

LEGISLATIVE WEBCAST SERIES 2019: WEBCAST #3

APRIL 12, 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 – today!**

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

- House and Senate will **pass all major finance bills off their respective floors** and conference committees appointed by **May 1**
- Governor, Senate majority leader, and House speaker will 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

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TAX PROPOSALS

Governor:

- \$1.4 billion (net increase) FY 20/21 and \$1.3 billion FY 22/23
- \$2 billion tax increase businesses over 4 years general fund
- “All Funds” total over 4 years = \$7.6 billion tax increase

House:

- \$1.3 billion net increase (general fund) FY 20/21 and \$1.7 billion FY 22/23
- \$2.7 billion total tax increase businesses over 4 years
- \$12 billion all funds increase over 4 years; over ½ on businesses

Senate:

- \$0 in net new taxes
- Details to be released after legislative break

HOUSE TAX PROPOSAL

HF 2125 (Marquart, DFL-Dilworth) Omnibus tax vehicle bill

- Tax conformity; \$755 million increase pass-through entities and \$1.5 billion corporations.
- Business property taxes increasing fixed cost by \$231 million.
- Estate tax– undoing 2017 reforms, freezing at \$2.7 million.
- New top rate in nation for capital gains at 12.85% for certain incomes.
- Foreign income provisions worldwide reporting going opposite of U.S. and others.
- Taking back economic development incentive for data centers.
- Positive change: full conformity with Section 179.

TAXES

TAKE ACTION!

- Tell your legislators...
 - Minnesota already imposes higher tax burdens adding headwinds;
 - The 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¢ 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

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 3 years
- Allows provider tax to sunset

TAKE ACTION!

Ask your legislators to extend the proven reinsurance program.

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

EDUCATION/WORKFORCE DEVELOPMENT

SPENDING

Governor's recommended increases: \$717 million

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

House recommended increases: \$914 million

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

Senate recommended increases: \$228 million

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

EDUCATION/WORKFORCE DEVELOPMENT

PRIORITIES

Provisions in omnibus bills that will go toward improving education outcomes and increase the supply of quality childcare providers:

- Investments in early learning scholarships
 - 1 year continuation of early learning scholarships to all Parent Aware participating providers
- Kindergarten Readiness Assessment
- Coordination of CCAP and scholarship investments

LABOR-MANAGEMENT

WORKPLACE MANDATES: STATUS

- Statewide paid family and medical leave (HF 5, Halverson, DFL-Eagan/SF 1060, Kent, DFL-Woodbury)

WE OPPOSE

- Currently awaiting Floor action
- Included in House Jobs Omnibus (HF 2208); scheduled for Floor action, 4/23/19

- Statewide paid safe and sick time (HF 11, Lesch, DFL-St. Paul/SF 528, Pappas, DFL-St. Paul)

WE OPPOSE

- Included in House Jobs Omnibus (HF 2208); scheduled for Floor action, 4/23/19

- Uniform state labor standards (HF 2776, Garofalo, R-Farmington/SF 2321, Koran, R-North Branch)

WE SUPPORT

- Included in Senate Jobs Omnibus (SF 2611)

LABOR-MANAGEMENT

WORKPLACE MANDATES: STATUS *(continued)*

- Wage theft prevention (HF 6, Mahoney, DFL- St. Paul/SF 1933, Champion, DFL-Minneapolis)
WE OPPOSE
 - Included in House Jobs Omnibus (HF 2208); scheduled for Floor action, 4/23/19
- Wage theft prevention (SF 1816, Pratt, R-Prior Lake)
WE SUPPORT
 - Included in Senate Jobs Omnibus (SF 2611)
- Sexual harassment legal standard (HF 10, Moller, DFL-Shoreview/SF 1307, Dziedzic, DFL-Minneapolis)
WE OPPOSE
 - Passed House 113-10 on 3/21/19
 - Included in House Judiciary Finance Omnibus (HF 2705)
- Sexual harassment legal standard (SF 2295, Housley, R-St. Mary's Point)
WE SUPPORT
 - Passed Senate Judiciary Committee

LABOR-MANAGEMENT

“COMMUNITY PROSPERITY”

Governor Walz’s budget proposal included provisions to establish a **Paid Family and Medical Leave Insurance Benefit** and to implement the “**Wage Theft Prevention Act.**”

