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*Does your crystal ball work? If it does, consider this a help wanted ad. With a substantial number of significant "unknowns" that have the potential to introduce serious chaos into a short legislative session, we need all the help we can get figuring out how things might shake out.*

*With that, we open our 31st series of Legislative Spotlight where we provide summaries of tax-related bills and selected bills in other policy areas. For anyone new to this publication: we may add historical context and content, broader perspective, or our evaluation of a bill's relationship to sound tax policy or public finance principles. In some cases, we rely on legislative staff to help us understand a bill or the bill's intent, but any errors in a summary or misunderstanding of a bill's intent are the responsibility of MCFE. Please contact us if we are in error – we will be happy to make the correction.*

*Even though the February forecast, which formally sets the decision-making playing field, won't come out for a couple of weeks, that has not stopped lawmakers from having the confidence to offer up major tax and spending proposals with the potential to dramatically alter the state's fiscal landscape for years to come. To do so in a supplemental budgeting year, that also features redistricting and every state government elected office up for grabs is guaranteed to introduce additional dynamics and plot twists. The tax and spending proposals being advocated this year certainly have as much or more to do with November as responding to the needs of the last 12 months of the current biennium.*

*Money makes all these ambitions possible and the state has plenty of it. It starts with the \$7.75 billion forecasted surplus and there are already hints from legislators that this number will go even higher with the February forecast. Even though macroeconomic forecasts have been slightly tempered, we have learned the hard way that when casual comments like this dribble out, they are often foreshadowing something real. On top of that is the \$1.15 billion in one-time unallocated state fiscal recovery funds to spend this session. MMB has stated ARPA funds are not included in the budget forecast, but that is a bit of an overstatement. Lawmakers appropriated \$663.1 million in ARPA funds last year to general fund revenue replacement in FY 22-23 which does flow through the budget forecast. (Similarly, the \$550 million in ARPA funds appropriated for FY 24-25 general fund revenue replacement flow through the out-biennium planning estimate, although there is nothing preventing the legislature from*

*reversing that if \$8.9 billion is somehow deemed not enough for current decision-making purposes.)*

*What lawmakers don't have is a lot of time to vet all their interests. A short session means a compressed time frame, and this year's deadlines are as follows:*

- **March 25th:** 1st committee deadline (bills through committees in one body).
- **April 1st:** 2nd committee deadline (bills that met 1st deadline to pass committees in other body).
- **April 9th:** 3rd committee deadline (all major appropriation and finance bills to pass out of committees).
- **April 9th through 18th:** legislative break.
- **May 23rd:** constitutional adjournment date.

*We will obviously be chiming in with our own analysis and perspective on tax issues which will give us a lot to think and talk about. So far, as this issue highlights, there are a lot of bills offering variations on the same themes. But the prospects of multiple major tax proposals, and their interactive effects, have the potential to make this session quite unique. It will certainly be keeping DOR Research and House Research modeling staff very busy.*

*One content note, we are temporarily creating a new COVID category to group bills related to several areas of state government that we don't typically cover in Spotlight, such as unemployment insurance and workers' compensation. This is dictated by the much larger than normal fiscal footprint of these programs in 2022 due to COVID-19.*

*In these extraordinary times, MCFE member involvement is going to be more important than ever, so please contact us if there are issues critical to your business or industry that you want to make sure policymakers know about. To keep track of session developments, be sure to bookmark the members-only area on our website where all of our E-briefs (which we send separately) featuring news, developments, comment, and analysis from committee hearings will be accessible. If you need help accessing the site, contact our office for assistance.*

## House and Senate Taxes Committee Membership

For your convenience, we list here the membership of the House and Senate Taxes Committees and divisions, along with their party affiliation and contact information. All phone numbers are in the 651 area code.

### House Taxes Committee

The committee meets in Room 10 of the State Office Building on Tuesdays, Wednesdays, and Thursdays at 1:00 pm. There are 12 DFL members and 9 Republican members. You may e-mail House members with this template: [rep.firstname.lastname@house.mn](mailto:rep.firstname.lastname@house.mn).

