



WEEKLY SESSION UPDATE

March 18, 2016

GOVERNOR'S SUPPLEMENTAL BUDGET

On Tuesday, Governor Dayton released his supplemental budget proposal, which featured a mix of spending increases, tax cuts, and \$200 million left on the bottom line to guard against a potential economic downturn. The governor said his budget, which would spend \$698 million of the projected \$900 million surplus available during the current biennium, prioritizes investments in Minnesota's children, families and communities as well as providing tax cuts for middle-income families.

The governor's proposal comes after the release of Minnesota Management & Budget's February forecast, which projected a \$900 million budget surplus for 2016-17. This was down from November's forecast of \$1.2 billion mostly due to slower-than-expected growth in income and sales tax collections.

The supplemental budget would increase the appropriation for state road construction in the trunk highway fund by \$20 million in Fiscal Year 16 and \$70 million in Fiscal Year 17. It would also spend \$32.5 million annually to improve highway crossings along railroad corridors where crude oil and other potentially hazardous materials are transported. That money would come from a yearly assessment on the railroads.

Additionally, The governor is recommending that the LGA distributions scheduled for July and December of this year be increased by \$21.5 million over the originally certified amounts announce last July. The governor does not extend this funding increase to distributions for appropriations in 2017 or beyond. When the Minnesota Department of Revenue certified the LGA distribution for 2016 last July, the LGA appropriation was only increased by \$2.5 million, or less than 0.5 percent over the 2015 distribution level. The governor's recommended increase would represent a 4 percent, one-time increase in the LGA appropriation over the original certified 2016 level.

Moreover, the supplemental budget includes \$117 million in tax cuts during the current biennium and \$154 million in tax cuts during the 2018-19 biennium. Among those would be an expansion of the Minnesota Child and Dependent Care Credit to make 92,000 new families eligible by moving the eligibility income cap from \$39,000 to \$112,000 for one-child families and to \$124,000 for families with two children.

Moreover, Dayton’s proposal includes \$100 million to increase broadband access in Greater Minnesota as well as \$25 million to make voluntary prekindergarten available to 3,700 additional 4-year-olds. Below is a breakdown of the a Governor’s Supplemental Budget Recommendations:

Governor’s FY2016-17 Supplemental Budget Recommendations		
(\$ in millions)	FY16-17	FY18-19
Available Balance	\$900	\$1,181
Tax Reductions	117	154
Broadband	100	0
Courts	23	6
Corrections	34	59
Cyber Security	46	0
Debt Service/Bonding	21	84
Department of Human Services	19	(39)
Education and Early Learning	77	405
Equity	100	0
Higher Education	56	70
Local Government/County Prog. Aid	47	0
Other Agency Investments	44	37
Transportation	14	36
Total	\$698	\$812
Remaining Balance	\$202	\$369
FY18-19 balance		\$571

ABSENTEE BALLOTING

On Tuesday, the Senate Subcommittee on Elections hear SF 2495 (Sieben). This bill would allow in-person absentee voters to place their ballots directly into a secure tabulator beginning seven days before Election Day. Testimony by city and county official emphasized the difficulty in administering the current in-person absentee balloting process, highlighting the importance of this change as well as the cost savings that would be associated with the proposal. The bill was laid over for possible inclusion in a omnibus elections bill.

The House companion bill, HF 2959 (McNamara) has not yet been scheduled for a hearing.

JOINT POWERS, SPECIAL DISTRICT SALES TAX EXEMPTION BILL

On Wednesday, the Senate Tax Reform Division hear SF 2249 (Rest). This bill would provide an exemption for most purchases of joint powers entities and special districts, retroactive to January 1, 2016. The bill would reverse a one-year delay in the joint powers exemption that was amended into the K-12 education finance bill late in the 2015 session and then enacted into law during the subsequent June special session.

The original joint powers exemption was proposed by the League and authored by Sen. Rest and Rep. Freiberg during the 2014 legislative session. The exemption was ultimately included in the final 2014 omnibus tax bill and enacted into law. However, the 2014 law did not make the exemption effective until Jan. 1, 2016. And then, the 2015 Legislature further delayed the exemption on joint powers and special districts to Jan. 1, 2017.