LABOR-MANAGEMENT

Paid family and medical leave (HF 5, Halverson, DFL-Eagan/SF 1060, Kent, DFL-Woodbury; HF 2208-Mahoney, DFL-St. Paul)

- Imposes an expansive statewide mandate on employers, employees.
- Creates a new state insurance program financed through a employer payroll tax of 0.6% of wages up to FICA limit of \$133,000;
 - Employer “may” deduct up to 50 percent of annual premiums paid from employee wages.
- Establishes a partial wage replacement benefit for a 12-week paid family and a 12-week paid medical leave program;
 - Employees may access both types of leave in a 12 month period.
 - Wage replacement on progressive sliding scale: 90%-55%.
- Expands scope of eligibility, family members, qualifying events, and benefits compared to existing laws or programs.
- Difficult “opt-out” provisions for employers with existing benefit plans in place.

LABOR-MANAGEMENT

Statewide paid safe and sick time (HF 11, Lesch, DFL-St. Paul/SF 528, Pappas, DFL-St. Paul); HF 2208-Mahoney, DFL-St. Paul)

- Modeled after the Minneapolis “safe and sick time” ordinance;
 - Language does not match the Minneapolis, St. Paul, or Duluth ordinances.
- Creates a statewide mandate on employers to offer at least one hour of paid sick leave for every 30 hours an employee works;
 - Employees can earn up to 48 hours a year.
 - Employers must permit an employee to carry over accrued but unused sick and safe time into the following year (up to 80 hours).
- Does not include small business exemptions, however there are collective bargaining agreement and construction industry carve-outs.
- Imposes greater liability, stricter record-keeping requirements, and stiff penalties for violations.

LABOR-MANAGEMENT

Uniform State Labor Standards (SF 2321, Koran, R-North Branch/HF 2776, Garofalo, R-Farmington; SF 2611, Pratt, R-Prior Lake)

- Prohibits local governments from enacting any new wage and benefit packages (including scheduling mandates) on private-sector employers.
- Does not preempt local policies that limit the hours a business may operate, nor does it dictate what a local government, as an employer and contractor, may require on itself or the businesses it hires.
- Establishes an enactment date of January 1, 2019, grandfathering in the recent ordinances in Minneapolis, St. Paul, and Duluth;
 - The provisions in the Senate Jobs Omnibus establish a retroactive date of January, 1, 2017.

LABOR-MANAGEMENT

Wage Theft Prevention Act (HF 6, Mahoney, DFL-St. Paul/SF 1933, Champion, DFL-Minneapolis; HF 2208-Mahoney, DFL-St. Paul)

- Makes wage theft illegal, including in instances without intent to defraud.
- Gives the Minnesota Department of Labor and Industry more enforcement tools, including subpoena powers, and an increased budget to hire additional investigators.
- Requires stricter record-keeping requirements for employers and impose stiffer penalties for violators.
- Requires employers to pay employees every 16 days.

LABOR-MANAGEMENT

Wage theft (SF 1816; SF 2611, Pratt, R-Prior Lake)

- Clarifies wage theft is illegal, preserves intent to defraud standard.
- Gives the Minnesota Department of Labor and Industry more tools and resources to address wage theft.
- Establishes a written demand for payment requirement on employees.
- Ensures that employees are protected from retaliation.

LABOR-MANAGEMENT

Sexual harassment legal standard (HF 10, Moller, DFL-Shoreview/SF 1307, Dziedzic, DFL-Minneapolis; HF 2705, Lesch, DFL-St. Paul)

- Removes the long-standing current 'severe or pervasive' legal standard for sexual harassment claims for conduct or communication that has the purpose or effect of creating an intimidating, hostile, or materially offensive environment
- Within the above, includes provisions that a reasonable person in similar circumstances to the plaintiff would find the environment intimidating, hostile, or materially offensive and the intimidating, hostile, or materially offensive environment must be determined based on the totality of the circumstances.

LABOR-MANAGEMENT

Sexual harassment legal standard (SF 2295, Housley, R-St. Mary's Point)

- Removes the requirement that an environment be offensive; preserves intimidating or hostile standard.
- Requires harassing conduct or communication to, under the totality of the circumstances, be: (1) objectively and subjectively harassing; and (2) sufficiently severe or pervasive to alter the terms or conditions of an individual's environment and create an abusive environment.
 - Severe or pervasive explicitly includes: (1) a single significant instance of harassing conduct or communication or (2) a series of instances of harassing conduct or communications.
- Includes good-faith employer protections.