Title (where applicable) and Name	Party	Phone
Chair: Paul Marquart	DFL	296-6829
Vice Chair: Dave Lislegard	DFL	296-0170
GOP Lead: Greg Davids	R	296-9278
Esther Agbaje	DFL	296-8659
Andrew Carlson	DFL	296-4218
Bob Dettmer	R	296-4124
Pat Garofalo	R	296-1069
Aisha Gomez	DFL	296-7152
Kaohly Her	DFL	296-8799
Jerry Hertaus	R	296-9188
Michael Howard	DFL	296-7158
Joe McDonald	R	296-4336
Tim Miller	R	296-4228
Rena Moran	DFL	296-5158
Erik Mortensen	R	296-8872
Kristin Robbins	R	296-7806
Steve Sandell	DFL	296-1147
Jennifer Schultz	DFL	296-2228
Zach Stephenson	DFL	296-5513
Chris Swedzinski	R	296-5374
Cheryl Youakim	DFL	296-9889

### Committee Staff

Administrator:	Polly Cerkvenik	296-1921
Legislative Assistant:	Urszula Gryska	296-5492

### House Property Tax Division

The division meets in Room 10 of the State Office Building on Wednesdays at 3:00 pm. There are 8 DFL members and 5 Republican members.

Title (where applicable) and Name	Party	Phone
Chair: Cheryl Youakim	DFL	296-9889
Vice Chair: Aisha Gomez	DFL	296-7152
GOP Lead: Jerry Hertaus	R	296-9188
Paul Anderson	R	296-4317
Jamie Becker-Finn	DFL	296-7153
Peter Fischer	DFL	296-5363
Steve Green	R	296-9918
Hodan Hassan	DFL	296-0294

Kaohly Her	DFL	296-8799
Paul Marquart	DFL	296-6829
Erik Mortensen	R	296-8872
Gene Pelowski	R	296-8637
Paul Torkelson	R	296-9303

### Committee Staff

Administrator:	Polly Cerkvenik	296-1921
Legislative Assistant:	Eric Peterson	296-3869

### Senate Taxes Committee

The committee meets in Room G-15 of the Capitol on Tuesdays and Thursdays at 8:30 am. The committee has 5 Republican members, 3 DFL members, and 1 Independent member; you may e-mail Senate members using the following template: [sen.firstname.lastname@senate.mn](mailto:sen.firstname.lastname@senate.mn). Some Senators require use of an email form.

Title (where applicable) and Name	Party	Phone
Chair: Carla Nelson	R	296-4848
Vice Chair: Julia Coleman	R	296-4837
DFL Lead: Ann Rest	DFL	296-2889
Tom Bakk	I	296-8881
Roger Chamberlain	R	296-1253
Kari Dziedzic	DFL	296-7809
Paul Gazelka	R	296-4875
Matt Klein	DFL	296-4370
Bill Weber	R	296-5650

### Committee Staff

Administrator:	Brian Steinhoff	296-5640
Legislative Assistant:	Madeline Hoy	296-5956

### Senate Subcommittee on Property Taxes

The committee meets in Room G-15 of the Capitol on Wednesdays at 8:30. The subcommittee has 3 Republican members and 2 DFL members; you may e-mail Senate members using the following template: [sen.firstname.lastname@senate.mn](mailto:sen.firstname.lastname@senate.mn). Some Senators require use of an email form.

Title (where applicable) and Name	Party	Phone
Chair: Bill Weber	R	296-5650
Vice Chair: Roger Chamberlain	R	296-1253
DFL Lead: Matt Klein	DFL	296-4370
John Jasinski	R	296-0284
Erin Murphy	DFL	296-5931

### Committee Staff

Administrator:	Brian Steinhoff	296-5640
Legislative Assistant:	Lamont Pyykkonen	296-5070

## BILL INTRODUCTIONS

Tax bills are listed first by tax type in alphabetical order, followed by state and local government 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 or independent members of the legislature. All members' offices have a 651 area code and 296 exchange unless shown otherwise.

