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NOTE: Given the rapidly evolving situation and uncertain legislative environment, publication of future Spotlights this session will be as circumstances dictate and staffing permits. We encourage members and subscribers to check their email for MCFE "e-briefs" as that will be our primary means of communicating session information, developments, and analysis.

Due to the pandemic, the legislature is in a one-month hiatus but not before beefing up the state's COVID-19 response capabilities. That is likely to be just the start of a variety of different policy measures to address the state's health and economic fallout. Policy makers remain "on call" to address both additional response measures as well as the high priority business of the state – specifically a bonding bill and a supplemental budget. What all this eventually translates into program-wise and budget-wise is wait and see as circumstances develop. In the meantime, it's clear damage to the state economy and the resulting impacts on the state budget are well underway.

With respect to state economic fallout, the near-term focus is simply enabling small and medium size businesses to survive in the face of a potentially severe economic contraction. Liquidity to get through the ordeal is the primary concern, and the Minnesota Chamber of Commerce has offered the following recommendations for lawmakers' consideration:

- *Match the expected federal extension of the April 15 income tax filing and payment date for Minnesota income taxes including a waiver of interest and penalties.*
- *Provide a 90-day extension for the May 15 property tax payment with a waiver of interest and penalties.*
- *Allow for an extension in the sales tax remittance for February and March payments. (The Department of Revenue has announced a 30-day grace period to businesses on the payment of March sales and use taxes or businesses identified in Executive Order 20-04.)*
- *Waive or delay other state-imposed fees like annual licensing fees until the end of the year.*
- *Allow any unemployment claims related to COVID-19 to not be counted against employers' experience ratings.*
- *Establish a state fund to help defray out of pocket costs for Minnesotans with high deductible plans.*
- *Request SBA low interest federal disaster loans for small business working capital needs*

BILL INTRODUCTIONS

Tax bills are listed first by tax type in alphabetical order, then additional topics in alphabetical order. Within each topic, House bills (HF--for "House File") are listed first, then Senate bills (SF--for "Senate File"). The bills are in numerical order within each chamber. Each bill heading contains the chief author and his or her political party, city or township of residence, and the last four digits of his or her capital office phone number. Note that "NR" designates members of the House's New Republican caucus. All members' offices have a 651 area code and 296 exchange unless shown otherwise.

TAXES

Unless otherwise noted, effective dates for bills are as follows:

- *Corporate franchise and individual income taxes: Tax years beginning after December 31, 2018*
- *Property tax: Taxes levied in 2019, payable in 2020*
- *Sales tax: Sales and purchases made after June 30, 2019*

Carbon Taxes

HF 4397 (Brand, DFL, St. Peter, 8634)

SF 4207 (Rest, DFL, New Hope, 2889)

Establishes the Carbon Assessment and Dividend Act which institutes a revenue-neutral assessment of \$50 per ton on carbon dioxide emitted from the burning of primary carbon-based fuels meaning coal, liquid fuels, natural gas, and mixed municipal solid waste/refuse-derived fuel. The assessment increases each year by \$5 per ton until reaching a maximum of \$200 per ton. Not subject to assessments are ethanol, biofuel, methanol from plant materials, wood, wood wastes, agricultural crops and crop residues, sludge, solvents, waste oil, hazardous waste, medical waste, and hydroelectricity. Provides direction for electricity generated in another state and imported for consumption in Minnesota. Establishes a carbon assessment dividend account in the state treasury where the assessments must be deposited to pay for: 1) refundable credits against the tax imposed, 2) rebates of the federal payroll tax, 3) cover and tillage agricultural property tax credits, 4) high-impact refunds for businesses who are not utilities, and 5) a revolving loan fund for purchase and installation of capital improvements to improve energy efficiency or to access renewable energy sources. The refundable carbon assessment credit is against income taxes and is paid as a dividend. The rebate on payroll taxes applies to employers and the self-employed. The agricultural property tax credit applies to property certified by the local soil and water conservation district for no-till tillage, strip-till tillage, reduced tillage, or the planting of cover crops. The high-impact refund requires a determination by the commissioner of commerce of the increased aggregate energy cost for the business which becomes the basis for the refund. Refund calculation is 75% of the energy cost increase minus 3% of the taxpayer's qualifying sales and is only available if the applicant implements an energy project approved by the commissioner of

commerce. Requires annual reports beginning in 2023 and a one-time administrative report in 2024.

Different proposals abound for carbon tax approaches, and their complex designs require thoughtful consideration on a host of administrative, efficiency, and equity dimensions. Another important question is this: what may be the unintended consequences of enacting carbon tax policy at the subnational level? We can understand advocates' impatience over federal inaction, but there is much to be said for having the federal government assume leadership to discourage leakage and reduce administrative and compliance costs, minimize economic distortions and competitiveness concerns -- all while simultaneously acknowledging the limitations of state taxation of carbon emissions. Relying on state action may also complicate international negotiations around both emissions targets and carbon prices. As the Tax Foundation notes "even a reasonably coordinated collection of state carbon pricing policies, in part derived from a patchwork of federal regulations and supplemented by a collage of other federal and sub-national policies, would create inefficiently disparate abatement incentives across sources, gases, sectors, and jurisdictions."