LABOR-MANAGEMENT

TAKE ACTION!

Mandates

- 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 their workers. The cost to find temporary workers utilizing 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

TAKE ACTION!

Preemption

- Ask your legislators to support preemption 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

“ONE MINNESTOA PATH TO CLEAN ENERGY”

In March, Governor Walz announced his climate change proposal which included a **100% carbon-free standard** by 2050, a **clean energy preference** for electricity generation, and **energy optimization** in the Conservation Improvement Program including **fuel switching**.

ENERGY

- Governor Walz “One Minnesota Path to Clean Energy” - Clean Energy First Act (HF 1956, Long, DFL-Minneapolis/SF 2431, Frentz, DFL-Mankato)
WE OPPOSE
 - Provisions included in House Energy & Climate Committee; passed Energy and Climate Change Omnibus
 - Included in House Jobs Omnibus (HF 2208); scheduled for Floor action, 4/23/19
- Senate’s Clean Energy First Act (SF 1456 Senjem, R-Rochester/HF 1405, Stephenson, DFL-Coon Rapids)
WE OPPOSE
 - Passed Senate Energy & Utilities Committee
 - Similar provisions included in House Jobs Omnibus (HF 2208); scheduled for Floor action, 4/23/19
- Conservation Improvement Program Modernization Act - (HF 1839, Ecklund, DFL-International Falls/SF 1915, Rarick, R-Brook Park)
WE OPPOSE
 - Passed Senate Energy & Utilities Committee
 - Similar provisions included in House Energy & Climate Committee; passed in Energy and Climate Change Omnibus
 - Similar provisions included in Senate Energy Committee; passed in Omnibus
 - Similar provisions included in House Jobs Omnibus (HF 2208); scheduled for Floor action, 4/23/19

ENERGY

One Minnesota Path to Clean Energy – Governor and House DFL Clean Energy First Act; House Energy & Climate Change Omnibus; House Jobs Omnibus

- **100% Clean Energy by 2050.** Requires all electric utilities to use only carbon-free energy resources by 2050, allowing for utility flexibility. Includes provisions to assist workers/communities affected by the transition, while prioritizing local jobs and prevailing wages for large new clean energy projects.
- **Clean Energy First.** Requires that, whenever a utility proposes to replace or add new power generation, it must prioritize energy efficiency and clean energy resources over fossil fuels.
- **Energy Optimization.** Raises Minnesota's Energy Efficiency Resource Standard and expands the Conservation Improvement Program to encourage utilities to “fuel switch” to more efficient, cleaner energy.
- Includes additional provisions on beneficial electrification, funding for electric vehicles and infrastructure, community solar gardens, customer energy data sharing, energy storage, building stretch codes, and studies for climate change and renewable energy transitions.

ENERGY

Conservation Improvement Program Modernization Act

(HF 1839, Ecklund, DFL-International Falls/SF 1915, Rarick, R-Brook Park)

- This bill would shift the intent of the existing Conservation Improvement Program away from conservation to “efficient electrification”—allowing for and rewarding load growth as long as that electricity is deemed efficient.

Clean Energy First Act I

(SF 1456, Senjem, R-Rochester/HF 1405, Stephenson, DFL-Coon Rapids)

- The bill would require electric utilities to meet resource needs using “clean energy” resources allowing for cost recovery and ownership and includes new provisions relating to construction/labor, community protection and development as well as transmission planning.
 - Was amended in Committee to include a number of provisions relating to ratepayer protection, particularly with respect to large industrial customers.
 - These particular provisions are not included in the House proposals.

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ENERGY

Minnesota Green New Deal (HF2836, Hornstein, DFL-Minneapolis)

- Requires all electric utilities to use only carbon-free energy resources by 2030.
- Enacts a construction moratorium on fossil fuel facilities.
- Creates job training programs in occupations that are heavily represented in industries that produce green products and services.
- Directs the electrification of all sectors of the economy currently powered by fossil fuels.
- Orders reports or studies on:
 - energy transition impacts on communities negatively impacted by the transition from fossil fuels;
 - the acceleration of energy transition in agricultural and transportation sectors;
 - the risks of the divesting the State Board of Investment's combined public pension retirement funds from fossil fuel-related companies;
 - creating a green bank in Minnesota.