### TAXES – Admin & General Policy

*This first portion of tax bills consists of more comprehensive bills and general bills that impact administration of taxes. Additional bills with more than one tax in them will be noted in their headings and also listed alphabetically.*

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

- *Corporate franchise and individual income taxes: Tax years beginning after December 31, 2021*
- *Property tax: Taxes levied in 2022, payable in 2023*
- *Sales tax: Sales and purchases made after June 30, 2022*

#### **HF 2826 (Davids, R, Preston, 9278)**

#### **SF 1982 (Nelson, C., R, Rochester, 4848)**

Directs the Department of Revenue to establish and implement a program for issuing private letter rulings (PLRs) to provide taxpayers with guidance as to how it will apply state law to a particular situation involving the taxpayer. The ruling is binding if: 1) there was no misstatement or omission of fact in the application or materials provided, 2) subsequently developed facts are not materially different from the facts on which the case was based, 3) All applicable statutes, rules and laws have not changed, and 4) the taxpayer acted in good faith in applying for and relying on the ruling. Broadens DOR's authority to decline to impose tax penalties or abate them. Rulings have no precedential effect for other taxpayers. Department must redact information that permits identification and publish on website. Requires biennial legislative report. Appropriates an undetermined amount of money to pay for the private letter ruling program.

*The Department's recurring argument against PLRs – and other potential administrative changes that might be considered part of a "Taxpayers Bill of Rights" – has been the need to preserve equity in tax administration. Programs like this, they have argued, are only accessible to taxpayers with substantial resources. Yet, Revenue has for some time now placed a heavy emphasis on thinking about and treating taxpayers as its "customers". Ask any businessperson and he/she will tell you it is essential to take very good care of your biggest customers – which in this case includes the large multistate and multinational businesses that provide such large shares of business tax revenue to the state. Providing greater predictability and certainty for*

*their decision-making in the highly complex tax situations they frequently face is an important pursuit and should not be viewed as preferential treatment. In our view, this isn't favoritism, just smart tax administration.*

#### **HF 3083 (Marquart, DFL, Dilworth, 6829)**

The Department of Revenue's technical and policy bill. Specifies that "qualifying entities" related to pass-through entity (PTE) partnership taxes include LLCs "taxed as a partnership or S corporation." Requires amended PTE tax reports for all direct partners included in the PTE tax return. Adds the U.S. territories to the definition of "state" for the general sales tax. Defines apportionment agreements between multiple fire departments in a single municipality, and expands fire department definition to include joint powers entities and special taxing districts, requiring these entities to file agreements, resolutions, and service area definitions with the department for determination of state aid. Requires PERA to certify the active number of volunteer firefighters when certifying fire department changes due to transferred coverage or terminated participation. Specifies that state aid must be withheld if a financial compliance report is not received.

### TAXES – Cannabis

#### **HF 3162 (Freiberg, DFL, Golden Valley, 4176)**

Authorizes compacts to be negotiated with each tribal nation for operation of medical cannabis programs. Specifies that all taxes, fees, and other charges related to medical cannabis are negotiated as part of a compact.

### TAXES – Corporate & Individual Income

#### **HF 2709 (Wazlawik, DFL, White Bear Twp, 3018)**

Establishes a corporate and individual income tax subtraction for health care providers receiving federal funding from the Public Health and Social Services Emergency Fund related to COVID-19 under the CARES Act. Any amount received is a subtraction. Effective retroactively beginning in tax year 2019.

*The federal government's Provider Relief Fund reimburses eligible health care providers for health care-related expenses or lost revenues that are attributable to the COVID-19 pandemic. But unlike the PPP, a health care provider that receives a payment from the Provider Relief Fund cannot exclude this payment from gross income. This proposal appears to be an attempt to mimic PPP treatment at the state level which can be interpreted either as an overdue equity correction or an extension of poorly targeted policy resulting in a special tax break on positive taxable income earned during a pandemic. (For information on the latter perspective see: "The \$800 Billion Paycheck Protection Program: Where Did the Money Go and Why Did it Go There? NBER Working Paper 29669, January 2022).*

**HF 2850 (Mortensen, R, Shakopee, 8872)**

Repeals corporate and individual income taxes. Phase-out begins in tax year 2023 with a reduction to 80%, followed by reductions to 60-40-20% from tax years 2024-2026. Full repeal in tax year 2027.

*We call these “CLBs” – Campaign Literature Bills*

**HF 2853 (Davids, R, Preston, 9278)**

Allows a 10% credit against FICA taxes imposed on employers, multiplied by either 1.) a factor that represents a taxpayer’s share of the employer’s assets; or 2.) however executed in organizational documents. The credit may not exceed the sum of the liability (not refundable).