SF 2249 was laid over for possible inclusion. The House companion bill, HF 2387 (Freiberg), has not yet been scheduled for a hearing.

SUBCOMMITTEE ON MET COUNCIL

The Subcommittee on Metropolitan Council Accountability and Transparency met today. They heard two bills being authored by Rep. Albright. The first, HF 2104, would establish the Blue Ribbon Commission to study and make recommendations on the needs of the region and the role of the Met Council. The second, HF 2467, restructures the governance of the Met Council. This bill establishes staggered, four-year terms for Metropolitan Council members, effective in 2019, after the next governor is elected. It also provides that members of the council must be local elected officials, and the nominating committee must have local elected officials appointed by their respective associations.

Both bills were referred to the Government Operations and Elections Policy committee. The Senate companion bills, SF 2008 (Dibble) and SF 2385 (Dibble), have not yet been scheduled for a hearing.

UPCOMING HEARINGS

- On Thursday, March 24, the House Government Operations and Elections Policy committee will hearing HF 2585 (Nash). This bill would add language to Minnesota Statutes requiring a two-thirds approval by the city council to adopt an interim ordinance. If the proposed interim ordinance is to regulate, restrict, or prohibit activities related to housing, the bill would require a public hearing to be held before the ordinance takes effect. The city must publish a 30-day notice for the public hearing in the city's designated newspaper.
- On Tuesday, March 22, the Senate Judiciary committee will hear SF 2743 (Pappas). This expands the definition of "line of duty" for death benefits for public safety officers.

- On Wednesday, March 23, the House Government Operations and Elections Policy committee will hear HF 2757 (Pugh). This bill allows cities to exempt themselves from the Partition Fence Law.

BILLS RECENTLY INTRODUCED

HF	House Author	SF	Senate Author	Short Description
2383	Mullery			Peace officer right to access video evidence of incidents resulting in an officer's discharge of a firearm restricted.
2387	Freiberg	2249	Rest	Local government sales and use tax exemption effective date accelerated.
2401	Erhardt			Edina; time to file approval of a 2014 special law extended.
2404	Knoblach			Speed limit governing authority in rural residential districts amended.
2408	Hansen			Minnesota emerald ash borer suppression program established, and money appropriated.
2420	Atkins			Property tax refund; payments for decedents allowed.
2427	Atkins			Fiscal disparities contribution percentage for cities in the metropolitan area reduced, and money appropriated.
2467	Albright	2385	Dibble	Metropolitan Council membership and terms modified.
2488	Anderson, M			State and local property taxes repealed.
2494	Garofalo			Local units of government authority to organize solid waste collection moratorium placed.
2498	Peterson			Residential day care facilities for children required to be located in the residence of the provider.
2533	Carlson			Senior and disabled homestead credit claimants half of refund payment in April provided.

2585	Nash			Interim ordinance two-thirds vote required, and public hearing after 30-day notice before imposing an interim ordinance relating to housing required.
2688	Sanders	2381	Sieben	Election and election administration provisions modified.
2775	Fenton	2458	Sieben	Polling place combination or relocation by election officials in an emergency authorized, and polling place hours extension when polling places are combined or moved on election day authorized.
2871	Davids			Property, income, estate, and sales tax provisions technical and clarifying changes made.
2875	Rosenthal	2436	Rest	Income, franchise, and property tax refund provisions conformed to changes in federal law, administrative mechanism for conforming to future changes made, account created, and money transferred.
2892	Zerwas			Governmental units suing to recover for the public safety response costs related to unlawful assemblies and public nuisances authorized.
2911	Anderson S			Income, franchise, and property tax refund provisions conformed to changes in federal law.
2912	Anderson S			Income, franchise, and property tax refund provisions conformed to changes in federal law.
2943	Davids			Income and corporate franchise tax, property tax, local government aids, and other miscellaneous taxes and tax provision policy changes made.
2959	McNamara	2495	Sieben	In-person absentee ballot alternative method authorized.
		2250	Rest	Uncashed rebate or property tax refund warrant or check reissuance limitation removal

		2386	Dibble	Corridors of commerce program eligibility requirements modification
		2415	Dahle	Utility easements location for new subdivisions regulation
		2473	Rosen	Volunteer firefighters service credit, pension eligibility and joint powers fire department provisions modifications