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*What a long, strange trip it's been*

*J. Garcia*

Last week's release of the February forecast was the culmination of one of the oddest years in state planning and budget history. MMB Commissioner Schowalter likened it to a roller coaster which turns out to be an especially apropos analogy. Not only were the ups and downs over the past year massive and volatile, but when the ride was over, we pretty much arrived where we always have been at the end of February in recent biennial budget years. The just released \$1.57 billion positive balance/surplus for FY 22-23 is actually larger than the \$1.05 billion that existed in 2019 when lawmakers prepared to assemble our current biennium budget, and also very much in line with what existed in 2017 (\$1.65 billion) and 2015 (\$1.87 billion).

The big difference between then and now is that this year lawmakers must essentially combine two budgets into one: a COVID recovery budget of mostly one-time spending to address the continuing health and economic fallout of the virus, along with the usual biennial budget addressing two years of state government operations. The federal government appears yet again to directly assist with the former and indirectly with the latter with a nearly \$2 trillion aid package. While it is not clear at this time what conditions, requirements, and stipulations will accompany this round of relief, it's likely safe to say state officials are getting quite adept at undertaking whatever strategic financial and expenditure engineering might be necessary to make sure the state general fund situation benefits as well.

Despite the change in fortunes, the Governor has given little indication so far that he plans to back off his ambitious tax agenda in any insignificant way. At the same time, it would not be surprising to see Republican tax relief bills – which have been dormant during our COVID winter – now blossom in the warmth of the updated spring forecast.

## 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 "I" designates members of the Senate's Independent caucus. All members' offices have a 651 area code and 296 exchange unless shown otherwise.

## TAXES

*This first portion of tax bills consists of more comprehensive bills. The bills included under various "combinations" are bills with more than one tax in them, but are not considered comprehensive. Unless otherwise noted, effective dates for bills are as follows:*

- *Corporate franchise and individual income taxes: Tax years beginning after December 31, 2020*
- *Property tax: Taxes levied in 2021, payable in 2022*
- *Sales tax: Sales and purchases made after June 30, 2021*

### HF 1285 (Marquart, DFL, Dilworth, 6829)

The Department of Revenue policy and technical bill. Article 2 is new definitions for the partnership tax retroactive to 2017 to conform with the TCJA. Ensures that original construction date for a wind energy system remains the same if replaced, repaired, or otherwise altered. Provides for a one-month accelerated tobacco tax payment.

### Tax Combinations (Corporate and Individual Income)

#### HF 1128 (Gruenhagen, R, Glencoe, 4229)

Allows a tax credit of 50% of qualified costs for railroad crossing improvements at grade with a public highway by an individual or entity operating a railroad. Qualified improvements are to increase crossing safety by installing or improving the quality of active traffic signals, or by assisting in implementing grade separation for the crossing. Requires the commissioner of transportation to identify and designate a list of at least 15 priority crossings that qualify for the tax credit and publish the list on the website of the Department of Transportation. The credit is specifically for improvements that are not required by law, and the commissioner is to base methodology on the 2014 study ordered by the Legislature, [Improvements to Highway-Rail Grade Crossings and Rail Safety](#). The credit is nonrefundable, but if it exceeds tax liability for the year, the excess can be carried over for 15 subsequent years.

#### HF 1262 (Mortensen, R, Shakopee, 8872)

Excludes PPP loans forgiven due to COVID-19 from the definition of gross income.

**HF 1456 (Marquart, DFL, Dilworth, 6829)****SF 1228 (Weber, R, Luverne, 5650)**

Eliminates the prohibition for a family member to receive the beginning farmer tax credit on sale or lease of an agricultural asset. Requires the sale price of the asset to equal or exceed the assessed value. Assets with no assessed value will be valued at 80% of fair market value.

**SF 1017 (Dornink, R, Hayfield, 5240)**

Provides for federal conformity to exclude paycheck protection loan forgiveness from gross income and allowable deductions under PPP loans. Allows for partnerships, LLCs, and S-Corps to file as C-option Corporations which must measure their tax by net income. Tax liability is calculated at the top Minnesota individual income tax rate of 9.85% and is adjusted by partner's or shareholder's interest in the C-option Corp. Individual income standard deductions also apply. Allows and specifies carryover procedures for non-refundable and refundable credits.

*Identical to HF 501 (Marquart) / SF 263 (Bakk); see Spotlight 21-02 for committee room discussion.*

**SF 1314 (Nelson, C., R, Rochester, 4848)**

Repeals the 2021 sunset of the small business investment tax credit and increases the limit on credits from \$10 million to \$20 million for 2021 and thereafter.

**Tax Combinations (Corporate, Income, MinnesotaCare)****SF 1501 (Weber, R, Luverne, 5650)**

Provides a 50% credit for railroad reconstruction or replacement gross expenditures for Class II and Class III railroads in Minnesota. The credit may not exceed the lesser of the taxpayer's liability (it is non-refundable) or \$5,000 multiplied by the number of track miles owned in the state. If the credit exceeds these limitations, it can be carried over for up to 5 succeeding years. In addition to the corporate and income tax refunds, a credit may be claimed to offset health care premium taxes.

**Tax Combinations (Individual Income and Payroll)****HF 1664 (Schultz, DFL, Duluth, 2228)**

Imposes "long-term care services and supports" taxes to fund a long-term services and supports trust fund in the state treasury. Imposes employer, employee, and self-employment payroll taxes of an undetermined percentage. Also imposes a tax on net investment income of undetermined percentage. All revenues are deposited in the trust fund. Prohibits supplantation of trust fund revenue in whole or part to existing state or county funds. Lists a comprehensive set of approved services. Qualified individuals will have worked at least 500 hours per year for either:

- A total of 10 years without an interruption of 5 or more consecutive years, or
- A total of three years within the last 6 years.

The trust fund is delivered through the Department of Human Services who may retain 7% for administration. Requires an initial report on January 1, 2022 from the commissioner of human services on establishing eligibility criteria, annual adjustment of the benefit unit, and refunds to dependents for deceased individuals. Requires annual recommendations to the Legislature, beginning November 15, 2026, that includes proposed method for limiting administrative expenses. Requires annual reporting, beginning December 1, 2027, that includes calculation of resulting medical assistance savings and rules and procedures for benefit coordination with medical assistance, Medicare, and private long-term care coverage. Requests the Office of the Legislative Auditor to conduct a comprehensive evaluation by December 1, 2033. Creates a 16-member Long-Term Care Services and Supports Advisory Council, largely appointed by the commissioner of human services for specific qualifications. Includes four legislators evenly divided between party and body; the commissioners of revenue and human services; and the director of the State Board of Investment.

**Corporate Income Taxes****SF 1084 (Rest, DFL, New Hope, 2889)**

Repeals the corporate alternative minimum tax and corporate minimum fee.

*Many tax experts have observed retaining a Minnesota corporate AMT based on old federal concepts in an environment without a federal analogue is just not practical.*

**SF 1242 (Rest, DFL, New Hope, 2889)**

Allows Minnesota corporations that apportion income and have apportionment factors of zero to elect an apportionment ratio of one for a year with net operating losses.

*Appears to try to give a boost to Minnesota startups with no sales.*

**Cannabis Taxes****HF 1511 (Hanson, J., DFL, Burnsville, 4212)**

Legalizes cannabis for recreational adult use and expands medical use. Comprehensive in scope, a 10% gross receipts tax from retail and on-site sales is imposed on any retailer or microbusiness selling cannabis. Existing retail sales taxes will apply to purchasing customers. Use taxes are imposed on individuals and retailers with nexus in Minnesota for purchases from sources other than licensed Minnesota cannabis sellers. The use tax does not apply for \$100 or less per month for cannabis products carried into Minnesota by the customer. The gross receipts tax does not apply to medical cannabis.

*Identical to HF 600 (Winkler) / SF 757 (Franzen). See Spotlight 21-03 for more detail and comment.*

### Gambling Taxes

#### **SF 1322 (Nelson, C., R, Rochester, 4848)**

Reduces the tax rates and the base amount for the combined net receipts tax formula for lawful gambling by the following:

- Reduces the tax rate up to \$87,500 in net receipts from 9% to 8%
- Reduces the base tax on net receipts between \$87,500 and \$122,500 from \$7,875 to \$7,000 and reduces the rate from 18% to 16%
- Reduces the base tax on net receipts between \$122,500 to \$157,500 from \$14,175 to \$12,600 and reduces the rate from 27% to 24%
- Reduces the base tax on net receipts over \$157,500 from \$23,625 to \$21,000 and reduces the rate from 36% to 32%

Increases the amount of gross profits spent on lawful purposes required to meeting rating thresholds:

- 5-star ratings require 70%, up from 50%;
- 4-star rating require 55%-70%, up from 40%-50%;
- 3-star ratings require 40%-55%, up from 30%-40%;
- 2-star ratings require 25%-40%, up from 20%-30%; and a
- 1-star rating is less than 25% of gross profits spent on lawful purposes.