*The income tax credit would go to employees receiving wages from an employer in which the employee has an ownership interest.*

**HF 2869 (Wazlawik, DFL, White Bear Twp, 3018)****SF 2923 (Chamberlain, R, Lino Lakes, 1253)**

Similar to HF 2709. Establishes a corporate and individual income tax subtraction for health care providers receiving federal funding from the Public Health and Social Services Emergency Fund related to COVID-19 under the CARES Act. Any amount received is a subtraction. Effective retroactively beginning in tax year 2019. Providers with revenues under \$3 million receive a 100% subtraction; providers with revenues over \$3 million have the percent reduced by 1% for each \$5,000 in gross revenue above \$3 million.

**HF 3082 (Davids, R, Preston, 9278)****SF 2958 (Rest, DFL, New Hope, 2889)**

Repeals the corporate alternative minimum tax. Effective for tax year 2022 income, stock losses, and delinquencies.

*When the TCJA eliminated the federal AMT, it eliminated the basis for Minnesota’s tax. As a result, it is not practical for Minnesota to continue requiring the complex calculations necessary for this tax. Repeal is prudent but has no political constituency outside of corporate tax departments and DOR employees.*

**HF 3316 (Robbins, R, Maple Grove, 7806)****SF 2970 (Coleman, R, Chanhassen, 4837)**

Allows a simplified research tax credit as an alternative to the apportionment formula in existing law, which is calculated annually. The alternative credit is based on 50% of average qualified research expenses for the three preceding years.

**TAXES – Estate****HF 2972 (Hertaus, R, Greenfield, 9188)****SF 2763 (Osmek, R, Mound, 1282)**

Conforms the state estate tax to the federal exclusion amounts of \$12.06 million for an individual and \$24.12 million for a married

couple in tax year 2022. Minnesota’s deduction amount is \$3 million per decedent.

**HF 2973 (Hertaus, R, Greenfield, 9188)****SF 2754 (Osmek, R, Mound, 1282)**

Repeals the estate tax and directs the commissioner or revenue to make conforming changes.

**TAXES – Excise, Mortgage, Deed & TIF****HF 2880 (Hausman, DFL, St. Paul, 3824)**

Imposes an excise tax on corporate buyers of residential property. Extends mortgage and deed tax authority to housing and redevelopment authorities (HRAs) and economic development authorities (EDAs). Establishes the Greater Minnesota Housing Infrastructure Grant Program, through DEED, and the Housing Cost Reduction Incentive Program, through MHFA, to administer grants up to 50% of the capital costs of public infrastructure, or 50% of impact fees, for low-income housing and eligible workforce housing. Excise taxes apply to partnerships, corporations, and LLCs and are tiered with open percentages based on selling prices 1.) up to \$200,000; 2.) \$200k - \$350K; 3.) \$350k - \$500k; and 4.) over \$500,000. Allows tax increment financing (TIF) transfers to affordable housing trust funds. Taxation levels granted to HRAs and EDAs are:

- mortgage registry taxes at 0.0001% of secured debt, and
- deed taxes – when net consideration exceeds \$3,000 (and is subject to the 0.033% deed tax) at the time of sale or transfer – at 0.0001% of net consideration.

For DEED funding, maximum grants are \$30,000 per lot for 1-4 units – including single-family homes – and \$60,000 per lot for more than four-unit buildings. Grants per city are capped at \$500,000 over two years. Authorizes excise taxes to fund housing that is affordable to households with incomes at 50% or below of area median incomes. County treasurers retain 3% of funds collected as general revenue. MHFA funds are directed to cities and counties. New construction must be at 80% or below of area median income for multi-family housing and 115% of area median for single-family, owner-occupied housing. Workforce housing is added to the definition of eligible projects for HRAs. Allows city ordinances to require property owners to provide relocation assistance for tenants of affordable housing upon sale for a variety of reasons. Includes appropriations of:

- \$100 million: MHFA Public Housing Rehabilitation
- \$50 million: MHFA Naturally Occurring Affordable Housing (NOAH)
- \$22.4 million: MHFA Challenge Program
- \$10 million: MHFA Housing Trust Fund Grants
- \$5 million: MHFA Housing Infrastructure Pilot Program
- \$2.5 million: DEED Housing Infrastructure Grant Program

