



## 2015 WEEKLY LEGISLATIVE UPDATE

*March 27, 2015*

### **DEADLINES AND IMPORTANT DATES**

- TODAY! Friday, March 27th – Second Deadline – Deadline for committees to act favorably on bills, or companions of bills, that met the first deadline in the other house.
- Saturday, March 28th – Monday, April 7th – Easter/Passover Break at the Legislature
- Wednesday, April 8th – Governor’s State of the State
- Friday, April 24th – Third Deadline – Deadline for committees to act favorably on major appropriation and finance bills.

### **BUDGET TARGETS**

On Tuesday, the House GOP announced a \$39.9 billion state budget plan for the next two years. This plan is about \$3 billion smaller than the plan Governor Dayton released in January and updated last week. The Republican-proposed budget would put \$100 million in the state’s rainy-day fund. It would also set aside \$319 million as “yet-to-be-allocated” funds. From this proposal, the targets announced for each spending committee are:

- E-12 education: \$156.767 million
- Health and human services: -\$1.148 billion
- Taxes: \$2.264 billion
- Higher education: \$53.470 million
- Public safety: \$82.387 million
- Capital projects and grants: -\$20.788 million
- State government finance: -\$67.412 million
- Jobs and economic development: -\$20.593 million
- Environment: -\$24.529 million
- Transportation: \$147.964 million
- Agriculture: \$9.5 million

It is important to note this budget total does not include the over \$600 million in general fund dollars that the House GOP would divert to road and bridge repairs in the next two years. Also not factored into the total are \$2-billion unspecified tax cuts.

Today, the Senate DFL released their budget plan. This plan would spend nearly \$43 billion over the next two years and is about \$250 million less than the Governor’s budget proposal. It proposes \$1.14 billion in new spending, about \$730 million less than the projected \$1.87 billion budget surplus. Of that, \$555 million would be spent on public schools, colleges and universities. The plan would also provide more than \$200 million in tax cuts and puts \$250 million into the state’s rainy day account.

From this proposal, the general fund spending targets for each committee are:

- Taxes: \$459.8 million
- E-12 education: \$350 million
- Higher Education: \$205 million
- Health and Human Services: \$341 million
- Environment, Economic Development and Agriculture: \$45 million
- State Departments and Veterans: \$52 million
- Transportation and Public Safety: \$25 million
- Judiciary and Public Safety: \$117 million
- Debt Service, Capitol Projects, Other: \$9 million

### **METRO AREA WATER SUPPLY**

The House State Government Finance Committee heard HF1835 (Runbeck) on Tuesday. This bill would formalize the Metropolitan Area Water Supply Advisory Committee within the Met Council. It would require that a report from this committee be given to the Met Council, the Legislative Water Commission, and the legislative committees. The bill also states that local water use plans do not need to be consistent with the Met Council water plans. This bill would require an appropriation to be workable.

The bill was passed and re-referred to the Environment and Natural Resources Committee.

The companion bill, SF1726 (Chamberlain) was also heard this week in the Senate Environment and Energy Committee, where it was passed and re-referred to State and Local Government Committee. The bill did not make policy deadline in the Senate, but it seems likely that this proposal will keep moving this session.

The Met Council has worked out an agreement so all stakeholders are comfortable with the language.

### **LOCAL REFERENDA DATE CHANGE**

HF922 (Drazkowski) was taken up in House State Government Finance Committee on Wednesday. This bill would require elections on city, county, and school district referenda questions related to spending to be conducted on the first Tuesday after the first Monday in November. This change is to coincide with the annual general election. The bill would not affect elections of persons to office.

The League and the School Board Association has been working with the bill author to address some concerns about unintended consequences in the bill. An amendment was made in committee to address some of these concerns. The bill was passed, as amended, and re-referred to the Education Finance Committee.

The companion bill, SF1711 (Kiffmeyer), is in the Rules Committee in the Senate.

### **TRANSPORTATION UPDATE**

On Monday, Republicans from both the House and Senate released a secondary transportation proposal called the Roads and Bridges Act of 2015. This proposal would increase the amount of funds dedicated to transportation without raising new revenues and dedicate \$7 billion over the next ten years.

The Roads and Bridge Act of 2015 creates a special fund called the Transportation Stability Fund. The bill would collect various existing tax proceeds and divert them to transportation purposes. Diverting

money from existing revenues into five new accounts would result in a combined \$3.078 billion over ten years being deposited into the new fund. The five new accounts would be:

- Road and Bridge Account-revenue from existing sales tax on auto parts
- Metro Capital Improvement Account-revenue from the existing sales tax on rental vehicles
- Small Cities Account-revenue from existing rental vehicle tax
- Greater MN Bus Services Account-revenue from 50% of the existing Motor Vehicle Lease sales tax
- Suburban County Highway Account-revenue from 50% of the existing Motor Vehicle Lease sales tax

Additionally, the bill would use:

- \$1.3 billion in trunk highway bonds
- \$1.2 billion from realigning MnDOT resources
- \$1.05 billion in GO Bonds
- \$228 million from the state general fund (surplus)

The priority of the bill would be investments in roads and bridges. Also of note, the entire state general fund appropriation for Met Council operations would be eliminated and looks to be replaced with existing CTIB funds and growth in MVST.

No actual bill language has been released at this time. However, we will keep you apprised as more information is released.

### **LMC-SPONSORED TIF BILL**

On Tuesday, the Senate Taxes Committee heard SF993 (Rest). This is a League-sponsored bill that would clarify a number of provisions in the TIF statutes. This bill would authorize spending tax increments for maintenance and preservation of properties that were acquired with tax increments, subject to the percentage limits on administrative expenses. In addition, the bill would narrow the definition of increments that are subject to the percentage restrictions on pooling and five-year rule. Finally, the bill would liberalize the procedural rules governing interfund loans that are paid back with tax increments, as well imposing some new limits on those loans.

During the bill hearing, Senator Rest added an amendment to the bill that would allow a city to move forward with a TIF extension without approval from the school district. In such a case, the school district is not obligated to fund it but it also no longer veto power.

The bill was discussed and amendment were thoroughly discussed by the committee. The bill was then laid over for possible inclusion in the omnibus bill.

### **SHADE TREE REMOVAL**

Senator Hawj introduced a bill, SF1987, this week that would appropriate \$5 million per year to the commissioner of agriculture for grants to local governments for the removal and replacement of publicly owned shade trees damaged by or lost to forest pests or disease. The bill was introduced and referred to the Finance Committee, where we hope it will be heard after the break.

### **BILL INTRODUCTIONS THIS WEEK**

<b>HF #</b>	<b>Author</b>	<b>SF #</b>	<b>Author</b>	<b>Short Description</b>
2104	Albright	2008	Dibble	Blue Ribbon Commission established to study and make recommendations on metropolitan governance, and money appropriated.
2114	Davnie	2009	Torres Ray	Additional property tax refund modified.
		1987	Hawj	Shade tree removal and replacement grant appropriation