### Individual Income Taxes

#### **HF 1234 (Becker-Finn, DFL, Roseville, 7153)**

Expands the existing student loan income credit by making it a refundable credit.

#### **HF 1316 (Keeler, DFL, Moorhead, 5515)**

Provides a refundable income tax credit to an “eligible educator” under IRS code. Allows a credit up to 25% of eligible education expenses. Maximum credit is \$250 (\$500 joint filing with two teachers) and the credit starts phasing out at a 3% rate at \$40,000 in income for a single filer and \$80,000 for a joint filer with two teachers.

#### **HF 1317 (Keeler, DFL, Moorhead, 5515)**

Identical to HF 1316, except it expands the credit and adds an eligible prekindergarten teacher to the definition.

#### **HF 1335 (Her, DFL, St. Paul, 8799)**

#### **SF 1401 (Murphy, E., DFL, St. Paul, 5931)**

Creates a fifth tier for income over \$500,000, which is taxed at 12.45%. Increases the income thresholds for the first four brackets and retains the same rates. Changes at the top of the brackets for married joint filers are:

- Income taxed at 5.35% up from \$38,770 to \$39,810
- Income taxed at 6.8% up from \$154,020 to \$158,140
- Income taxed at 7.85% up from \$269,010 to \$276,200
- Income taxed at 9.85% is now \$276,200 - \$500,000
- Income taxed at 12.45% is for all income over \$500,000

#### **HF 1373 (Frazier, DFL, New Hope, 4255)**

#### **SF 1251 (Rest, DFL, New Hope, 2889)**

Increases allowed credit amount and eligible income threshold for the Minnesota K-12 education credit for expenses. The maximum credit is raised from \$200 to \$300 and the income threshold for credit phaseout to begin is raised from \$33,500 to \$45,000.

#### **HF 1400 (Robbins, R, Maple Grove, 7806)**

Repeals the income addition for qualified 529 distributions for the K-12 portion of the addition.

#### **HF 1401 (Becker-Finn, DFL, Roseville, 7153)**

Increases the dependent care credit from the amount for which the taxpayer is eligible to 2.5 times the amount for which the taxpayer is eligible under federal law. Current credit begins to phase out at \$52,230 in federal adjusted gross income.

#### **HF 1504 (Davids, R, Preston, 9278)**

#### **SF 1323 (Nelson, C., R, Rochester, 4848)**

Allows an income tax subtraction for federally discharged student loans.

#### **HF 1658 (Stephenson, DFL, Coon Rapids, 5513)**

Establishes an income tax subtraction for supplemental unemployment benefits under the federal CARES Act.

#### **SF 1361 (Rest, DFL, New Hope, 2889)**

Increases the maximum income tax subtraction for Social Security benefits from \$5,150 to \$8,000 for married joint filers reduced by 20% over income over \$78,180 (current law). For single and head of household filers, the maximum subtraction is increased from \$4,020 to \$6,250 with a 20% reduction for income over \$61,080 (current law).

#### **SF 1440 (Marty, DFL, Roseville, 5645)**

Expands Minnesota’s working family credit to equal the federal earned income tax credit (EITC), which would more than double the state credit. Both the federal and state credits are refundable, and most of the benefit is due to that refundability according to this [House Research brief](#). Imposes an annual tax on high-income individuals with income exceeding the Social Security cap and is not subject to federal Social Security tax. Increases minimum wage to \$17 per hour by 2026 for large employers; \$15 per hour for small employers. Makes significant changes to the Minnesota Family Investment Plan (MFIP).

### MinnesotaCare Taxes

#### **HF 1609 (Liebling, DFL, Rochester, 0573)**

#### **SF 1372 (Benson, R, Ham Lake, 3219)**

Reduces provider tax revenues by removing the portion of medical assistance revenues that are federally approved for the following billings: physicians, nurse practitioners, nurse midwives, clinical nurse specialists, physician assistants, anesthesiologists, and may include dentists, dental hygienists, and dental therapists.

### Motor Fuels Taxes

#### **SF 1086 (Howe, R, Rockville, 2084)**

Raises the all-electric vehicle surcharge, which is in addition to the vehicle registration fee, from \$75 to \$229. Creates an additional surcharge of \$114.50 for plug-in hybrid electric vehicles. Specifies that if the gas tax is decreased or increased, these fees must change by a corresponding percentage.

### Property Tax (except Aids, Credits, Refunds; & TIF)

#### **HF 1094 (Youakim, DFL, Hopkins, 9889)**

Allows use of individual tax identification numbers for determining homestead status for property taxes.

#### **HF 1095 (Hertaus, R, Greenfield, 9188)**

Reduces the class rate on unclassified manufactured homes on non-homesteaded farm properties (Class 4b) and homes in manufactured home parks (Class 4c) from 1.25% to 0.75%. Removes former language that required 50% occupation by shareholders in the cooperative corporation or association to receive the 0.75% class rate in manufactured home parks.

#### **HF 1157 (Howard, DFL, Richfield, 7158)**

Reduces the class rate for the second tier (over \$100,000 in value) on MHFA certified low-income rental housing from 0.75% to 0.25%, creating a single rate for 4d property.

*Baby steps are good.*

#### **HF 1164 (Hanson, J., Burnsville, 4212)**

#### **SF 1337 (Carlson, DFL, Eagan, 7-8073)**

Establishes the Burnsville Fire and Ambulance Special Taxing District. Provides levy and debt authority for the new district. Allows contiguous towns and cities to join the district.

#### **HF 1176 (Lippert, DFL, Northfield, 0171)**

Establishes the Northfield Fire and Ambulance Special Taxing District. Provides levy and debt authority for the new district. Allows contiguous towns and cities to join the district.

#### **HF 1298 (Her, DFL, St. Paul, 8799)**

Requires report from the department of revenue on 4d property and the impact of reducing the second-tier 0.75% rate (over \$100,000) down to 0.25%, so that there is one rate for 4d property.

#### **HF 1311 (Youakim, DFL, Hopkins, 9889)**

Allows special assessments for energy improvements to existing properties only by petition under existing law.

#### **HF 1432 (Nelson, J., DFL, Burnsville, 4212)**

Exempts the following businesses from the state general property tax on commercial-industrial property:

- Breweries
- Wineries
- Distilleries
- Bowling centers
- Hotels and motels

- Specialty foods
- Drinking places (alcoholic beverages)
- Restaurants

Property owners must apply to the commissioner of revenue. Reduces the commercial-industrial share of the certified levy by a fraction equal to tax capacity of exempted property for taxes payable in 2021 and 2022.

#### **HF 1574 (Anderson, P., R, Plymouth, 9261)**

Increases the valuation limit for the first tier on agricultural homestead property from \$1.14 million to \$2 million for assessment year 2022.

#### **HF 1638 (Hausman, DFL, St. Paul, 3824)**

Establishes a state railroad account in the Minnesota state transportation fund and transfers estimated state property taxes on railroad property into the account. The amount of the state property tax transferred into the account begins at 15% in 2021 and phases in to 100% by July 30, 2027. Directs the funds to a broad swath of railroad funding purposes when appropriated by law.

#### **HF 1661 (Schultz, DFL, Duluth, 2228)**

Exempts an elderly living facility in Duluth from property taxes as long as it meets the following requirements:

- Owned and operated by a 501(c)3 nonprofit;
- Has a housing with services license under nursing home law;
- Residents are at least 62 years old or disabled; and
- At least 30% of the units are occupied by persons with annual income less than 50% of the area median.

*Being singled out like this suggests that this entity would fail one or more of the six tests for a property tax exemption as an institution of public charity. And as always with any proposal which conveys property tax relief based on specific site characteristics and demographic eligibility requirements, we scratch our heads at the effort needed to administer this provision.*

#### **SF 1147 (Eichorn, R, Grand Rapids, 7079)**

Exempts tribal property in Cass County that is currently owned – and was also owned on January 2, 2016 – by a federally recognized Indian tribe. Tribal purpose for the exemption is defined as part of two existing purposes – 1.) property used for public purposes and 2.) charitable purposes – under current law. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify.

*This is added to a long list of [property tax exemptions in Minnesota](#).*

#### **SF 1476 (Ruud, R, Breezy Point, 4913)**

Expands ownership of Class 1c property (seasonal-recreational commercial) to include title ownership by:

- A shareholder of a corporation that owns the resort;

- A partner in a partnership that owns the resort; or
- A member of a limited liability corporation that owns the resort.

Also defines that temporary workforce housing for construction is not a commercial purpose.

