexual harassment law. Next up: House floor vote; no date set but could be Thursday.

Bill proposes ‘one size fits all’ program for paid sick and safe time ([HF 11](#), Lesch, DFL-St. Paul/[SF 528](#), Pappas, DFL-St. Paul)

WE OPPOSE.

This bill creates a statewide mandate on employers, but carves out collective bargaining agreements and the construction industry. Next up: Tuesday, House Government Operations Committee.



Transportation

- **Governor Walz proposes raising the gas tax by 70%** – A 20-cent increase would make Minnesota’s gas tax the fourth highest in the nation. His proposal

would automatically increase this tax over time, and increase motor vehicle sales tax and tab fees now. Businesses pay 50% of the gas tax. Instead, the state should dedicate transportation-related sales tax to fund roads and bridges.



Workforce Development

Hearing in Windom solicits testimony on education finance and policy.

The House Education Finance Committee heard directly from Greater Minnesota residents on needs of rural school districts at a hearing Friday. They addressed funding and recognition of the importance of career and technical education programming. Two bills advanced to the Taxes Committee calling for equalization aid for school districts' debt service and operating referendums.

Hearing set for Friday in St. Cloud on the importance of early childhood care and education for the vitality of Minnesota.

The House Early Childhood Finance and Policy Division and Jobs and Economic Development Finance Division will have a field hearing at the St. Cloud Public Library. Residents will have an opportunity to speak to the importance of quality child care to workforce participation and the regional economy.



Energy



Environment



Elections



Telecom

Other priorities: Energy, Environment, Elections, Telecom

- **Bill would increase energy mandates on Minnesota utilities** ([HF 700](#), Long, DFL-Minneapolis/ [SF 850](#), Frentz, DFL-Mankato) **WE OPPOSE**. This bill, among other things, would require that 100 percent of the state's electricity come from carbon-free sources by 2050. Energy providers have invested significantly

in renewable energy. Increasing mandates can result in higher costs for utilities and ratepayers. We prefer a market-driven approach.

- - **Net neutrality bill would create patchwork of laws for Internet regulation.** ([HF 136](#), Stephenson, DFL-Coon Rapids/[SF 317](#), Latz, DFL-St. Louis Park)
WE OPPOSE. The Legislature should defer to federal policymakers to provide a uniform, regulatory framework to ensure an open Internet. Businesses are affected both as suppliers and purchasers of goods and services. The House bill passed the Commerce Committee.
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