Corporate Income Taxes

SF 4161 (Chamberlain, R, Lino Lakes, 1253)

Provides income and corporate franchise tax subtractions for capital gain and loan interest, employee stock ownership plans, and worker cooperatives for Minnesota-based corporations, employees and worker cooperatives. Corporations must be 500 or fewer employees.

Individual Income Taxes

HF 4270 (Munson, R, Lake Crystal, 4240)

Requires income tax refunds dubbed the "Give It Back Act." For married joint filers, the refund is the lesser of: the sum of 2018 and 2019 liability up to \$2,000. For all other taxpayers, the refund is the lesser of the sum of 2018 and 2019 liability up to \$1,000.

HF 4350 (Lesch, DFL, St. Paul, 4224)

SF 4241 (Eken, DFL, Twin Valley, 3205)

Establishes a refundable income tax credit for direct care or direct support professionals who are employed through licensed providers in supervised living facilities made up of home/community-based services and semi-independent living services for the developmentally disabled and those with traumatic brain injury.

HF 4388 (Anderson, R, Starbuck, 4317)

Provides a 20% income tax subtraction for in-home day care providers against net earnings for self-employment.

HF 4461 (Schultz, DFL, Duluth, 2228)

Establishes the long-term care services and supports trust fund with revenues from new:

- long-term care payroll taxes,
- self-employment taxes, and

- investment income taxes on individuals, trusts and estates based on net investment income.

These revenues are deposited in a special revenue fund in the state treasury. Defines eligible beneficiaries, benefit units, long-term care providers, and provider payments. Specifies duties for the commissioners of human services and revenue. Creates the Long-Term Services and Supports Advisory Council mainly appointed by the commissioner of human services and made up of:

- two senators
- two representatives
- two members representing organizations that provide long-term care services
- two members representing individual long-term care support workers
- two members representing long-term care advocacy organizations
- two members currently receiving long-term care benefits
- human services commissioner or designee
- revenue commissioner or designee
- State Board of Investment director or designee
- ombudsman for long-term care or designee

Allows commissioner of human services to use 7% of trust fund annual appropriation for administrative purposes. Specifies annual reporting requirements and requests a comprehensive evaluation by the Legislative Auditor by 2033.

SF 4233 (Dahms, R, Redwood Falls, 8138)

Provides federal conformity for section 179 expensing against individual income taxes. Provides special penalty exception and retroactivity for 2018 tax year.

SF 4348 (Howe, R, Rockville, 2084)

Provides federal conformity for section 179 expensing against individual income taxes. Provides special penalty exception and retroactivity for 2018 tax year.

Identical to SF 4233 (Dahms)

MinnesotaCare Taxes

HF 4352 (Quam, R, Byron, 9236)

Adds several new exemptions to health care gross revenue and provider taxes paid by nonprofits, including payments under Medicaid and from MinnesotaCare. Payments from disability and senior health demonstration projects and from health care plans administered by the United States Department of Veterans Affairs are also exempted.

Since Minnesota health care is largely a nonprofit industry, we presume this would make a substantial dent in revenues raised by MinnesotaCare taxes.

HF 4354 (Quam, R, Byron, 9236)

Provides a credit against the provider tax for health care nonprofits. Creates a "reimbursement rate disparity" that quantifies the difference between government and private insurance reimbursement rates and uses 100% of it as a basis for

calculating the credit. Formula incorporates all gross revenues from Medicare, Veterans Affairs and MinnesotaCare.

This appears to be a substantial tax credit and could significantly reduce net revenues from provider taxes. We would need to see the formula calculated through an existing health care operation to get a better idea of the magnitude.

Mortgage and Deed Taxes

HF 4308 (Hertaus, R, Greenfield, 9188)

SF 4304 (Osmek, R, Mound, 1282)

Repeals the mortgage registry tax and additional mortgage and deed taxes imposed by Hennepin and Ramsey counties.

HF 4428 (Hertaus, R, Greenfield, 9188)

Dedicates the deed tax on real property to county grants to subsidize housing initiatives as stated in the county's adopted housing plan. When the consideration exceeds \$3,000 on transfers made by consolidations or mergers, or designated transfers, the tax is reduced from .0033 to .0011 of net consideration. Specifies that after five years from adoption of a budget or plan, if a county accumulates \$5 million in grant funds and has not yet scheduled an obligation of funds, it is ineligible for further funds and those funds are spread to other eligible counties.

Property Taxes (w/o Aids, Credits, Refunds, or TIF)

HF 4251 (Lippert, DFL, Northfield, 0171)

Authorizes the city of Northfield to establish a fire and ambulance special taxing district. Allows any contiguous city or town to join the district under the same conditions. Establishes the district board, the requirements for the levy, and allows for apportionment of the levy by formula which can be based on a variety of factors. Specifies use of proceeds for fire protection or emergency medical services; that debt can be incurred; and that the district is treated as a municipality under state law. Establishes rules for additions, withdrawals, and dissolution; and the relationship of those actions to any debt incurred.