### **Property Tax – Aids, Credits, & Refunds**

#### **HF 1096 (Hertaus, R, Greenfield, 9188)**

Shifts LGA to cities that currently don't get LGA through an alternative aid formula by establishing a base amount of \$60,000 or \$40 per capita, whichever is less. Added to this is a per capita aid amount (applies to small cities) based on the total amount of LGA appropriated each year, which remains unchanged at \$560.4 million for FY 2021 and \$564.4 million for FY 2022. The maximum LGA that a city can receive under alternative aid is \$200,000. This creates a preliminary city aid calculation, after which all cities may choose the greater of existing LGA or what they would receive under alternative LGA for the final distribution. Indexes alternative aid to any future growth in LGA after FY 2022.

*This would provide a minimum amount of LGA to cities that currently receive no LGA. It is unclear if any new definition of need is driving this proposal since many of the cities on the receiving end would be cities with relatively high tax base wealth, and for several of them \$200,000 is not a very significant amount of revenue. Currently, about 95 cities do not receive LGA (less than 1/8 of the 855 Minnesota cities). It would certainly draw aid away from current recipients over 2,500 in population and some of the small cities too. Unclear without a run from House Research or Department of Revenue what level of shift would occur within the LGA amount in current law. Considering the second "consensus-based" formula for LGA took effect fairly recently (2014), we are not aware of a compelling new argument for changes in LGA that shifts aid to cities that currently don't receive it. This [House Research report from October 2020](#) provides the most comprehensive history of LGA.*

#### **HF 1171 (Sanstede, DFL, Hibbing, 0172)**

#### **SF 1302 (Tomassoni, I, Chisholm, 8017)**

Increases the sparsity adjustment in LGA to cities with a population over 10,000 when the average population density is less than 150 per square mile. The sparsity adjustment is raised from 100 to 200, which matches the adjustment for cities under 10,000 in population with a density of less than 30 per square mile.

#### **HF 1213 (Daudt, R, Crown, 5364)**

Requires cities to get voter approval in the 2022 general election to continue to operate municipal liquor stores. If cities choose to discontinue a municipal liquor store by resolution, the city may operate the store for up to three years and report the annual net gain or loss to the commissioner of revenue to receive a minimum

of \$50,000 in local government aid in the following year. If the average net gain per year is greater than \$50,000, the city will receive that amount added to existing LGA in the following year and the years thereafter.

#### **HF 1303 (Hertaus, R, Greenfield, 9188)**

Provides a refundable income tax credit to landlords who could not evict tenants for unpaid rent during the peacetime emergency (executive orders 20-01 and 20-79). Sets credits at 65% of unpaid rent. Retroactive to tax year 2020.

#### **HF 1539 (Lislegard, DFL, Aurora, 0170)**

Establishes a floor of 2010 appraised value as a basis for state aid payments to counties for acquired natural resource land. Requires reappraisal of acquired natural resource land in four years instead of six years under current law.

#### **SF 1052 (Johnson, R, East Grand Forks, 5782)**

Specifies that the city of Roosevelt will receive its 2019 LGA payment upon certification by the state auditor that 2018 annual financing reporting has been received.

#### **SF 1112 (Eken, DFL, Twin Valley, 3205)**

Increases all multipliers for the city revenue need portion of the LGA formula. Increases 2022 LGA by nearly \$600,000. Indexes LGA to inflation for FY 2023 and thereafter.

*This proposal guarantees annual inflation adjustment in the LGA 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.*

#### **SF 1131 (Johnson, R, East Grand Forks, 5782)**

Shifts the distribution of state aid to regional public library systems. The base aid distribution would increase from 5% to 15% and the net tax capacity per capita distribution would be reduced from 25% to 15%. Appropriates \$17.2 million in FY 2022 and \$17.6 million in FY 2023 through the department of education. Provides for appropriation carryover from year to year.

#### **SF1201 (Howe, R, Rockville, 2084)**

Removes disability compensation that is not included in federal adjusted gross income from the definition of income for the

property tax refund. Effective for taxes payable in 2021 and thereafter, and rent paid in 2020 and thereafter.

### Property Taxes – Tax Increment Financing

#### **HF 1090 (Youakim, DFL, Hopkins, 9889)**

Allows a St. Louis Park TIF district to increase expenditures by 10% outside of the district if no more than 20% of the buildings are non-residential, and if the expenditures are used exclusively to assist housing that meets the federal requirements for the low-income housing tax credit. Authorizes the St. Louis Park EDA to transfer the increment to the city's Affordable Housing Trust Fund.

#### **HF 1322 (Acomb, DFL, Minnetonka, 9934)**

Authorizes the city of Minnetonka to transfer up to 15% of any redevelopment district in the city to the affordable housing trust fund established by the city.

#### **HF 1507 (Hamilton, R, Mountain Lake, 5373)**

##### **SF 1412 (Weber, R, Luverne, 5650)**

Extends the five-year rule (time within activity must begin after certification) to 10 years for the city of Windom TIF District 1-22.

#### **HF 1508 (Hamilton, R, Mountain Lake, 5373)**

##### **SF 1411 (Weber, R, Luverne, 5650)**

Extends the five-year rule (time within activity must begin after certification) to 10 years for the city of Mountain Lake TIF District 1-8.

#### **HF 1587 (Torkelson, R, Hanska, 9303)**

Extends the five-year rule to 10 years for all redevelopment districts outside the metro area that are certified after June 30, 2021.

#### **HF 1666 (Howard, DFL, Richfield, 7158)**

##### **SF 1379 (Wiklund, DFL, Bloomington, 7-8061)**

Authorizes the city of Richfield to transfer up to 15% of any redevelopment district in the city to the affordable housing trust fund established by the city. Includes amounts previously accumulated.

#### **SF 1486 (Kunesh, DFL, New Brighton, 4334)**

Allows the city of Fridley to elect to spend increments from TIF District 20 on housing programs outside the district and to exempt TIF District 20 from the 5-year decertification rule. Authorized housing programs include:

- The revolving rehab loan program;
- The multifamily improvement loan program;
- The mobile home improvement program;
- The last resort emergency deferred loan program;
- The senior deferred loan program;
- The down payment assistance loan program;
- The residential major project grant program;
- The residential paint rebate grant program; and
- The front door grant program.

### Sales Tax

*For legislation seeking local sales tax authority, see the back page for details (page 17).*

#### **HF 690 (Igo, R, Grand Rapids, 4936)**

##### **SF 482 (Eichorn, R, Grand Rapids, 7079)**

Exempts purchases by nonprofit snowmobile clubs for construction and maintenance of DNR administered grant-in-aid snowmobile trails.

#### **HF 772 (Garofalo, R, Farmington, 1069)**

##### **SF 978 (Duckworth, R, Lakeville, 7633)**

Adds headstones and footstones to the definition of exempt burial site goods.

#### **HF 854 (Stephenson, DFL, Coon Rapids, 5513)**

##### **SF 962 (Port, DFL, Burnsville, 5975)**

Repeals the sales tax exemption for precious metal bullion.

#### **HF 921 (Baker, R, Willmar, 6206)**

##### **SF 1318 (Nelson, C., R, Rochester, 4848)**

Expands the sales tax exemption for capital equipment to include machinery and equipment used by restaurants. For sales after February 29, 2020 through January 1, 2022, this exemption applies to all materials, supplies, or equipment needed to adapt to COVID-19, including items such as tents, dividers, and plexiglass.

#### **HF 1117 (Franke, R, St. Paul Park, 4342)**

Provides a broad sales tax exemption for construction materials purchased by contractors for projects by:

- School districts;
- Local governments;
- Hospitals and nursing homes owned and operated by local governments;
- Libraries;
- Nonprofit groups;
- Hospitals, outpatient surgery centers, and critical access dental providers;
- Nursing homes and boarding care homes; and
- Various kinds of public infrastructure work.

*Identical to HF 768 (Swedzinski) / SF 216 (Rarick).*

#### **HF 1201 (Lippert, DFL, Northfield, 0171)**

Exempts prepared food if delivered by a nonprofit that is sponsoring and managing meals and other food through the federal Child and Adult Care Food Program or the federal Summer Food Service Program to unaffiliated centers and sites.

#### **HF 1386 (Olson, B., R, Elmore, 3240)**

Exempts construction materials for facilities and activities related to animal shelters.

#### **HF 1503 (Davids, R, Preston, 9278)**

Provides a broad sales tax exemption for fire, police and related facilities construction, expansion, and improvement.

*This would certainly eliminate time spent on a lot of local bills. See table on last page for local sales tax authority sought this year. Rep. Davids also has a bill (HF 621) that would require local elections before seeking legislation.*

**HF 1566 (Bernardy, DFL, New Brighton, 5510)**

Instructs the MMB commissioner to credit the estimated taxes collected from sale and purchase of bicycles, bicycle parts, repairs, and maintenance to the active transportation account in the state treasury which was previously established to fund non-motorized transportation needs. Directs the commissioner of transportation to create an “active transportation advisory committee” to make recommendations on non-motorized transportation needs, safety, and education – including the safe routes to school program. Also creates “Pedal Minnesota” license plates to support the active transportation account. Authorizes \$3 million in bonding for safe routes to school funding and establishes school-related active transportation training and safety instruction, including a model program developed by the commissioner of transportation and school-related speed limits.

