



2015 WEEKLY LEGISLATIVE UPDATE

February 20, 2015

GOVERNOR'S DEFICIENCY BILL

After agency requests were nearly derailed over a political kerfuffle, an agreement was reached between Governor Dayton and legislative leaders, and the House passed the deficiency bill on Thursday. Approved 106-21 by the House, S.F. 174, now returns to the Senate for consideration. The compromise bill would require the governor to seek legislative approval for future agency head pay raises and would freeze agency head salaries to those of the previous year.

As for funding, the deficiency bill would provide:

- \$10.68 million to the Department of Human Services for the Minnesota Food Assistance Program (\$246,000) and the Minnesota Security Hospital in St. Peter (\$10,437,000);
- \$2.89 million to the Department of Health for costs of statewide Ebola activities and for grants to certain hospitals for Ebola-related expenditures;
- \$1.35 million for Minnesota Zoo operations: and
- \$568,000 to the natural resources for law enforcement activities.

FEBRUARY FORECAST

The February forecast, compiled by MMB, will be released next Friday, February 27. This forecast will modify the preceding November's forecast with any new data that's available and will provide an update on the status of revenues and expenditures in the current biennium.

SALES TAX EXEMPTION ON CONSTRUCTION MATERIALS

On Tuesday, the House Taxes Committee head H.F. 531 and laid it over for possible inclusion in the omnibus tax bill. This bill would provide a sales tax clarification for construction materials, simplifying the process by which a city, county, school district or other eligible non-profit entity can secure the sales tax exemption on construction materials. Under H.F. 531, contractor purchases on behalf of cities will be subject to the sales tax, but a city would now be able to apply to the state for a refund of the sales tax paid after completion of the project. The refund process is not as simple as an up-front sales tax

exemption, but because of concerns raised by the Minnesota Department of Revenue (DOR), the bill was drafted as a streamlined refund process. This will allow cities to receive the benefit of the exemption while allowing the DOR to ensure that the sales tax savings are realized by the exempt entity and not the contractor.

The MLC wrote a letter of support for this bill, which was initiated by the League of Minnesota Cities.

SUBCOMMITTEE ON METROPOLITAN COUNCIL ACCOUNTABILITY AND TRANSPARENCY

On Wednesday, the Subcommittee on Metropolitan Council Accountability and Transparency held a meeting to review options for Met Council governance from the 2011 OLA Report “Governance of Transit in the Twin Cities Region.” Key recommendations from this report included possible governance options for restructuring of the Met Council. Below is a link to this full report:

<http://www.auditor.leg.state.mn.us/ped/2011/transit.htm>

The subcommittee also reviewed Rep. Uglem’s proposed legislation, H.F. 752, which would provide for staggered terms of Met Council members, beginning immediately. Both Metro Cities and the Association of Minnesota Counties testified in favor of the bill.

DAYTON’S LIST OF TRANSPORTATION PROJECTS

On Tuesday, Governor Dayton released a list of 600 unscheduled road and bridge projects that he said would happen if his transportation spending plan becomes reality. The list ranges from a 24-mile portion of Highway 169 in Aitkin County to a southbound stretch of Highway 61 over Burns Creek in Winona County. Metro area bridges on the list include a Highway 5 bridge over Interstate 494 near the Fort Snelling National Cemetery, a Nicollet Avenue bridge over I-494 between Richfield and Bloomington, and an I-94 crossing over McKnight Road between St. Paul and Maplewood.

Overall, the projects on Dayton’s list will not happen if the state does not provide the Department of Transportation with additional funding. The Governor and legislative leaders have said transportation is a top priority for the 2015 session, but it remains to be seen how that will play out at the Capitol.

For a list of all 600 projects, below is a link to a table outlining the Governor’s proposal:

http://www.mn.gov/governor/images/transportation_county_projects_fact_sheet.pdf

EARLY VOTING

On Thursday, the Senate Subcommittee on Elections heard S.F. 414 (Sieben), which is a bill that would allow early voting. The bill would prescribe the process for early voting that would allow people to vote beginning 15 days before Election Day. The bill would specify certain time period requirements, prescribes hours and locations for early voting, and require the county auditor to post days, times and locations of early voting a certain number of days before voting begins.

The bill was recommended to pass and was re-referred to the Committee on Rules and Administration.

BILL INTRODUCTIONS THIS WEEK

HF #	Author	SF #	Author	Short Description
115	Drazkowski	847	Osmek	Sunday liquor sales authorization
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491	Heintzeman	931	Gazelka	Delinquent real estate and agricultural property taxes due date and penalties modifications
723	Lucero	950	Kiffmeyer	Municipal liquor stores license issuance provisions modifications
752	Uglem	835	Osmek	Metropolitan council members staggered terms and membership modification
826	Murphy M	884	Rosen	Volunteer firefighter relief associations financial reporting, disbursement, benefit, state aid references, and membership modifications
847	Kelly	912	Dibble	Transportation finance and policy bill
882	Rosenthal	667	Franzen	State forecast required to include rate of inflation.
899	Scott			Transitway development and finance governed, legislative authorization requirements established, and permissible use specified and uses of revenue from a metropolitan transportation area sales tax prioritized.
922	Drazkowski			Local referenda related to spending required to be conducted on the first Tuesday after the first Monday in November.
934	Carlson			Political subdivisions prohibited from paying more than ten percent over the appraised value to acquire real property.
937	Newton			Municipal street improvement districts authorized.
956	Gunther	747	Rosen	Transportation economic development grant funding provided, bonds issued, and money appropriated.
990	Lencewski			Political subdivisions imposing and collecting local lodging taxes provided clarified authority.
991	Davids			Residential fire sprinkler safety protection notice required.
992	Davids			Fire sprinkler requirements compliance disclosure required.
999	Quam			Law enforcement body camera data classified.
1003	Laine			Local governments permitted to donate surplus equipment to nonprofit organizations.
1026	Erickson	937	Brown	Mille Lacs County; municipal enforcement requirements of State Building Code modified.
1032	Anderson S			3.2 percent malt liquor classification abolished.
1037	Anzelc			Iron Range fiscal disparities program distribution levies adjusted.

1044	Anderson S			Prohibition on municipality issuing more than one off-sale license to any one person or place repealed.
1071	McNamara			Local governments prohibited from using eminent domain to acquire real property for parks and recreational space.
1086	Hornstein	744	Dibble	Metropolitan Council member appointment by cities and towns provided, Transportation Advisory Board eliminated, and Grant Evaluation and Ranking System repealed.
1090	Sanders			On-sale 8:00 a.m. opening time created.
1102	Howe			State or local elected officials prohibited from acting as lobbyists.
		853	Dziedzic	Data practices training and technical assistance to local governments appropriation
		947	Skoe	Targeted homestead property tax credit establishment
		993	Rest	Tax increment financing (TIF) provisions modifications