There are currently 21 special taxing districts in Minnesota that have levy authority for either hospital, emergency service, fire, clinic, or nursing homes. The 2020 certified levy for these districts is \$11.2 million out of the \$406 million for all special district levies in Minnesota. Cloquet previously established separate levy authorities for fire and ambulance, and now Northfield and six other cities appear to be introducing a new breed of levy that combines fire and ambulance – adding seven new levy authorities to this group of 21. The other six cities with pending legislation are Burnsville, Long Lake, Medina, Olivia, Tracy, and Virginia.

HF 4252 (Schomacker, R, Luverne, 5505)

HF 4183 (Weber, R, Luverne, 5650)

Authorizes the city of Tracy to establish a fire and ambulance special taxing district.

See description and comment for HF 4251 (Lippert) which establishes a fire and ambulance district for Northfield.

HF 4371 (Marquart, DFL, Dilworth, 6829)

Requires additional information to be sent with the notice of proposed property taxes, including what amount of increase in market value is attributable to new construction and the percentage change in market value on which the property taxes are based. Requires cities and counties to provide budget information to the county auditor to be included in property tax notices. Requires the format to be the same as budget reporting to the state auditor; cities under 500 are exempt. Requires joint public truth-in-taxation hearings for nonmetro school districts and cities and specifies general meeting structure.

In general, more information about the budgets that lead to tax increases is a good thing, and this bill would require more budget information from more local governments in one setting. The timing issues with truth-in-taxation would remain, however, as taxpayers would mainly be receiving information at the end of the budget process at a point where any changes would be very difficult. It begs the question of what a "truth-in-budgeting" option for local governments would look like and what the timing of such an option would be (much earlier in the budget cycle).

HF 4378 (Masin, DFL, Eagan, 3533)

SF 4231 (Hall, R, Burnsville, 5975)

Authorizes creation of the Burnsville Fire and Ambulance Special Taxing District.

See description and comment for HF 4251 (Lippert) which establishes a fire and ambulance district for Northfield.

HF 4423 (Carlson, A., DFL, Bloomington, 4218)

Requires that property be valued based upon its highest and best use. Specifies that the assessor must not reduce the value of commercial-industrial property because of a use restriction that prohibits current use, and that comparable properties must have the same highest and best use, and that a property must be vacant and available to be compared with a vacant and available property.

This addresses the growing number of "dark store" assessment fights in which big box retailers argue the values of all their operating stores should be reduced to the sales prices of stores that have been closed due to poor performance or competition. Assessors and governments argue sales of these closed stores are not true comparable properties, but big box retailers have been somewhat successful in arguing that deed restrictions common to these types of properties prevent alternative uses and therefore are comparables. This bill addresses that argument.

HF 4439 (Lislegard, DFL, Aurora, 0170)

Creates a joint powers board with special district levy authority for Koochiching, Lake and St. Louis counties to manage all-terrain vehicles. The tax may not exceed 0.04835 percent of the estimated market value of all taxable property in the three counties.

HF 4497 (Her, DFL, St. Paul, 8799)

Requires the commissioner of revenue to conduct a study of 4d property, including the impact of 4d class rate reduction from

0.75% to 0.25% on single family class 1a homeowners from 30% to 120% of area median income. Report is due January 15, 2021.

HF 4516 (Christensen, DFL, Stillwater, 4244)

Requires the Met Council to report to the legislature on the metro area transit taxing district. Requires breakdown of annual tax collections from each political subdivision and analysis of transit services and service levels in each political subdivision.

SF 4182 (Lang, R, Olivia, 4918)

Authorizes the city of Olivia to establish a fire and ambulance special taxing district.

See description and comment for HF 4251 (Lippert) which establishes a fire and ambulance district for Northfield.

SF 4184 (Tomassoni, DFL, Chisholm, 8017)

Authorizes the city of Virginia to establish a fire and ambulance special taxing district.

See description and comment for HF 4251 (Lippert) which establishes a fire and ambulance district for Northfield.

SF 4284 (Osmek, R, Mound, 1282)

Creates the Medina Fire and Ambulance Special Taxing District.

See description and comment for HF 4251 (Lippert) which establishes a fire and ambulance district for Northfield.

SF 4285 (Osmek, R, Mound, 1282)

Creates the Long Lake Fire and Ambulance Special Taxing District.

See description and comment for HF 4251 (Lippert) which establishes a fire and ambulance district for Northfield.

Property Taxes – Aids, Credits, Refunds, Exemptions**HF 4196 (Poppe, DFL, Austin, 4193)****SF 4186 (Sparks, DFL, Austin, 9248)**

Provides LGA penalty forgiveness for the city of Sargeant for 2019 aid withheld with certification by the state auditor to the commissioner of revenue.

