



## 2015 LEGISLATIVE PRIORITIES

### **Legislature Reconvenes: What's on tap for the second half?**

The Minnesota Legislature has been in recess and will return to the Capitol on April 7. We hope you took the time to connect with your legislators about your business concerns while they were back in their districts. Important decisions that impact your ability to succeed and expand in our state loom ahead. Your voice makes a difference!

**NEXT UP – read more.**

### **BUDGET PLANS AND SURPLUS**

We now have the starting point for the budget debate for the Fiscal Years 2016-17 state budget beginning July 1, 2015. Governor Dayton released his supplemental budget earlier this month; the House GOP and Senate DFL majorities released their budget targets last week. These figures will be used by the Fiscal and Tax committees to determine state program spending. The deadline for action on budget bills is April 24, which means omnibus bills must be passed by committees and sent to the House and Senate for votes.

The crux of the policy differences is between growth of spending vs. taxpayer burden. The Governor would use most of the \$1.869 billion surplus for permanent new spending. The House would use the entire surplus to reduce taxes. The Senate is in between with 60% for new spending, 24% tax reductions and the remaining portion for increasing the budget reserves.

We recommend using a large portion of the surplus to improve our business tax climate by reducing business taxes that are among the highest in the country. In addition, we should invest a portion in the key infrastructure needs of transportation and workforce.

### **PERSONAL INCOME TAX PASS-THROUGH RELIEF**

H.F. 63 and S.F. 102 would establish a tax relief for businesses that pass their business income through their personal income tax returns. Both bills were referred to tax committees and have been laid over possible inclusion in an omnibus tax bill.

### **EDUCATION/WORKFORCE**

The House, Senate and the Governor's spending targets for education are very different. The Governor recommends an additional \$1 billion to three main areas: school-based prekindergarten for 4-year olds, an increase in the per-pupil K-12 funding formula, and two-year tuition freezes at the University of Minnesota and state colleges and universities. The House directs about \$150 million to K-12, and \$50 million to higher education. The Senate targets include \$350 million for E-12 and \$205 million for higher education. All of these figures are above and beyond spending growth for Fiscal Years 2016-17.

Let your legislators know the House has a very solid education policy bill ([HF 1591](#), Erickson, R-Princeton). Ask your senators to support two changes in the Senate bill ([SF 1495](#), Wiger, DFL-

Maplewood) to match the House: include teacher tenure reform; and adopt changes for reducing school testing that are more in line with the Department of Education working group recommendations.

## **TRANSPORTATION**

The Minnesota House GOP unveiled its revised transportation funding package last week. It doesn't raise taxes, relying instead on efficient use of existing and new revenues – in contrast to [proposals released by the Governor and Senate DFL majority](#). Please urge your lawmakers to support the House plan by making these points:

The projected state budget surplus makes it unnecessary to raise additional taxes.

- We must broaden funding to keep pace with needs. Constitutionally dedicated revenues will remain the backbone of funding, but the buying power of the gas tax is diminishing as cars become more efficient.
- The proposal dedicates approximately \$300 million per year in currently collected auto-related sales tax revenues to transportation – less than 2 percent of Minnesota's annual \$20 billion budget. This is a reasonable portion of the budget to use for a priority government program.

The House plan will inject \$7 billion of new money over the next 10 years into our system – that's on top of the \$2.5 billion per year already dedicated to transportation through user fees. This proposal provides for sustained and strategic funding of our transportation needs. This critical issue will be one of the hottest debates at the end of the session. Be sure to speak with your legislators about the importance of a long-term investment plan that better uses resources – including a portion of the sizable budget surplus – and does not place additional burdens on individuals and employers.

## **STATEWIDE WAGE AND BENEFIT UNIFORMITY**

We support a proposal to prevent local units of government from creating a minimum wage higher than the state rate and from mandating any benefits not required by or higher than state law ([HF 1241](#), Albright, R-Prior Lake/[SF 565](#), Koenen, DFL-Clara City). Higher wages and benefits would increase costs for businesses in specific cities and create considerable challenges for employers managing facilities in multiple communities.

## **PAID WAGE AND SICK LEAVE**

Returning this year is legislation to require employers to pay one hour of leave time for every 30 hours worked. The legislation requires that an employee must work for a minimum of three months before they qualify for the benefit and would apply to full-time and part-time workers as well as youth workers under the age of 18. An informational hearing has been scheduled in the Senate Jobs Committee April 8.

## **TIPPED TIER MINIMUM WAGE**

This bill would allow employers to pay \$8 per hour to servers who earn at least \$12 an hour in salary and tips. Workers whose pay and tips don't exceed \$12 an hour would get the standard minimum wage rate. On March 23 the House passed the bill off the floor. There has been no action on the Senate companion bill.

## **MINIMUM WAGE INFLATOR REPEAL**

This legislation would eliminate the minimum wage inflation escalator. If the legislation passes it would apply to the scheduled 2018 automatic adjustment. The bills have not been heard in committee.

**STREET UTILITY FEES**

This legislation would apportion street improvement fees to all of the developed parcels located a designated district. These districts may be created from any street, alley, or public way for which the municipality is the road authority. The collection of these fees may last up to 20 years in a street improvement district. The Senate bill was heard in the Committee on State and Local Government and was laid on the table. The bill did not meet committee deadline and will likely see no further action this session.

**SUNDAY LIQUOR SALES**

Legislation to remove the prohibition on selling off-sale intoxicating liquor on Sundays has been introduced but not heard at the State Capitol. The Senate Commerce Committee chair has indicated that a Sunday sales bills is unlikely to pass this year.

**VENDOR COLLECTION ALLOWANCE**

This important legislation would establish tiered reimbursement rates for retailers to help defray some of the costs associated with collecting, accounting, and remitting state sales tax. S.F. 1702 was heard before the Tax Reform Committee and laid over for possible inclusion in an omnibus tax bill. H.F. 2131 was introduced one week ago and the Coalition will be working to establish a hearing before the House Tax Committee after the Legislature returns from break.

*Special thanks to the Minnesota Chamber of Commerce, Minnesota Retailers Association, and other coalition partners for providing up-to-date information on any legislative actions.*