*Nobody should be surprised that the sales tax carve out of automobile repair and replacement parts would generate bills like this. Same principle, different scale.*

**HF 1591 (Swedzinski, R, Ghent, 5374)**

Expands the sales tax exemption to include machinery and equipment used by butcher shops in furnishing, preparing, or serving non-taxable food items.

**HF 1679 (Marquart, DFL, Dilworth, 6829)**

Makes reducing the June accelerated sales tax payments for liability over \$250,000 the sixth priority on use of a positive unrestricted fund balance at the November forecast. The commissioner of revenue must certify the percentage of June liability owed by qualifying vendors by March 1 each year. The sales tax to be paid in advance of June 30 is 87.5% for 2021 and 84.5% for 2022 and thereafter in current law. Eliminates the clean water fund as a prioritized use of the unrestricted fund balance.

**SF 1221 (Ingebrigtsen, R, Alexandria, 8063)**

Exempts improvement materials and supplies from sales taxes for all resorts and recreational camping areas public and private.

**SF 1258 (Klein, DFL, Mendota Heights, 4370)**

Exempts protective equipment and disinfectant wipes from sales taxes.

**PENSION****HF 671 (Mekeland, R, Clear Lake, 2451)****SF 1434 (Mathews, R, Milaca, 8075)**

Opens a one-year window for a specific St. Cloud State University employee to elect and receive retroactive Teachers Retirement Association coverage. The allowance is based on an opportunity either not provided or missed under a 2001 law change.

**HF 1258 (Becker-Finn, DFL, Roseville, 7153)****SF 976 (Pappas, DFL, St. Paul, 1802)**

Creates the Minnesota Secure Choice retirement program for privately employed workers who do not have access to retirement plans through their work. Resembles a state social security option for eligible employers. Establishes a board of directors comprised of: executive director of the Minnesota State Retirement System; executive director of the State Board of Investment; three members chosen by the Legislative Commission on Pensions and Retirement (with specific experience); and one small business owner and a retirement benefits executive from a Fortune 500 company selected by the governor. Initial appointments to the board are due by January 15, 2022; the board is charged with developing an individual retirement account plan (IRAP) by January 1, 2023 and a multiple employer retirement plan (MERP) by January 1, 2025. Specifies compliance with federal law under ERISA and the Internal Revenue Code. Specifies arrangements for assistance from state agencies.

**HF 1291 (Murphy, DFL, Hermantown, 2676)****SF 1452 (Frentz, DFL, North Mankato, 6153)**

Reduces the post-retirement adjustment on the MSRS judges retirement plan. Eliminates the triggers that would increase the post-retirement adjustment upon attainment of specified funding thresholds.

**HF 1387 (Nelson, M., DFL, Brooklyn Park, 3751)****SF 1167 (Rosen, R, Vernon Center, 5713)**

Expands the total and permanent disability benefit for Public Employees Retirement Association (PERA) members to those who are not firefighters but meet the current definition for the condition. Specifies 55 or older and will be 100% vested in the annuity.

**HF 1497 (Feist, DFL, New Brighton, 4331)****SF 1454 (Pappas, DFL, St. Paul, 1802)**

Includes foreign citizens employed by public employers on an H-1B, H-1B1, or E-3 visa as eligible for PERA employee and employer contributions. Retroactive to 2020.

**HF 1577 (Koznick, R, Lakeville, 6926)**

Requires a study by the Department of Labor and Industry on the adequacy of current benefits for disabled and or injured police officers. Requires at least one public hearing and the cooperation of PERA in conducting the study. Report is due January 15, 2022.

**HF 1629 (Lillie, DFL, North St. Paul, 1188)**

Ratifies the memorandum of understanding, submitted to the [Legislative Coordinating Commission](#) on December 4, 2020, that provides early retirement incentives for [MAPE employees](#).

*We haven't looked into the details of this program, but this conclusion is from an OLA report on the topic in 1995: "Early retirement incentives are popular with employers and produce tangible benefits. We conclude that early retirement*

*incentives have a useful function in specific circumstances, but that these conditions are not typical or widespread. Offering an expensive option to employers who do not need it is not cost effective. The problem with offering incentives like those offered in 1993 is that it is doubtful that benefits outweigh the cost, and the cost is considerable. It is helpful to keep in mind that an estimated half of all early retirees would have retired anyway in the same year they took early retirement. Many others would have retired in the next year or two. Early retirement does not create employee attrition, it borrows it from the near future. The beneficial use of early retirement incentives would appear to be restricted to situations where an employer is facing a one-time need to cut back or reorganize. This means that frequent repetition of early retirement incentives is not likely to be cost effective.”*

**HF 1678 (Youakim, DFL, Hopkins, 9889)**

Replaces the expiration date of state aid to employer [contributions to PERA](#), which expired June 30, 2020, and extends it to June 30, 2048.

**SF 1303 (Pappas, DFL, St. Paul, 1802)**

Delays an increase in employee contributions to the St. Paul Teachers Retirement Fund by one year, from FY 2022 to FY 2023.

*We aren't sure what's prompting this, but the fact is the St. Paul Teachers Fund is objectively in the worst shape of any pension plan with a funded ratio (64.5%) as of July 1, 2020. We would hope this contribution increase holiday is not because anyone thinks they can take the foot of the gas pedal due recent market performance or the fact that the plan now reports a “contribution sufficiency” this year. That contribution sufficiency means the plan is on track to achieve full funding – albeit within its too-long 28-year amortization period using a distorting discount rate not found in any other area of finance – public or private – and assuming investment returns actuaries put at only a 43.74% probability of realizing over the next 10 years.*

*Many years ago, a member of the Pension Commission expressed contentment with the state's perpetual underfunded status and suggested the state should in fact **not** strive for full funding because that would only encourage beneficiaries to seek larger benefits or contribution reductions. Bills like this suggest that cynicism was justified.*

**STATE AND LOCAL GOVERNMENT****HF 11 (Schultz, DFL, Duluth, 2228)****SF 1029 (Wiklund, DFL, Bloomington, 7-8061)**

Expands eligibility for MinnesotaCare and creates a public option for families and individuals above the maximum income threshold for MinnesotaCare as long as they meet all other requirements for enrollment and do not have an employer insurance option that is deemed minimum essential coverage under federal law. Sets the MinnesotaCare subsidy threshold at 400% of the federal poverty

guidelines for households, as used for the federal advance premium tax credit. Provides a small employer public option for employers with 50 or fewer employees under which individual employees are not subject to income limits. Requires the commissioner of human services to present an implementation plan for the MinnesotaCare public option and seek any federal waivers, approvals, and law changes needed.

**HF 66 (Bahner, DFL, Maple Grove, 5502)****SF 1174 (Koran, R, North Branch, 5419)**

Establishes the Legislative Commission on Cybersecurity consisting of 8 legislators evenly split between body and party. Specifies two-year terms and staffing support by the Legislative Coordinating Commission. Sunsets December 31, 2028.

**HF 159 (Nash, R, Waconia, 4282); SF 1099 (Coleman, R, Chanhassen, 4837)**

prohibits the commissioner of public safety from suspending or revoking liquor licenses due to COVID-related executive order violations.

**HF 821 (Koegel, DFL, Spring Lake Park, 5369)****SF 1082 (Abeler, R, Anoka, 3733)**

Allows carryover of unused dependent care flexible spending funds from 2020 to 2021 and from 2021 to 2022. Effective date is retroactive to December 27, 2020.

**HF 857 (Erickson, R, Princeton, 6746)****SF 1383 (Howe, R, Rockville, 2084)**

Classifies teachers as essential employees; repeals authority for teachers to strike.

**HF 952 (Richardson, DFL, Mendota Heights, 4192)****SF 1118 (Kunesh, DFL, New Brighton, 4334)**

Creates a Task Force on Missing and Murdered African American Women. Requires the commissioner of public safety in consultation with the Council for Minnesotans of African Heritage to appoint task force members. Specifies the task force is to address systemic issues resulting in disproportionately high levels of violence against African American women and girls. Task force membership includes two members from the Minnesota House and the Senate, one from each party, along with representatives from several law enforcement, legal, and community organizations. Report required by December 15, 2022.

**HF 1101 (Davids, R, Preston, 9278)****SF 980 (Tomassoni, DFL, Chisholm, 8017)**

Expands, restructures, and renames the Minnesota Higher Education Facilities Authority to become the Minnesota Health and Education Facilities Authority. Establishes broad health care organization and facility authorization under existing higher education law. Includes affiliated organizations from contiguous states in the definition of health care organization and gives the new authority power to determine affiliates. Provides revenue

flexibility between education and health care facilities. Increases bonding authority from \$1.3 billion to \$4 billion. Adds one non-voting member to the existing Higher Education Facilities Authority – who is a CEO of a membership association for nonprofit health care organizations – to create the new Minnesota Health and Education Facilities Authority. Annual reports, including financials, are to the Minnesota Historical Society and the Legislative Reference Library. Previous reporting requirement to the Office of Higher Education is removed.