HF 4253 (Hausman, DFL, St. Paul, 3824)**SF 4214 (Cohen, DFL, St. Paul, 5931)**

Grants an income and corporate franchise refundable tax credit for the rehabilitation of the Minnesota Museum of American Art Center for Creativity. Credit received under federal historic structure definition through the commissioner of administration.

HF 4255 (Fabian, R, Roseau, 9635)**SF 4211 (Johnson, R, Cambridge, 4346)**

Provides LGA penalty forgiveness for the city of Roosevelt for 2019 aid withheld with certification by the state auditor to the commissioner of revenue.

HF 4274 (Brand, DFL, St. Peter, 8634)**SF 4092 (Weber, R, Luverne, 5650)**

Adds an inflation adjustment to LGA for aids payable beginning in 2022 and thereafter. The inflator will be based on the prior year certified amount and is equal to one plus the sum of: 1) the percent increase in the implicit price deflator for government purchases and gross investment for state and local government purchases;

and 2) the percent increase in total city population. The inflation adjustment in any year shall not be less than 1.025 or greater than 1.05.

Unnecessarily complicated mathematical description aside, this guarantees annual inflation adjustment in the LGA pool appropriation of between 2.5% and 5% annually. This LGA autopilot existed from 1994-2002 when the dot-com boom was in full swing and the “livin’ was easy.” (It’s worth noting from 1995-2001 total city levies still increased an average of 5.8% per year compared to 6.1% this year which offers some perspective on how well the “trickle down” theory of LGA to property owners works.) Then, as would be now, it was a violation of the fundamental idea that it is the legislature’s responsibility for allocating scarce resources based on priority and need. And as we found out in 2002 (and many other times), when difficult times do hit, LGA will be one of the first things on the chopping block – this bill notwithstanding – since the state has its own responsibilities and obligations to pay for. And why state government should ever commit to indemnifying inflationary effects on local cost structures over which they have no control is also worth considering.

HF 4330 (Fabian, R, Roseau, 9635)**SF 4394 (Johnson, R, Cambridge, 4346)**

Establishes native prairie aid and specifies that the state will provide aid to counties for native prairie lands which are currently tax exempt. The aid is the greater of: 1) the amount of property tax if the land had been classified 2b rural vacant land; or 2) \$5.133 multiplied by the total number of native prairie acres in the county; or 3) 0.75% of the estimated market value of all native prairie land in the county. Counties must distribute portions of the aid to school districts, cities, towns, and any special taxing districts in the same proportion as if the property were taxed.

We would like to understand why the state’s payment in lieu of taxes program for natural resource land does not address what appears to be a lost property tax revenue concern. The current tax-exempt definition for native prairie only specifies that it cannot be used for grazing.

HF 4343 (Lislegard, DFL, Aurora, 0170)**SF 4268 (Tomassoni, DFL, Chisholm, 8017)**

Limits increases in valuation and taxation for homesteads owned by persons 65 or over. Specifies if age 65-70 and have occupied the property for at least 10 years, increases in market value and net taxes paid shall not exceed one percent annually. For age 70-75, the occupation requirement is 5 years and valuation and net tax are frozen. For age 75+, valuation and net tax are frozen with no occupation requirement. For married couples, both spouses must be over 65. The county assessor must inform owners of availability on the valuation notice, and owners must apply and provide proof of age. Tax reductions are allocated proportionally to all taxing jurisdictions.

Aside from our omnipresent objection that assessment limits are a crude and untargeted mechanism to provide tax relief that shifts burden in highly unpredictable and unfair ways, it’s worth

once again considering the administrative implications of this complexity. Assessors, already charged with mastering the fine arts of social engineering in our complex system, would now also moonlight as demographic researchers having to track and administer a complicated, ever-changing combo platter of age, tenure, valuation, and net tax variables all needing verification. And as we always reiterate, it is unnecessary: we have the nation's most generous and accessible income tested property tax refund program (whether they be 28 or 82) and a senior deferral program to keep people in their homes.

HF 4391 (Persell, DFL, Bemidji, 5516)**SF 4155 (Eichorn, R, Grand Rapids, 7079)**

Exempts property from taxation that is owned by a federally recognized Indian tribe (Leech Lake) in Cass County and is used exclusively for tribal purposes or institutions of purely public charity in 2020 only. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify.

HF 4484 (Kunesh-Podein, DFL, New Brighton, 4331)**SF 4110 (Ruud, R, Breezy Point, 4913)**

Allows for early withdrawal from the Sustainable Forest Incentive Act without penalty for land proposed to be conveyed to initiate the Boundary Waters Canoe Area Wilderness private forest land alternative with the USDA and a nonprofit partner. The Sustainable Forest Incentive Act requires long-term commitment of forest land for the property owner to receive incentive payments equal to: 1) a percentage of the property tax that would be paid on the land determined by using the previous year's statewide average total tax rate for all taxes levied within townships and unorganized territories, 2) the estimated market value per acre, and 3) a class rate of one percent. Waived penalties are equal to: the payments issued for the number of years the land has been bound by the covenant, or one-half the covenant length, whichever is less (plus interest); and 25 percent of the estimated market value of the property as reclassified due to presence of a structure on the tax parcel.