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.

HOW CAN YOU HELP?

Grassroots Outreach:

TAKE ACTION: share your priorities with your legislators!

- Invite them to your business.

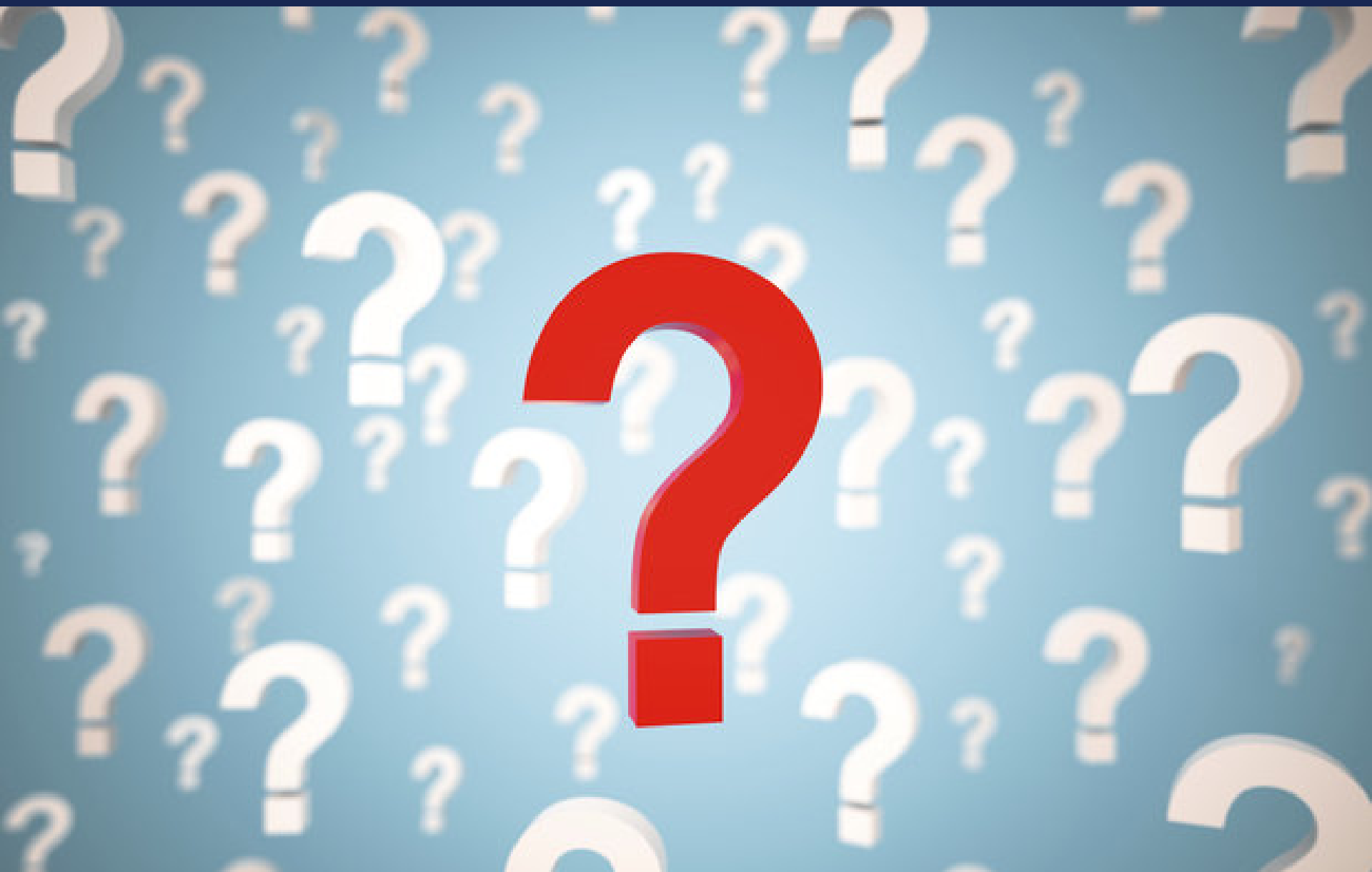
Easter/Passover break: April 13—22

- 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.

- Thank legislators when responsive!

QUESTIONS?



UPCOMING EVENTS

May 3 – Legislative Webcast #4

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

June 2019 – Statewide Policy Tour (various dates)

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



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