*Raises several questions about the scope and range of this new authority as it clearly reaches beyond higher education and does not report to any state agency. In particular, we would question how this will ultimately relate to the Department of Health's authority to contain health care costs in Minnesota through public interest review and approval of facility expansion, and through health care expenditure reporting. This proposal has the potential to leverage two exemptions in current law from Department of Health authority:*

- 1.) *under the [hospital construction moratorium there is an exemption](#) for construction or relocation within a county by a hospital, clinic, or other health care facility – providing it is a national referral center engaged in substantial patient care, medical research, and medical education meeting state/national needs – AND providing it receives more than 40 percent of its patients from outside the state of Minnesota; and*
- 2.) *[expenditure reporting requirements do not apply](#) to a major spending commitment made by a research and teaching institution for purposes of conducting medical education, medical research supported or sponsored by a medical school, or by a grant (both federal and foundation), or for clinical trials.*

*Retaining the higher education authority board and governing structure, yet removing the Office of Higher Education reporting is also worthy of an eyebrow raise. No health care governance and reporting is really introduced to replace higher ed authority or blend with it.*

#### **HF 1116 (Mekeland, R, Clear Lake, 2451)**

Holds any business harmless from all taxes, fines, and penalties due to executive order during a peacetime emergency issued on or after January 1, 2020 as a result of COVID-19.

#### **HF 1130 (Gruenhagen, R, Glencoe, 4229)**

Requires a dynamic analysis and a static analysis in state 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 1221 (Bahr, R, East Bethel, 2439)**

Provides rules, procedures, and approval process for townships to adopt home rule charters.

#### **HF 1224 (Erickson, R, Princeton, 6746)**

#### **SF 380 (Draheim, R, Madison Lake, 5558)**

Requires school boards to publish in a conspicuous place on the district's official website a summary of consulting fees for professional services, consistent with the uniform financial accounting and reporting standards. The summary must provide the name of each consultant or consulting firm, the contract amount, and a description of the services provided by the consultant.

#### **HF 1235 (Moran, DFL, St. Paul, 5158)**

#### **SF 991 (Rosen, R, Vernon Center, 5713)**

Establishes the small business COVID-19 loan program and appropriates funds for various state program deficiencies due to the pandemic. \$50 million is appropriated through DEED, which receives \$200,000 to provide staff support. The remaining \$49.8 million is distributed 50/50 between the metro and nonmetro. Greater Minnesota loans are administered through the Minnesota Initiatives Foundations and metro area loans are administered through nonprofits identified under existing law. Up to 50% of the loan may be forgiven. Lenders may not charge interest or fees on the loans, but may keep 10% for administrative costs. Grants may range from \$5,000 to \$100,000 for businesses with 100 full-time employees or less and must be owned by a Minnesota resident with primary business operations within the state. Awards \$10 million to businesses that employ 6 full-time workers or less and \$10 million to minority business enterprises. Appropriates \$5 million to Department of Administration for space consolidation and moving; \$15 million to the Department of Public Safety for disaster assistance contingency; \$1.6 million to the Minnesota Zoological Board; \$5.4 million to the Department of Public Safety for costs related to civil unrest; and \$2.6 million to the Department of Natural Resources for costs related to civil unrest.

**HF 1252 (Hausman, DFL, St. Paul, 3824)****SF 1469 (Draheim, R, Madison Lake, 5558)**

Adds federally recognized American Indian tribes to eligibility for affordable housing under state law. Adds counties to the list on entities that can receive grants under the workforce and affordable development program. Allows replacement of manufactured homes under existing law for rehabilitation loans and increases the maximum loan amount from \$27,000 to \$35,000.

**HF 1269 (Wazlawik, DFL, White Bear Twp, 3018)**

Prohibits garnishment of government aid for COVID-19 financial hardship, except for domestic support orders and obligations, including child support and spousal maintenance. Retroactive to March 13, 2020.

**HF 1273 (Keeler, DFL, Moorhead, 5515)****SF 1038 (Kunesh, DFL, New Brighton, 4334)**

Creates the Office of the Ombudsperson for American Indian Families appointed by the American Indian community-specific board. Specifies that the ombudsperson shall operate independently, but in collaboration with, the Indian Affairs Council. Establishes membership, compensation, and duties for the American Indian community-specific board to develop policies, plans, and programs to carry out ombudsperson's functions and powers. These powers and functions include protocols for working with American Indian communities; procedures for use of power to compel testimony and issue subpoenas; and producing reports and recommendations to improve standards. Specifies that the ombudsperson is to focus on agency, facility, or program actions that:

- may be contrary to law or rule;
- may be unreasonable, unfair, oppressive, or inconsistent with a policy or order of an agency, facility, or program;
- may result in abuse or neglect of a child;
- may disregard the rights of a child or another individual served by an agency or facility; or
- may be unclear or inadequately explained when reasons should have been revealed.

Requires that before making public a conclusion or recommendation that expressly or implicitly criticizes an agency, facility, program, or any person, the ombudsperson shall inform the governor and the affected agency, facility, program, or person concerning the conclusion or recommendation. When sending a conclusion or recommendation to the governor that is adverse to an agency, facility, program, or any person, the ombudsperson shall include any statement of reasonable length made by that agency, facility, program, or person in defense or mitigation of the ombudsperson's conclusion or recommendation. Specifies transfer from the Office of the Ombudsperson for Families for funding and does not require additional appropriation.

**HF 1277 (Munson, R, Lake Crystal, 4240)**

Prohibits local governments from spending public money (direct or indirect) for lobbying. Allows local government officials and employees to provide information, testify on request, and advocate/influence legislation. Prohibits local governments from paying membership fees/dues to an association that directly or indirectly attempts to influence any legislation. Provides injunctive relief for taxpayers/residents to block local government spending and fees/dues to a local government association engaging in prohibited behavior.

*Not clear to us how local government employees can do all the things the bill would still allow them to do in their professional capacity but not pay them for their time. Seems designed to remove from the legislative process (at a minimum):*

- [League of Minnesota Cities](#)
- [Association of Minnesota Counties](#)
- [Minnesota Inter-County Association](#)
- [Coalition of Greater MN Cities](#)
- [Minnesota Association of Townships](#)
- [Association of Metropolitan Municipalities](#)
- [Association of Metropolitan School Districts](#)
- [Minnesota School Boards Association](#)
- [Minnesota Association of Small Cities](#)

**HF 1278 (Baldon, DFL, Rochester, 9249)**

Establishes a task force on child care affordability and workforce compensation named the "Great Start for All Minnesota Children Task Force." Major goals are to create a system that increases compensation and professional development for child care workers, limits family costs to no more than 7% of income, and ensures that high-quality child care is more equitably available. Membership of 19 voting members, including four legislators (evenly split) along with many different perspectives on child care, including parents, licensed providers, tribal members, and an association representing business interests. Includes 7 non-voting members from the departments of education, DEED, health, human services, labor and industry, MMB, and revenue. Requires MMB to provide staff and administrative support. Includes an open appropriation for FY 2022-23, requires report by July 1, 2022, and specifies an implementation timeline of 2025-2031.

**HF 1336 (Baker, R, Willmar, 6206)****SF 1200 (Howe, R, Rockville, 2084)**

Creates a timeline for ending restrictions on businesses due to COVID-19. The day following enactment:

- Bars and restaurants may operate at 75% capacity;
- Indoor and outdoor events may be held at 50% capacity as long as parties from different households are 6 feet apart, total attendance does not exceed 100 people, and events end by 10 pm;

- Telework is no longer mandatory, even if feasible; and
- Pool, gyms, and fitness centers may operate at 50% with 9 feet of distance – masks not required.

30 days after enactment:

- Bars and restaurants operate normally;
- Indoor and outdoor events change to 75% capacity, 250 people, and end by midnight;
- Hair salons, movie theaters, and fitness centers operate at 75%.

60 days after enactment, all businesses and events operate normally. Specifies that timeline may be altered if the governor and the four legislative leaders (majority and minority) agree to alteration (four of the five must agree).

**HF 1342 (Noor, DFL, Minneapolis, 4257)**

**SF 1098 (Pratt, R, Prior Lake, 4123)**

Governor's budget for DEED, Department of Labor and Industry, Bureau of Mediation Services, and the Workers' Compensation Court of Appeals. Creates the Family and Medical Benefit Insurance Division within DEED under unemployment insurance law to create and administer a family and medical benefit insurance program. Creates a special revenue fund in the state treasury to fund benefits, administration, and outreach with employer premium payments. Specifies that application is considered a request for benefits and not a claim against an employer. To qualify for benefits, an applicant must have wage credits of at least 5.3% of the state's average annual wage rounded down to next \$100. Provides a formula for weekly benefit amounts based on the applicant's weekly wage during the high quarter of the base period. Provides maximum amount and length of benefits. Specifies interaction with other benefits such as social security disability, requirements for employer notification, and employment protections for the employee, including limitations on the right to reinstatement. Allows for child support deduction from benefits. Creates small business assistance grants for employers with fewer than 50 employees. Establishes and collects premiums from employers participating in the program. Annual premium rates are:

- 0.6% of wages subject to premium for participants in family and medical benefit programs;
- 0.486% for participants in the medical benefit program with an approved private plan for family benefit;
- 0.114% for participants in the family benefit program with an approved private plan for medical benefit.