This appears to be preparation for the finalization of mining permits bordering the BWCAW.

SF 4173 (Westrom, R, Elbow Lake, 3826)

Provides property tax refunds of 10% for special assessments by the Sauk River Watershed District in 2015 or 2019. Requires the commissioner of revenue to reimburse counties for payments made.

SF 4176 (Limmer, R, Maple Grove, 2159)

Establishes a market value exclusion up to 50% for development and redevelopment of affordable residential rental housing. Requires MHFA to certify to the county or local assessor that 1) at least 20% of the units are available for household incomes that do not exceed 60% of the area or the statewide average, whichever is greater, and 2) at least 80% of the units are occupied by those meeting the same income requirement. Other valuation exclusions or adjustments will be applied prior to determination for this exclusion.

This is one of those things that looks sort of creatively appealing on paper but not so much in action – again especially when considering the new administrative complexities introduced into the system. In addition to usual burden shifting concerns (and the economic rent from having the tax discount apply to all units including the 80% of tenants presumably paying market rate), the valuation of low income affordable rental properties is already an often complicated and controversial issue. This would seem to bring new administrative challenges and complications.

SF 4206 (Weber, R, Luverne, 5650)

Establishes the agricultural riparian buffer property tax credit. Property owners who are in compliance with the vegetation and water body requirements are eligible to receive the credit after certification by the local soil and water conservation district. The credit is equal to the property tax attributable to the portion of the property subject to vegetation and water body requirements. Includes appropriation to the commissioner of revenue to reimburse local taxing jurisdictions with the exception of school districts which will be reimbursed by the commissioner of education.

SF 4364 (Koran, R, North Branch, 5419)

Reduces LGA for cities that reduce the net lane miles from one year to the next. Requires cities to file annual certifications to the commissioner of transportation. The reduction is equal to the lesser of \$1.5 million per lane mile or the entire amount of city aid.

Property Taxes – Tax Increment Financing**HF 4419 (Hertaus, R, Greenfield, 9188)****SF 4303 (Osmek, R, Mound, 1282)**

Authorizes the city of Maple Plain to establish a TIF redevelopment district with two specific properties and waive all current-law requirements for redevelopment districts. Also extends the five-year rule to 10 years for the two properties.

Sales Taxes**HF 4248 (Franson, R, Alexandria, 3201)****SF 4147 (Ingebrigtsen, R, Alexandria, 7-8063)**

Provides sales tax exemptions and grants for properties destroyed or damaged in the February 25, 2020 Alexandria fire. Applies to building materials, supplies, capital equipment, and building cleaning and disinfecting services relating to mitigating smoke damage. The tax is to be imposed, collected and then refunded.

HF 4263 (Tabke, DFL, Shakopee, 8872)**SF 4221 (Ruud, R, Breezy Point, 4913)**

Exempts sales taxes for nontoxic ammunition defined as centerfire ammunition that has no more than trace amounts of lead.

HF 4353 (Quam, R, Byron, 9236)

Expands sales tax exemptions for governments and nonprofit groups. Exemptions are extended to nonprofit health care clinics and items used in providing health care services. Exemptions do not apply to hospitals, outpatient surgical centers, and critical access dental providers. The health care clinic may charge fees for

services to a health insurance plan or charge fees based on a recipient's ability to pay.

HF 4432 (Backer, R, Browns Valley, 4929)

SF 4406 (Utke, R, Park Rapids, 9651)

Adds sales of electricity to the general sales tax exemptions.

HF 4462 (Klevorn, DFL, Plymouth, 5511)

SF 4385 (Anderson, P., R, Plymouth, 9261)

Provides a refundable sales tax exemption for construction of fire stations in the city of Plymouth.

HF 4486 (Wolgammott, DFL, St. Cloud, 6612)

Provides a sales tax exemption for construction of public transportation projects owned and operated by a local government. Provides for refund mechanism.

SF 4313 (Senjem, R, Rochester, 3903)

Requires snowmobile owners to provide proof of purchase and that sales taxes were paid for first-time registration after a change in ownership.

EDUCATION - FINANCE

HF 4230 (Erickson, R, Princeton, 6746)

SF 2989 (Nelson, C., R, Rochester, 4848)

Requires compensatory education revenue to be used for Language Essentials for Teachers of Reading and Spelling (LETRS) training.

HF 4232 (Erickson, R, Princeton, 6746)

SF 2990 (Nelson, C., R, Rochester, 4848)

Requires literacy incentive aid to be used for Language Essentials for Teachers of Reading and Spelling (LETRS) training.

HF 4309 (Runbeck, R, Circle Pines, 2907)

Authorizes safe school aid of \$5 per pupil and levy authority up to \$36 per pupil for school districts, charter schools, and cooperative units.

HF 4323 (Gruenhagen, R, Glencoe, 4229)

Reduces regional library system support aid from the Department of Education by 100% to any public library that hosts a drag queen story hour. Distributes aid to the other libraries in that regional system.

