



WEEKLY SESSION UPDATE

April 15, 2016

IMPORTANT DATES

Here are some key dates for the legislative session:

- April 21 – 3rd Deadline: Major finance and appropriations bills are to be passed out of committees of Finance (Senate) and Ways and Means (House).
- April 22 – Passover break
- May 23rd – Adjournment
- August 9 – Primary
- November 8 – General Election

HOUSE AND SENATE SUPPLEMENTAL BUDGET RECOMMENDATIONS

On Wednesday, Senate DFLers presented their plan for spending priorities this session. The Senate's proposal, which is largely in line with Governor Dayton's recommendations, would spend nearly \$800 million in new money, about \$100 million less than the state's projected budget surplus. Of that, \$300 million would go to increase aid to local governments, to debt relief for college graduates, and to help fund paid leave for workers.

Among the priorities laid out is \$91 million dollars for racial and economic disparity; \$85 million dollars for rural broadband expansion; and \$60 million dollars for natural resources, economic development and agriculture. In addition to dollars already budgeted for E-12 and higher education, the DFL caucus proposed an additional \$48.2 million dollars in E-12 spending for pre-kindergarten expansion, additional counseling and support staff, and other initiatives to help ease the teacher shortage. Finally, an additional \$47.7 million dollars is allotted for higher education, \$45M for Judiciary, and \$43.3M for Health and Human Services.

Bonding and transportation packages were notably absent from the proposal, although Sen. Bakk suggested the bonding bill would be close to the Governor's recommended \$1.4 billion.

Last week, House Republicans outlined a smaller plan for the second half of the current two-year budget cycle. Their plan basically holds state spending flat, cutting \$9.5 million from the budget to pay for other new spending.

Because the state is in the middle of the two-year budget cycle, the legislature does not have to reach a deal this session. With a wide gulf between the two proposals and only 40 days left until adjournment, the clock could simply wind down with any agreement.

MULTI-MILLION DOLLAR SPENDING CUT IN HOUSE STATE GOV'T FINANCE BILL

On Thursday, the House State Government Finance Committee met and voted on their supplemental budget bill, which calls for \$9.5 million in spending reductions. Appropriations to executive agencies, including constitutional offices, would be reduced by a combined \$6.52 million. To the “greatest extent possible,” reductions would come from 5 percent salary reductions for commissioners, deputy commissioners and assistant commissioners; a hiring freeze; and reduction in nonessential travel and advertising expenses. These changes would be reflected as reductions in base budgets for the 2018-19 biennium. The other \$3.14 million needed to reach the budget cut target would come from an 80 percent reduction in the Senate carryforward account.

In order to help new funding priorities elsewhere, another \$2.67 million would be gained from a suspension of the public subsidy program under which people can check a box on their tax return to have \$5 go to help candidates for state office pay campaign expenses. The bill also calls for the elimination of the State Auditor’s Enterprise Fund, with its balance going to the General Fund.

Funding items in the bill include:

- \$1 million previously allocated to MMB for Fiscal Year 2017 must be used “to identify and reject attempted tax refund fraud.”
- \$500,000 in a onetime appropriation for MN.IT Services to perform a study of enhanced cyber security across state government;
- \$318,000 for the Office of Legislative Auditor to prepare fiscal notes, revenue estimates and local government impact notes on pending legislation. MMB, which currently prepares these estimates, would have a matching deduction;
- \$300,000 for the state soldiers assistance fund for housing and health assistance;
- \$148,000 for the Department of Administration’s continued implementation of the state’s Olmstead Plan which helps Minnesotans with a disability enjoy life to its fullest;
- \$100,000 for the Eagles Healing Nest in Sauk Centre to assist veterans reintegrating back into civilian and family life; and
- \$100,000 to help provide rent subsidies for veterans housing at the Cottages of Anoka.

The bill was passed on a split-voice vote late Thursday and referred to the House Ways and Means Committee.

INTERIM ORDINANCE

The Senate State and Local Government Committee took up SF 2694 (Franzen) last week. At the beginning of the hearing, Senator Franzen amended her bill to reduce the required notice from

30 days to 10 days, eliminate the supermajority (⅔ vote) requirement, and exempt townships from the bill.

The hearing on this bill lasted for 1.5 hours. Individuals from the Minneapolis City Council, the Builders Association, Minnesota Association of Realtors, League of Minnesota Cities, Land Stewardship Project, Minnesota Environmental Partnership, and townships and cities testified on the bill. Additionally, Woodbury Mayor Giuliani Stephens testified about the impact on her city and how the process currently works. Ultimately, the committee laid the bill on the table so the author could continue working on the bill and address language “related to housing.”

However, the House companion, HF 2585 (Nash), was taken up as an amendment to the Omnibus State Government Finance bill. The amendment did not include the supermajority requirement, but it would require a 10-day notice and a public hearing if an interim ordinance will regulate, restrict, or prohibit activities related to housing. The amendment was adopted and the bill was passed and sent to Ways and Means.

DONATION OF SURPLUS EQUIPMENT

On Thursday, the House passed the conference committee report for HF 1003 (Laine). This bill would permit local governments to donate still-working items no longer needed by public agencies – such as cell phones or emergency medical and firefighting equipment – to nonprofit organizations. It also limits the liability of local governments regarding donated equipment and would require them to adopt policies on determining what equipment and organizations are eligible to be donated.

The bill passed on a vote of 129-1. The legislation now goes to the Senate for final approval, where Sen. Goodwin is the bill author.