General fund appropriations in FY 2022 are \$10.8 million to DEED; \$528,000 to labor and industry; \$28,000 to MMB for information technology system upgrades; \$11,000 to the legislative coordinating commission for system upgrades; and \$20,000 to the supreme court for judicial responsibilities. Appropriations in following years come from special revenue fund

supported by employer premium payments. Creates an "opportunity response fund" in the Job Skills Partnership program with 5% of the money deposited in the workforce development fund. This competitive grant program is focused on organizations with proven success in training completion and job placement for black, indigenous, and people of color. Grants cannot exceed \$500,000. Expands the Job Skills Partnership Board from 12 to 13 directors and specifies that two seats must be filled by community-based organizations with expertise in communities facing barriers to employment. Also establishes a "pathways to prosperity" program to train low-skill, low-income adults for employment in high-demand industries with long-term employment opportunities. Creates "Launch Minnesota" within the Business and Community Development Division of DEED to encourage new private sector technologies to support science and technology policies under state law. Establishes an advisory board and specifies DEED commissioner duties, staffing, application, and grantmaking processes.

**HF 1346 (Bahr, R, East Bethel, 2439)**

Limits duration of peacetime emergencies to 14 days, after which they must be approved by each body of the Legislature.

**HF 1348 (Munson, R, Lake Crystal, 4240)**

Prohibits legislators from accepting employment from businesses primarily involved in lobbying, public affairs, public policy advocacy, or consulting. Neither can a legislator work for any business that employs or contracts with aforementioned businesses if the legislator directs, acts with, or provides support for that work (lobbying, public affairs, public policy advocacy, or consulting).

**HF 1350 (Baldon, DFL, Rochester, 9249)**

Allows first class cities to require land dedication or impose dedication fees in conjunction with construction permits for new housing, commercial, or industrial development. Allowed purposes are for public parks, playgrounds, recreational facilities, wetlands, trails, or open space. The local government must enact an ordinance for this dedication. The ordinance may exempt senior and affordable housing.

**HF 1359 (Freiberg, DFL, Golden Valley, 4176)**

Allows cities and townships to establish "inflow and infiltration" prevention programs and make grants and loans to property owners. Inflow and infiltration means water other than wastewater that enters a sanitary sewer system, including sewer service connections, from the ground through defective pipes, pipe joints, connections, or manholes, or from sources such as, but not limited to, roof borders, cellar drains, yard drains, area drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers, catch basins, cooling towers, storm waters, surface runoff, street wastewaters, or drainage.

**HF 1360 (Freiberg, DFL, Golden Valley, 4176)****SF 1244 (Marty, DFL, Roseville, 5645)**

Establishes the Volunteerism Innovation Board with support from the Department of Administration to determine eligibility and deliver evaluate grants with measurable indicators. Consists of four legislators split equally between party and body plus three appointments by the governor. Specifies community leaders from nonprofit, public, and volunteerism communities qualified for appointment and use of the community indicators regions adopted by the state demographer and Minnesota Compass adopted by Wilder Research. Initial appropriation of \$600,000 per year in FY 2021-22 and specifies that donations and gifts can also be received into the special revenue account by MMB. Maximum administrative costs per year is \$70,000.

**HF 1363 (Freiberg, DFL, Golden Valley, 4176)****SF 887 (Rest, DFL, New Hope, 2889)**

Proposes a constitutional amendment to change the process of filling a lieutenant governor vacancy. If approved by voters, the governor can choose a replacement which requires consent by the House and the Senate within 30 days. If a special session is needed, that session can only be for the purpose of appointment. If a member of the Legislature is appointed, the member must resign their legislative seat upon acceptance.

**HF 1409 (Johnson, R, Cambridge, 4346)**

Establishes a new state aid program to reimburse local governments for expenses incurred in public safety emergencies that exhaust available local resources, including mutual aid and when expenses are not covered by other federal and state disaster assistance programs. The State Aid for Emergencies (SAFE) account is established with a \$35 million appropriation in the state treasury. Includes definition of public safety event, criteria for aid, reimbursement rates and process, appeals process, and reporting and auditing requirements.

**HF 1428 (Acomb, DFL, Minnetonka, 9934)**

Requires governmental actions to be consistent with state greenhouse gas emission goals. Defines governmental actions as activities or projects wholly or partially conducted, permitted, assisted, financed, regulated, or approved by a governmental unit. Amends state goals to include 45% below 2005 levels by 2030 and net zero emissions by 2050 (goal in existing law is 80% below 2005 emissions by 2050).

**HF 1440 (Carlson, A., DFL, Bloomington, 4218)****SF 1340 (Carlson, DFL, Eagan, 7-8073)**

Repeals the employee gainsharing law, which allows one-time bonus payment when cost savings are identified and implemented in state government. The bonuses equal 10% of savings with a maximum of \$50,000 per employee or group of employees. Bonus must come from the appropriation where the savings

occurred. Under current law, employees whose primary job is to identify cost savings are not eligible for the bonus.

**HF 1441 (Carlson, A., DFL, Bloomington, 4218)****SF 1338 (Carlson, DFL, Eagan, 7-8073)**

Repeals reporting on inter-agency agreements over \$100,000 to legislative chairs and ranking minority members.

**HF 1469 (Garofalo, R, Farmington, 1069)**

Prohibits the annual salary of the Minneapolis mayor and city council members from exceeding the state median household income.

**HF 1481 (Olson, L., DFL, Duluth, 4246)**

Allows the Seaway Port Authority of Duluth to create a nonprofit corporation in furtherance of its goals and duties.

**HF 1488 (Scott, R, Andover, 4231)**

Reestablishes the Legislative Commission on Data Practices and Personal Data Privacy which expired June 30, 2019. Consists of four legislators, split equally between caucus and body.

**HF 1500 (Albright, R, Prior Lake, 5185)**

Expands the Met Council from 17 to 29 members and removes gubernatorial appointment, except for the chair, who is still appointed by the governor. Eliminates the 26-member Transportation Advisory Board and folds some of that membership into the Council. Creates municipal committees in all 16 Met Council districts to choose a local elected official for each council member, rather than the governor's appointee. Reduces the salary of the Met Council chair from \$52,500 to \$40,000 and eliminates the \$20,000 per year salary for council members.

**HF 1514 (Sanstede, DFL, Hibbing, 0172)****SF 1425 (Tomassoni, I, Chisholm, 8017)**

Eases restrictions on bars, restaurants, and other places of public accommodation outside the seven-county metro area from COVID-19 restrictions. Exempts Greater Minnesota from executive orders beginning April 1, 2021. Imposes general restrictions if [Executive Order 20-81](#) is in effect that require employees to wear face coverings and ends food, beverage, and tobacco service by 11:00 pm each night. Requires commissioner of health to report by May 1, 2021 whether easing of restrictions has caused a statistically significant outbreak. Without such a determination, the 11:00 pm restriction expires. Authorizes the commissioner of health to reimpose executive orders at any time after enactment if a statistically significant outbreak occurs. Requires the governor to provide weekly updates on case rates and the status of executive orders.

**HF 1515 (Sanstede, DFL, Hibbing, 0172)**

Terminates executive orders in peacetime emergencies for public health to last no more than 30 days unless ratified by the legislature. At 30 days, the governor must immediately report to legislators the rationale and specific legal authority for extension. The orders expire if not ratified by a majority vote in each house

of the legislature. Defines public health emergency in a new subdivision in MN statute.

**HF 1521 (Haley, R, Red Wing, 8635)****SF 1230 (Mathews, R, Milaca, 8075)**

Adds reporting of gross mismanagement or gross waste of funds to prohibited reasons an employer cannot fire a public employee.

**HF 1528 (Erickson, R, Princeton, 6746)**

Creates the "Education Savings Account for Students Act" as a 5-year pilot for eligible nonpublic schools (not home schools) to create savings accounts for students if their parents agree to a set of measurable goals in core subjects and attend a school accredited by the Minnesota Nonpublic Education Council. Funds are available for uses such as tuition, tutors, curriculum, computer hardware or software, transportation, and a broad range of fees. Open appropriation to fund students on a first-come, first-serve basis that will be calculated as the statewide average per pupil general education revenue plus any necessary aid attributable during the student's public enrollment for special education services and instruction. Requires the Department of Education to promulgate rules and conduct or contract for random audits. Specifies up to 6% of the appropriation may be used for administration by the department. Specifies funding and enforcement mechanisms.