HF 4384 (Masin, DFL, Eagan, 3533)

SF 3498 (Senjem, R, Rochester, 3903)

Requires school districts to assess and identify gifted and talented students with universal screening practices. Triples the gifted and talented funding from \$13 to \$39 per pupil. Requires district reporting on state-funded gifted and talented services.

HF 4399 (Gruenhagen, R, Glencoe, 4229)

Increases declining enrollment revenue for school districts by raising the percent of the formula allowance used from 28% to 35%.

HF 4511 (Davnie, DFL, Minneapolis, 0173)

Makes forecast adjustments for 28 separate education aid programs in 8 main areas resulting in a \$144.3 million reduction from current law out of a \$19.6 billion overall appropriation.

Biennial changes (2020-2021) for the 8 main areas are as follows:

- 1) General Education, -\$92.4 million
- 2) Special Education, -\$44.2 million
- 3) Education Excellence, -\$9.9 million
- 4) Facilities, Fund Transfers, and Accounting, +\$4.2 million
- 5) Teachers, -\$47,000
- 6) Nutrition and Libraries, +\$5,000
- 7) Early Childhood, -\$27,000
- 8) Community Education and Lifelong Learning, -\$72,000

HF 4512 (Davnie, DFL, Minneapolis, 0173)

Modifies shared time aid and local optional aid under the general education aid formula.

SF 4345 (Nelson, C., R, Rochester, 4848)

Increases K-12 lease levy authority by granting it to cooperative units and joint powers districts, which are added to school districts and intermediate school districts as having authority to levy up to \$65 per pupil.

ELECTIONS

HF 4276 (Gomez, DFL, Minneapolis, 7152)

HF 4305 (Dibble, DFL, Minneapolis, 4191)

Allows for city council terms of office to be either two or four years and provides for changes related to redistricting and the deadlines cities must meet for years ending in one. Allows for special elections in addition to the general elections in years ending in one.

HF 4332 (Bahner, DFL, Maple Grove, 5502)

SF 3250 (Howe, R, Rockville, 2084)

Authorizes full-time municipal clerks, school district clerks, or the county auditor to deliver absentee ballots to shelters for battered women and veterans' homes operated by the Board of Directors of the Minnesota Veterans Homes. Current law provides for delivery to hospitals and health care facilities.

HF 4351 (Quam, R, Byron, 9236)

SF 3275 (Kiffmeyer, R, Big Lake, 5655)

Authorizes the secretary of state to retain 2% of all statutory fees collected and create a special revenue fund for election technology and cybersecurity assessment, maintenance, and enhancement. Requires same-day registrants to cast provisional ballots and provides procedures for accepting, rejecting, reconciliation and counting of ballots. Adds specific procedures for receipt of absentee ballots by county auditors. Appropriates \$8.8 million to the secretary of state for the Help America Vote Act: \$7.4 million for improving the administration and security of elections under federal law; \$1.5 million to provide the state match required under the federal 2020 Consolidated Appropriations Act. Appropriates an addition \$4 million to the secretary of state for provisional balloting requirements and for grants to local governments to offset compliance costs.

Sets up a technology and cybersecurity account like HF 4084 (Nash – see Spotlight #2) but does not include any of the provisions on requirements for training, vendor notification, security expertise, and purchase agreement procedures that are in

HF 4084. Section on casting provisional ballots has a few similarities to SF 3571 (Kiffmeyer) but differs in several ways.

HF 4380 (Long, DFL, Minneapolis, 5375)

SF 4400 (Carlson, DFL, Eagan, 7-8073)

Repeals the Minnesota political contribution refund of \$50 per person and replaces it with a \$100 per person political contribution voucher program. Requires the secretary of state to send vouchers to every person with active registration in the statewide voter registration system. Voters may then send vouchers to campaign committees or political parties who have agreed to the voluntary spending limits under current law, and who then may redeem the vouchers with the Campaign Finance and Disclosure Board.

SF 4368 (Jensen, R, Chaska, 4837)

Memorializes Congress to amend the United States Constitution to allow reasonable regulation of political contributions and expenditures by corporations, unions, and individuals to protect the integrity of elections and the equal right of all Americans to effective representation.

SF 4371 (Klein, DFL, Mendota Heights, 4370)

Memorializes Congress to overturn Citizens United and clarify that the rights protected under the Constitution are the rights of natural persons, not the rights of artificial entities, and that spending money to influence elections is not speech under the First Amendment.

SF 4390 (Cwodziński, DFL, Eden Prairie, 1314)

Requires the secretary of state to amend rules and recognize medical bills as proof of residence on election day.

SF 4414 (Clausen, DFL, Apple Valley, 4120)

Specifies that school buildings are a last resort to designate as polling places. If a school building is designated, the municipality or county must work with school staff to ensure that contact between students and voters is minimized.

LABOR

HF 4463 (Carlson, L., DFL, Crystal, 4255)

SF 4411 (Pappas, DFL, St. Paul, 1802)

Delays implementation of the Public Employee Relations Board from 2020 to 2022. Specifies that action on unfair labor practice injunctive relief and damages may be brought through county district courts.