TIF LEGISLATION

Last Thursday, the Senate Tax Reform Division heard Sen. Rest’s recently introduced TIF legislation (SF 3433). This bill would overturn longstanding practice in TIF law and significantly restrict the ability of cities to pool TIF revenue. Under current practice, a TIF authority can pool up to 25% of tax increments received over the life of a district. The Rest bill would establish the 25% limit on an annual basis. The bill does not affect pre-1990 districts.

Jenny Boulton, attorney with Kennedy & Graven; Bob Streetar, community development director for the City of Oakdale; and Bill Neuendorf, economic development manager with the City of Edina, testified along with the League of Minnesota Cities staff to share concerns about the bill. Ultimately, the bill was laid over for possible inclusion in the omnibus tax bill.

FRANCHISE FEES

Legislation that would modify the process to enact or renew certain gas and electronic franchise fees has missed the second committee deadline. As such, it is unlikely to progress this session – at least as a stand-alone bill.

The House version of the bill, HF 3470 (Vogel), received a hearing in the House Government Operations and Elections Policy Committee, where it was approved and sent to the Taxes Committee for further consideration. The language of the bill could still be amended into the existing House omnibus tax bill, but under House and Senate rules the process for amending a bill currently in conference committee is not clear.

The Senate version, SF 3413 (Gazelka), did not receive a hearing before the committee deadline.

NOTICE REQUIREMENT FOR ORDINANCES AFFECTING BUSINESS LICENSES

The Senate State and Local Government Committee considered and rejected a bill that would have required cities to notify businesses of proposed ordinances that could impact their operations. SF 1724 (Dahms) was supported by the Minnesota Petroleum Marketers Association and Minnesota Retail Merchants Association. It would have required a city to notify all potentially affected businesses that a pending ordinance may affect the licensed business. The trigger for whether an ordinance would impact a business was defined in the bill as an ordinance that “changes the location or availability of a product or service provided by the business.” The notification of the business could be via first class mail or email, and the city would also be required to post the proposed ordinance on the city’s website.

The League of Minnesota Cities, the Minnesota Inter-County Association, and the Association of Minnesota Counties all testified in opposition to the bill due to the potential costs and administrative burdens. Sen. Dahms did attempt to address these concerns with an amendment that would have exempted cities without email from the email notification process, and converted the notification process into a requirement that cities and counties maintain a system to allow business owners to request to receive email notification on new or amended ordinances. However, municipalities still had concerns regarding the potential costs and administrative burdens as well as the fact that cities and counties are already required to publish notification of ordinances.

The House bill is currently on the House floor, but without a Senate companion it will not progress as a stand-alone bill this session.

TEMPORARY FAMILY HEALTH CARE DWELLINGS

In the Senate, the State and Local Government Committee and the Health, Human Services, and Housing Committee each heard, amended, and passed a bill that requires local governments to permit certain types of recreational vehicles as temporary family dwellings. SF 2555 (Hoffman) attempts to provide transitional housing for seniors, but the bill is drafted more broadly than that to provide for anyone who needs assistance with two or more instrumental activities of daily life for mental or physical reasons.

Negotiations on the language continue to try and eliminate confusion and clarify procedures for these temporary dwellings. At the most recent hearing, concerns were raised about exactly

which local ordinances would be superseded by this new statute and which ones would apply to a temporary dwelling. The author has agreed to work with all parties to address any concerns with the bill and ensure that the final language can be accepted by both the House and Senate authors.

As it stands, the bill has the following key components:

- Creates a new type of permit referred to as a temporary dwelling permit that has a six-month duration, with an option to extend the permit for six months. The permit must be for a property where the caregiver or relative resides.
- Allows modular and manufactured housing (instead of just recreational vehicles) to use this permit process as long as the unit meets all of the listed criteria.
- Lists the criteria for the structure and the information required in the permit application. Recent changes include requiring backflow valves and verification of septic service contracts, inclusion of site maps showing where the unit will be placed, completing adjacent neighbor notification prior to application, and specifying the individual authorized to live in the unit.
- Applies the permit approval process found in Minnesota Statutes, section 15.99, but allows the local government unit only 15 days to make a decision on granting the permit (no extension). It waives the public hearing requirement and allows the clock to be restarted if an application is deemed incomplete, as long as the applicant is notified of how their application is incomplete within five days. A 30-day decision is allowed if the regular council meeting occurs only once a month.
- Sets a default permit fee level of \$100 for the initial permit and up to \$50 for permit renewal, which may be replaced by a local ordinance.
- Allows cities to pass an ordinance opting out of using this new permitting system.

The Senate bill was sent to the Senate Finance Committee, where it is expected to be heard sometime in the next two weeks. The bill should then proceed to the Senate floor. The House version has already been sent to the General Register where it awaits debate on the House floor.

MASSAGE THERAPY

On Thursday, the Senate Health and Human Services Budget Division heard SF 1310 (Eaton). This legislation, which was initiated last year, would establish registration for massage and bodywork therapists, and provide for the regulation of massage and bodywork therapists by registration with the Board of Nursing.

Ultimately, the bill was amended, recommended to pass and laid over for consideration in the omnibus bill. The House companion currently awaits a hearing in the Ways and Means Committee.

BILL INTRODUCTIONS

HF	House Author	SF	Senate Author	Short Description
3907	Torkelson			Local bridge replacement and rehabilitation program grant amount cap set.