**HF 1545 (Mekeland, R, Clear Lake, 2451)****SF 1 (Mathews, R, Milaca, 8075)**

Allows businesses to re-open during the COVID-19 pandemic if they develop a site-specific preparedness plan as provided by the commissioner of labor and industry and will agree to any testing protocols and guidance provided by the Department of Health and the Centers for Disease Control and Prevention.

**HF 1557 (Mekeland, R, Clear Lake, 2451)****SF 1096 (Koran, R, North Branch, 5419)**

Expands the metropolitan area for 911 emergency services to include Chisago, Isanti, and Sherburne counties.

**HF 1560 (Garofalo, R, Farmington, 1069)****SF 1458 (Duckworth, R, Lakeville, 7633)**

Allows Goodhue County to sell, lease, or otherwise convey county-owned land that abuts Lake Byllesby to adjoining property owners. Any transfer must be at market value, mineral rights are reserved by the county, and cannot be land developed as parkland by the county.

**HF 1579 (Grossell, R, Clearbrook, 4265)****SF 1500 (Utke, R, Park Rapids, 9651)**

Allows individuals to petition the court for forgiveness of violations of certain executive orders due to economic hardship. Applies to all levels of misdemeanor, a civil penalty of any amount, and suspension or revocation of any license needed for a profession or business.

**HF 1602 (Freiberg, DFL, Golden Valley, 4176)**

Limits total annual executive compensation for a nonprofit hospital or affiliated medical entity to annual salary and expense allowance of the President of the United States. Defines affiliated entities as hospital groups, hospital-affiliated foundations, hospital-affiliated physician groups, or a nonprofit corporation in involved in ownership or control of the operation. Specifies total compensation, reporting, and enforcement. Civil penalties are not to exceed \$500,000.

**HF 1613 (Robbins, R, Maple Grove, 7806)**

Exempts private businesses from any COVID-19 executive order requiring that workers who can work from home must work from home.

**HF 1624 (Thompson, DFL, St. Paul, 4277)**

Repeals restrictions on rent control laws by local governments.

**HF 1630 (Noor, DFL, Minneapolis, 4257)****SF 1283 (Pratt, R, Prior Lake, 4123)**

Allows a one-time use of uncommitted loan repayment money from the [Minnesota Investment Fund](#) for use as general purpose aid. If the local government returns 20% to the state general fund, they are allowed to use the remaining 80% for any lawful expenditure. Requires reports on use and distribution of funds.

**HF 1643 (Poston, R, Lake Shore, 4293)**

Limits COVID-19 restriction on facilities that host wedding receptions and allow on-premises food or beverage to be no more restrictive than those imposed on restaurants under [Executive Order 21-01](#).

**HF 1665 (Sandell, DFL, Woodbury, 1147)**

Creates a school finance accountability team in the audit practice division of the Office of the State Auditor. Appropriates \$688,000 in FY 2022 and \$690,000 in FY 2023.

*There has been interest over the years in having the state auditor more involved in looking at school finances, as it does with counties, cities, and townships.*

**HF 1671 (Nelson, M., DFL, Brooklyn Park, 3751)**

Increases the maximum contract to small business enterprises or veteran-owned small businesses to \$750,000, up from \$250,000.

**SF 1032 (Anderson, B., R, Buffalo, 5981)**

Prohibits annexation by means other than an orderly annexation agreement. Requires immediate denial of petitions and filings seeking to annex from municipalities that are not party to the orderly annexation agreement.

**SF 1053 (Weber, R, Luverne, 5650)**

Allows the city of Luverne to donate city funds to a nonprofit child care center.

**SF 1060 (Cwodzinski, DFL, Eden Prairie, 1314)**

Repeals the compensation limit for local government employees which is set at 110 percent of the governor's salary. School

districts are currently exempted, so this would apply to all other political subdivisions (cities, counties, towns, regional agencies, etc.).

*Identical to HF 325 (Bigham) / SF 33 (Cwodzinski).*

**SF 1089 (Rosen, R, Vernon Center, 5713)**

Requires local governments to review funds received from the federal Coronavirus Relief Fund and determine whether any expenditures are eligible to be reimbursed by the Federal Emergency Management Agency (FEMA). If so, requires application for reimbursement to FEMA, and notification and reimbursement to MMB.

*The complicated relationship between federal COVID fund delivery and permissible uses and timelines in the context of state budget development has elevated financial engineering to a critical skill set in the state.*

**SF 1133 (Ingebrigtsen, R, Alexandria, 8063)**

voids fines and penalties due to executive orders issued under the COVID-19 peacetime emergency. Restores any revoked licenses or permits, and annuls and expunges any criminal records.

**SF 1165 (Tomassoni, I, Chisholm, 8017)**

Permits counties to offer free conveyance of nonconforming real property to adjoining landowners provided that: 1.) the parcel is five acres or less; 2.) the adjoining landowner's parcel was acquired prior to December 31, 1960; 3.) the conveyance is restricted to adjoining or surrounding parcels of real property; 4.) the landowner's parcel must adjoin two or more sides of the county's nonconforming property; and 5.) the landowner does not owe delinquent property taxes.

**SF 1256 (Kiffmeyer, R, Big Lake, 5655)**

Limits what state agencies can contract to pay employees based on the parameters of the allotment and encumbrance system in state law.

**SF 1374 (Rest, DFL, New Hope, 2889)**

Establishes the Council on LGBTQI Minnesotans consisting of 16 voting members, 12 of whom are appointed by the governor and four legislators equally divided between party and body. The council's duty is to work for implementation of economic, social, legal, and political equality for Minnesota's LGBTQI community and serve as a liaison between state government and organizations that support them. Receives support from the commissioner of administration and requires the Legislative Coordinating Commission to appoint an experienced executive director. Convenes a working group to define conversion therapy and prohibits use of conversion therapy on a minor or vulnerable adult. Treats a spouse as a biological parent in assisted reproduction. Specifies protection from violence based on discovery of actual or perceived sexual identity.

**SF 1393 (Hawj, DFL, St. Paul, 5285)**

Allows preferential treatment in state procurement to vendors with executive salaries tied to a factor of their median employee's salary.

**SF 1403 (Draheim, R, Madison Lake, 5558)**

Requires a reduction in appropriations for state agency positions that have not been filled within 180 days of posting. Applies to positions posted in 2021, 2022, and 2023.

**SF 1404 (Draheim, R, Madison Lake, 5558)**

Establishes zero-based budgeting in state government. Requires all executive branch departments, institutions, and agencies to submit a zero-based budget plan to the commissioner of management and budget every 10 years starting in 2022 for the first group of agencies. Specifies what is required in a zero-based budget plan. Requires that each proposed expenditure for a biennium is treated as if it were a new expenditure.

*From an NCSL white paper on the topic: "A proposal to adopt zero-base budgeting should be clear on whether it is expected to be an analysis of all government, a tool to respond to a fiscal crisis, or a periodic, revolving review of state agency operations and budgets. In any of its forms, zero-base budgeting is likely to be an elaborate and time-consuming process, and can add complexity to the current budget process. Continued commitment from leadership and a commitment of time from legislators immediately involved are essential to make it useful to a legislature."*

**SF 1405 (Draheim, R, Madison Lake, 5558)**

Directs the legislative auditor to conduct financial audits of all COVID-19-related grant programs administered by the state, local governments, and nonprofit organizations. Audit report are due by October 15, 2021.

**SF 1470 (Draheim, R, Madison Lake, 5558)**

Nullifies [Executive Order 20-79](#). Prohibits the governor from modifying landlord and tenant law.

## TAX ADMINISTRATION/GENERAL POLICY

**SF 1436 (Marty, DFL, Roseville, 5645)**

Prohibits the Department of Revenue from recapturing taxpayer refunds for medical debt. Existing law exempts recapture of medical debt at very low-income thresholds (unmarried debtor - \$13,280; debtor +1 dependent - \$17,010; etc. up to debtor +5 dependents - \$25,100).

**TRANSPORTATION****HF 504 (Lee, DFL, Minneapolis, 4262)****SF 1049 (Torres Ray, DFL, Minneapolis, 4274)**

Requires public engagement activities for trunk highway projects that alter access, increase or reduce highway traffic capacity, or require acquisition of permanent rights-of-way. Applies to projects with a total cost of \$15 million in the metro area and \$5 in nonmetro highway construction districts; projects that provide a MnPASS lane; or projects that impair road access, parking, or visibility for one or more businesses for one month or more. Engagement must be prior to: 1.) finalization of the initial scoping document or report for the project; or 2.) approval of the draft environmental impact statement for the project. Specifies stakeholder and types of impact information required. Outlines documentation, submission, and response requirements.