HF 4515 (Wolgamott, DFL, St. Cloud, 6612)

SF 4425 (Howe, R, Rockville, 2084)

Expands reasons by which a firefighter is unable to perform duties and be eligible for benefits to include quarantine under a pandemic.

LEGISLATURE

HF4495 (Bennett, R, Albert Lea, 8216)

Requires a vote threshold of two-thirds of the committee in order for a committee chair to lay over a bill for possible inclusion in a major finance or policy omnibus bill. Requires adoption of rules by the house and senate to implement procedures. Does not apply to the omnibus capital investment bill.

SF 4314 (Nelson, C., R, Rochester, 4848)

Proposes a constitutional amendment requiring the legislature to adopt appropriation limits for each major budget bill by the last Monday in April each year. If the resolution does not receive written approval by the governor, all legislators and the governor may not receive any salary until the enactment of all appropriations sufficient to fund the operation of state government for the biennium following the last general election.

PENSIONS

HF 4297 (Freiberg, DFL, Golden Valley, 4176)

Establishes a definition for “governing body” in the volunteer firefighter retirement statute that expands from municipalities and adds “independent nonprofit firefighting corporation” and “joint powers entity.” Authorizes payments for deferred service pensions in the event of retirement coverage change. Clarifies who can request cost estimates when lump-sum selection occurs.

HF 4298 (Nelson, M., DFL, Brooklyn Park, 3751)

SF 4203 (Rosen, R, Vernon Center, 5713)

Specifies that a firefighter under age 55 who meets the condition of a duty disability or a regular disability with at least one year of allowable service will be totally vested in and entitled to a retirement annuity as long as they have filed a valid application. A member of the plan who is 55 or older and has more than 15 years of service is not eligible in this way. Specifies that an annuity benefit is a disability benefit only for the purpose of determining eligibility.

HF 4300 (Her, DFL, St. Paul, 8799)

SF 4201 (Jasinski, R, Faribault, 0284)

Addresses privatization of medical facilities; requires calculation of withdrawal liability for which PERA must be paid within six months of the privatization effective date (in-lieu of single payment, 10 annual payments may be selected). Provides formula for calculating the withdrawal liability. Requires public reporting and reimbursement to PERA for cost calculations by the governmental subdivision. Sets the augmentation rate for all privatized former public employees at 2% compounded annually and specifies that no additional augmentation is applied.

HF 4301 (Her, DFL, St. Paul, 8799)

SF 4202 (Dahms, R, Redwood Falls, 8138)

Specifies that for a service credit purchase to be authorized under PERA, the member’s current period of employment must be six months of the three years allowable service credit required. Specifies in what increments service credits may be purchased relative to service period. Gives new direction for terminations due to excess hours worked. Requires that 60-month disability benefits must begin from the disability accrual date, replacing more open language.

SF 4438 (Rosen, R, Vernon Center, 5713)

Authorizes firefighter relief associations to convert from a defined benefit plan to a defined contribution plan. Provides definitions and authorizes the board to initiate conversations. Specifies conditions for consent of the municipality or firefighting

corporation, determination of benefit value, benefit increases, allocation of surplus, and conversion without surplus. Specifies for notice to members, the municipality, and the state auditor.

STATE AND LOCAL GOVERNMENT

HF 4262 (Gruenhagen, R, Glencoe, 4229)

Requires a dynamic analysis and a static analysis in state department fiscal notes.

Dynamic scoring of bills attempts to capture the macroeconomic effects of policy changes. Many argue the lack of dynamic scoring in tax bills biases the legislative process against tax cuts. Advances in technology and modeling have made dynamic scoring more commonplace than in the past. However, dynamic scoring must rely on many more assumptions than static scoring since there is typically far more evidence about micro responses than macro effects (which explains the very different dynamic scoring findings of the TCJA among various organizations when it was proposed.) Practically, and perhaps most importantly from a state perspective, to do this “well” is a major investment of time and resources. That’s because baseline (forecasts based on current policy) and dynamic forecasts are interdependent. Projected effects of legislation depend on the starting point, so the baseline affects dynamic scoring. Updates of the baseline reflect the estimated impact of legislation, so dynamic scoring affects the baseline. To make dynamic scoring and the baseline consistent would require updating the baseline for each piece of legislation passed.

HF 4265 (Davids, R, Preston, 9278)

SF 4137 (Chamberlain, R, Lino Lakes, 1253)

Provides that Minnesota Tax Court opinions are binding on the commissioner of revenue unless the interpretation is overturned by the supreme court or legislature.

