



WEEKLY SESSION UPDATE

April 29, 2016

SUPPLEMENTAL BUDGET UPDATE

The 2016 committee deadlines have passed, meaning much of the legislative action between now and the May 23 constitutional deadline for adjournment will happen on the House and Senate floors and, presumably, in conference committees.

In the House, eight supplemental budget bills were consolidated into three larger omnibus bills last week and all three were passed off of the House floor this week. On Monday, the K-12 Education and Higher Education Omnibus Bill (HF 2749) passed on a vote of 84-46. On Wednesday, the House passed the Agriculture, Environment, and Jobs Omnibus bill (HF 3931) on a party-line vote of 72-54. Finally, on Thursday, they passed the Health and Human Services, State Government Finance, and Public Safety Omnibus bill (HF 3467) on a party-line vote of 72-57.

In the Senate, legislators passed an all-encompassing budget bill (HF 2749/SF 2356) on Thursday with a vote of 39-24. The Senate's bill is vastly different from the House bills passed this week. The DFL-led Senate would use much of the state's projected \$900 million surplus on new or expanded programs, whereas the Republican-led House would essentially leave spending on most state programs flat, reserving the surplus to spend on tax cuts and transportation.

As we head into the final weeks of the legislative session, the House, Senate, and Governor will now begin to negotiate these competing plans. That said, it's not a budgeting year in Minnesota, so nothing has to be done right now, which takes some pressure off legislators to reach agreement.

BONDING UPDATE

On Tuesday, Senate Capital Investment had a general hearing on transportation, but they did not hear specific bills. The committee took testimony from: Senate Transportation Chair Scott

Dibble, the Transportation Alliance, Aitkin County, MnDOT, Met Council, and the Counties Transit Improvement Board (CTIB). The committee also took testimony on the I-35W/I-494 interchange (supported by the 494 Corridor Commission, the 35W Solutions Alliance, the Minneapolis Chamber, and the City of Bloomington) and the Lake Street Transit Station improvements on 35W (supported by the City of Minneapolis, Hennepin County, and Abbott Northwestern). Even though it was a Capital Investment hearing, the discussion focused on the need for a comprehensive transportation bill rather than funding specific projects with bonding dollars. Senate Transportation Chair Scott Dibble started off the hearing asking that the projects highlighted be funded in the Transportation Conference Committee rather than in the Bonding Bill.

On Thursday, the Senate Capital Investment Committee met to review a portion of Governor Dayton's proposed \$1.4 billion bonding recommendations. During that hearing, the Chair, Sen. Stumpf, announced that Senate DFLers would likely release a bonding bill on Monday, May 2. It is expected that this bill would be similar in size to the Governor's proposal.

House Republicans also have yet to release a bonding proposal, though their proposed legislation will likely be much smaller in size. Earlier this month, House Republican leadership released budget targets that called for a bonding bill totaling only \$600 million, but they have not finalized which projects would be funded in the measure. Rep. Torkelson, chair of the House Capital Investment Committee, said he expects that the shape of the bonding bill will be heavily influenced by what happens with tax and transportation packages this session.

CAP ON LOCAL BRIDGE REPLACEMENT PROGRAM GRANTS

On Tuesday, the House Capital Investment Committee heard HF 3951 (Torkelson). The bill caps the grants from the Local Bridge Replacement Program at \$5 million. The author explained that the intent of the bill is to distribute the pot of money over more projects. The Minnesota Association of Townships testified in support of the legislation. The Association of Minnesota Counties testified with concerns, arguing that a better solution would be to make the pot of money big enough to address all sizes of projects. The bill was laid over for possible inclusion in the omnibus bonding bill.

FISCAL DISPARITIES CONTRIBUTION PERCENTAGE FOR METRO CITIES

On Wednesday, the House Property Tax and Local Government Finance Division heard HF 2427 (Atkins). This bill would reduce the fiscal disparities contribution percentage from 40% to 30% for cities in the metro area with a population of 15,000 or less. It provides for state payment to the fiscal disparities program to compensate for the reduced contributions from small cities.

The bill was brought forward by the city of Mendota Heights and City Administrator Mark McNeill testified in favor of the bill as a way to help smaller cities provide for basic infrastructure and operating expenses. Metro Cities and the North Metro Mayors Association raised concerns about the impact of the bill, noting that the legislature should be looking at comprehensive reform to the program. Ultimately, the bill was laid over.

INSTALLMENT PLAN FOR PROPERTY TAX PAYMENTS PROPOSED

On Wednesday, the House Property Tax and Local Government Division heard HF 3706 (Carlson). The bill would change the current method of property tax payments, which requires taxpayers to pay in two installments— one in May and the other in October. This bill would allow property taxes to be paid in eight installments due on the 15th of each month from May through December. During the hearing, counties expressed some concern about lost interest from such a payment schedule. The Metropolitan Inter-County Association told committee members that they oppose the bill based on the cost. Ultimately, the bill was laid over. Currently, there is no Senate companion.

TEMPORARY FAMILY HEALTH CARE DWELLING

Next week – on Monday, May 2 – the Senate will take up SF 2555 (Hoffman) on the floor. This bill would require local governments to permit certain types of recreational vehicles as temporary family dwellings. It would create 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 an additional six months. As it stands, the bill would allow cities to pass an ordinance opting out of this new permitting system. We will continue to monitor this legislation as it moves through the process.