**HF 646 (Lee, DFL, Minneapolis, 4262)****SF 1050 (Torres Ray, DFL, Minneapolis, 4274)**

Requires coordination between Met Council and the MPCA to reduce transit emissions in areas with poor air quality. MPCA must identify the areas with poor air quality and Met Council must categorize each vehicle in its fleet on estimated or measured emissions. The Met Council must then deploy buses with the lowest emissions areas with the poorest air quality for regular bus service. Excludes arterial or highway bus rapid transit.

**HF 1232 (Petersburg, R, Waseca, 5368)****SF 152 (Kiffmeyer, R, Big Lake, 5655)**

Increases the fee for a duplicate license for the purpose of a motorcycle endorsement from \$18.50 to \$26.50 for the first duplicate license, and from \$13 to \$17 for each renewal after that. The amount of that fee dedicated to the motorcycle safety fund increases from \$11 to \$19 per license and \$7 to \$11 per renewal. The remainder is credited to the general fund.

**HF 1306 (Elkins, DFL, Bloomington, 7803)**

Authorizes Met Council to issue citations for transit fare evasion and impose a fine of not less than \$35.

**HF 1343 (Elkins, DFL, Bloomington, 7803)**

Prohibits use of fixed guideways for bus rapid transit for any other use, including pedestrian and bicycle use, and creates a petty misdemeanor for violations. Gives broad authority to peace officers in all jurisdictions to issue citations. Applies to the seven-county metro area only.

**HF 1565 (Elkins, DFL, Bloomington, 7803)**

Allows municipalities to establish street improvement districts and to charge fees to all developed parcels in the district. Requires apportionment of fees based on a parcel's relative share of vehicular trips in the district. Sets a maximum of 20 years on collections and specifies that the fees should not be the exclusive source for local street improvement. Fees must be collected in a

segregated account and cannot be charged to unimproved parcels or institutions of public charity.

**HF 1588 (Lislegard, DFL, Aurora, 0170)****SF 358 (Mathews, R, Milaca, 8075)**

Imposes a flat fee in lieu of sales tax on older motorcycles as is currently done with automobiles.

**HF 1620 (Lippert, DFL, Northfield, 0171)**

Redirects the 9.2% tax on lease or rental of a passenger automobile from the highway user tax distribution fund (HUTDF) to the small cities assistance account.

**HF 1637 (Hausman, DFL, St. Paul, 3824)**

Appropriates \$10 million in FY 2022 from the general fund for final design and construction for a second daily Amtrak train service between Minneapolis-St. Paul, Milwaukee, and Chicago.

**HF 1639 (Hausman, DFL, St. Paul, 3824)**

Appropriates \$160 million from the bond proceeds fund in the state treasury for intercity passenger rail projects on phase I corridors as identified in the [2015 update to the state rail plan](#). Connections in phase I include Minneapolis, St. Paul, Duluth, Northfield, Albert Lea, Mankato, Moorhead, and Eau Claire (Minnesota portion).

**HF 1646 (Petersburg, R, Waseca, 5368)****SF 1364 (Newman, R, Hutchinson, 4131)**

Establishes the Transportation Programming and Investment Committee in the Department of Transportation to provide policy direction for the capital investments and programmatic decisions. The voting members of the committee are made up of four legislators (equally divided between party and body), MnDOT's chief financial officers and 5 assistant commissioners from specific areas. Also includes 6 non-voting members, consisting of the department's controller, the deputy engineer for state aid, and four more assistant commissioners. Charges the committee with making, approving, or confirming major policy and spending decisions. Requires the commissioner to respond in writing if to the committee when not following a decision by the committee.

*Not sure we have ever seen an arrangement where legislators and assistant commissioners would make major decisions for a department and put the commissioner in the position to react to them and defend executive decisions other than what is recommended by them.*

**HF 1668 (Stephenson, DFL, Coon Rapids, 5513)**

Establishes a preference for electric vehicle purchases for the state fleet and creates the Electric Vehicle Deployment Program. Specifies the steps for a transportation electrification plan, review, and implementation. Provides state rebates for consumer purchases of electric vehicles and institutes a grant program in the Department of Commerce for dealers to offset the costs of obtaining necessary training and equipment required by electric vehicle manufacturers. In FY 2022, appropriates \$20 million for

rebates and \$4 million for the offset for automobile dealers seeking certification.

**SF 1151 (Newman, R, Hutchinson, 4131)**

Prohibits use of highway user funds for bicycle lanes or routes on the trunk highway system, including construction, expansion, marking, or maintaining of bicycle lanes or routes. Specifies that conversion of trunk highway lanes is prohibited under the complete streets policy.

**SF 1215 (Howe, R, Rockville, 2084)**

prohibits a bikeway if it would eliminate or relocate disability parking.

**SF 1335 (Carlson, DFL, Eagan, 7-8073)**

Creates a “larger cities assistance account” for allocation of the [municipal state aid street \(MSAS\) system](#). MSAS funds come from the [highway users tax distribution fund \(HUTDF\)](#) and are a dedicated funding source coming through the trunk highway fund. Comprised primarily of gas tax revenues, license fees, motor vehicle sales tax revenue and interest, 5% of the HUTDF revenue is sent to the township road and bridge account before the remaining 95% goes to the trunk highway fund. Of the remaining 95%, cities with population of 5,000 or more receive 9% in MSAS funds to help with highway connection and upkeep of the arterial road system. Total MSAS aid was \$210.2 million in FY 2020. Reduces the amount distributed by the current needs-based formula to half (50%) and distributes the other 50% based on percent of population among eligible cities. Imposes a new \$10 surcharge on every vehicle registration renewal, and sends 50% to the new “larger cities assistance account” and 50% to cities under 5,000 in the [small cities assistance account](#), which was established in 2015 and was not funded in 2019 or 2020.

**2021 BILLS SEEKING LOCAL SALES TAX AUTHORITY**

Local Sales Tax	Rate	Amt	Purpose	Length	Author	Author
Oakdale	0.50%	\$27 mil	Public works / police facility	20 yrs	HF 187 (Lillie)	SF 123 (Wiger)
Litchfield	0.50%	\$10 mil	Community wellness/recreation facility	20 yrs	HF 280 (Urdahl)	SF 997 (Newman)
Cloquet	0.50%	\$8.15 mil	Pine Valley Regional Park Project, Cloquet Ice Arena	10 yrs	HF 355 (Sundin)	SF 493 (Rarick)
St. Peter	0.50%	\$9.1 mil	New fire station	40 yrs	HF 494 (Akland)	SF 542 (Frentz)
Itasca County	1.00%	\$75 mil	Correctional facilities, court facilities and county offices	30 yrs	HF 514 (Igo)	SF 453 (Tomassoni)
Floodwood	0.50%	\$1.25 mil	City-wide street and infrastructure	25 yrs	HF 584 (Sanstede)	SF 448 (Tomassoni)
Grand Rapids	1.00%	\$11 mil	Grand Rapids IRA Civic Center reconstruction	None	HF 693 (Igo)	
Edina	0.50%	\$41.3 mil	Fred Richards Park; Braemer Park; Weber Woods Park	20 yrs	HF 1179 (Edelson)	SF 1309 (Franzen)
Little Falls	0.50%	\$17 mil	Community recreation center	30 yrs	HF 1239 (Kresha)	SF 1213 (Weber)
Proctor	0.50%	\$3.85 mil	Multi-use government center; Munger Trail Spur; salt shed relocation	20 yrs	HF 1290 (Murphy)	
Waite Park	0.50%	\$37.5 mil	10th Ave. corridor; regional trails; public safety facility	25 yrs	HF 1300 (Theis)	SF 1289 (Putnam)
Hermantown	0.50%	\$28 mil	Community Recreational Initiative	20 yrs	HF 1301 (Murphy)	SF 1219 (Bakk)
Fergus Falls	0.50%	\$15.5 mil	Aquatic center; regional trails; DeLagoon Improvement Project	17 yrs	HF 1304 (Rasmusson)	SF 1297 (Ingebrigtsen)
Mille Lacs County	0.50%	\$10 mil	Public works building	8 yrs	HF 1321 (Erickson)	SF 1231 (Mathews)
Maple Grove	0.50%	\$90 mil	Maple Grove Community Center	20 yrs	HF 1345 (Bahner)	
Warren	0.50%	\$1.6 mil	New child care facility	20 yrs	HF 1458 (Burkel)	
Carlton County	0.50%	\$40 mil	New law enforcement center, regional jail for female offenders	20 yrs	HF 1485 (Sundin)	
Crosslake	0.50%	\$6 mil	Bio-solids treatment facility; extend sewer service	15 yrs	HF 1490 (Lueck)	
Moorhead	0.50%	\$25.3 mil	Construction of a regional library and community center	25 yrs	HF 1614 (Keeler)	
Wadena	0.25%	\$3 mil	Wadena Library Rehabilitation Project	20 yrs	HF 1610 (Poston)	
<b>Total Authority</b>		<b>\$460.6 mil</b>				