To those (like us) not in the legal profession a bill requiring an agency to adhere to a court ruling may seem strange. But the Department of Revenue argues a Tax Court ruling binds them only to the outcome of that specific case and can be ignored in identical circumstances with other taxpayers. Nor, they argue, are they bound if it’s the same taxpayer, same facts, same law, but different year. Thus, if a taxpayer wins his/her case in court for tax year 2017, MnDOR can audit the same taxpayer, same facts, for the 2018 tax year and issue an assessment even though the law has not changed. Taxpayers maintain this creates traps for taxpayers and preparers who rely on Tax Court opinions in preparing returns and creates the need and expense to relitigate the same questions of law that MnDOR already lost. This bill would require the Department to follow the Tax Court’s interpretations unless they appeal or get statutory change

HF 4315 (Carlson, L., DFL, Crystal, 4255)

SF 4416 (Cohen, DFL, St. Paul, 5931)

Repeals a July 1, 2021 reduction of \$491.4 million to the state’s budget reserve account.

HF 4321 (Runbeck, R, Circle Pines, 2907)

Requires cities to purchase insurance or provide self-insurance to pay for at least \$100,000 per claim in property damage caused by failure of city-owned water, storm, or sanitary sewer line. Claimant need not show city was at fault.

HF 4410 (Bahr, R, East Bethel, 2439)

SF 4312 (Anderson, B., R, Buffalo, 5981)

Allows townships to adopt home rule charters. Provides the requirements and process to become home rule charters towns.

HF 4421 (Schomacker, R, Luverne, 5505)

SF 4325 (Weber, R, Luverne, 5650)

Allows the city of Luverne to donate city funds to a nonprofit child-care center that provides childcare in the city of Luverne.

HF 4431 (Becker-Finn, DFL, Roseville, 7153)

Establishes government-to-government relations between the state and Minnesota Tribal Nations (Minnesota’s 11 federally recognized American Indian tribes). Requires state agencies to designate tribal liaisons, implement tribal consultation policies, proactively engage Minnesota Tribal Nations in agency development of the governor’s budget and legislative proposals each year, and direct certain staff to complete Tribal State Relations Training (TSRT).

HF 4494 (Bennett, R, Albert Lea, 8216)

Proposes a constitutional amendment establishing the rights of parents in educating their children.

SF 4169 (Benson, R, Ham Lake, 3219)

Prohibits the commissioner of human services from employing any person who serves, or whose immediate family member serves, on the board of any organization that receives at least 25% of its funding from, through, or under a contract with DHS. Violations must be resolved in 30 days from when the commissioner is aware.

SF 4294 (Koran, R, North Branch, 5419)

Limits growth in state employment based on state population. Percent growth in executive branch state agency full-time equivalents may not exceed the percent population growth.

SF 4316 (Koran, R, North Branch, 5419)

Adds state-imposed examination or investigative costs as one of the expenses under the definition of department of commerce costs and attorney fees. Specifies that fiscal year assessments on financial institutions by the Department of Commerce cannot increase from one year to the next. Requires the commissioner of commerce to make a good faith effort to resolve any alleged violations of law during an examination through a consent order or other informal resolution or disposition. Limits the growth in Department of Commerce full-time positions to the population growth percentage for the state. Reduces appropriations to the department by the salary and benefit amounts attributable to positions that are not filled within 180 days of the job posting.

SF 4317 (Koran, R, North Branch, 5419)

Identical to SF 4316 (Koran).

SF 4335 (Rosen, R, Vernon Center, 5713)

Allows municipal gas agencies to exercise the powers of a municipal power agency for the limited purpose of engaging in tax exempt prepayments for electricity.

SF 4388 (Benson, R, Ham Lake, 3219)

Requires the commissioner of human services to redesign and reform the procurement process for Minnesota health care programs. Requires consultation with the commissioner of administration and review of best practices from the Department of Administration's procurement process to increase transparency for all responders. Provides for communications objectives and process improvements, including clear and consistent scoring methodology and reporting for the procurement process. Requires equal opportunity for all responders to administratively appeal procurement results through the Office of Administrative Hearings with enough timeliness in the process so that procurement is not disrupted. This replaces the dispute resolution process under county-based purchasing, which is repealed.

This seems to be an attempt to improve department of human services processes and see how they stack up with best practices. Unclear what shifting the human services procurement appeals caseload to the Office of Administrative Hearings would mean for the timeliness envisioned, but that office is an appropriate choice for expertise if there is agreement that it would be an improvement over the existing dispute resolution process.

TRANSPORTATION

HF 4097 (Bernardy, DFL, New Brighton, 5510)

SF 4423 (Simonson, DFL, Duluth, 4188)

Adds a \$20 fee for cancelling or failing to appear within 24 hours at road tests for driver's licenses. Requires the commissioner of public safety to evaluate the driver's road-testing system and deliver a report to the legislature by February 1, 2021.

TAX ADMINISTRATION/GENERAL POLICY

HF 4456 (Carlson, A., DFL, Bloomington, 4218)

Provides for compliance with IRS for individuals with access to federal tax information. Specifies background checks to consist of fingerprints for national criminal history record information for: 1) current or prospective employees, either temporary or permanent; 2) independent contractors or vendors; 3) employees and agents of independent contractors or vendors; and 4) any other individual authorized by requesting agency. Provides process for submission of information and requirement for the Bureau of Criminal Apprehension (BCA).