**TAXES – Gambling****HF 2917 (Hansen, R., DFL, South St. Paul, 6828)****SF 2766 (Ruud, R, Breezy Point, 4913)**

Increases the dedicated percent of state lottery in lieu of sales tax payments from 72.43% to 97%. The dedication under existing law is: 50% to heritage enhancement account in the game and fish fund; 45% to the natural resources fund for state parks and trails, half of which must be spent on metropolitan park and trail grants; 3% to local trail grants; and 2% to the Minnesota Zoo, the Como Park Zoo and Conservatory, and the Duluth Zoo.

**TAXES – Individual Income****HF 2765 (Stephenson, DFL, Coon Rapids, 5513)****SF 3009 (McEwen, DFL, Duluth, 4188)**

Provides a temporary subtraction for unemployment benefits for tax years 2021 and 2022, limited to \$10,200 per taxpayer. Joint filers can subtract up to \$10,200 per spouse based on unemployment benefits each received individually. When gross income exceeds \$75,000 (\$150,000 MJF), the subtraction is reduced by 5% of excess income.

**HF 2788 (Lislegard, DFL, Aurora, 0170)****SF 2838 (Bakk, I, Cook, 8881)**

Allows an unlimited income tax subtraction for social security income. Identical bills include:

- HF 2799 (Hertaus, R, Greenfield, 9188); SF 2757 (Osmek, R, Mound, 1282)
- HF 2999 (O'Driscoll, R, Sartell, 7808); SF 2592 (Howe, R, Rockville, 2084)
- SF 2637 (Nelson, C., R, Rochester, 4848)
- SF 2671 (Limmer, R, Maple Grove, 2159)
- SF 2825 (Newton, DFL, Coon Rapids, 2556)

*This issue, a primary policy objective of Senate and House Republicans (and some Democrats), will be getting a lot of attention this year. However, the policy rationale doesn't match its political popularity. Horizontal equity issues created by this proposal never get enough attention. And despite claims to the contrary, taxing Social Security is not double taxation. Congress tackled this issue in 1993 when Social Security's actuaries determined that exempting 15% of benefits from taxation would address this very problem. In fact, that 15% estimate errs on the side of being a generous exemption for the vast majority of SS recipients. See our [January /February 2020 Fiscal Focus article](#) for a full discussion of the arguments and counterarguments.*

**HF 2793 (Urdahl, R, Grove City, 4344)**

Conforms Minnesota to federal rules for the Shuttered Venue Operators grant program (SVOG). Identical bills include:

- HF 2890 (Bahner, DFL, Maple Grove, 5502)
- SF 2865 (Housley, R, St. Mary's Point, 4351)

**HF 2852 (Davids, R, Preston, 9278)**

Employer student loan payments are a subtraction up to \$5,250 or \$10,500 for a joint return.

**HF 2866 (Mortensen, R, Shakopee, 8872)**

Allows a subtraction for all overtime pay in excess of maximum work weeks in state and federal law (MN maximum is 48 hours per week).

**HF 2868 (Mortensen, R, Shakopee, 8872)**

Exempts income earned by individuals under 18 years of age from the income tax.

**HF 2951 (Klevorn, DFL, Plymouth, 5511)****SF 2697 (Johnson Stewart, DFL, Wayzata, 9261)**

Adds special education as a master's degree program eligible for an income tax credit. Defines special education as directly related to licensure in developmental disabilities, early childhood special education, emotional/behavioral disorders, autism spectrum disorders, or learning disabilities.

**HF 2968 (Hertaus, R, Greenfield, 9188)****SF 2758 (Osmek, R, Mound, 1282)**

Lowers income tax rates for individuals, estates, and trusts:

- From 5.35% to 4% for income up to \$41,050
- From 6.8% to 5% for income above \$41,050 up to \$163,060
- From 7.85% to 6% for income above \$163,060 up to \$284,810
- From 9.85% to 7% for income above \$284,810

Similar reductions for joint filers and head of household.

*Besides lowering the rates this proposal significantly alters tax brackets, exposing more income to lower rates.*

**HF 2983 (Quam, R, Byron, 9236)**

Provides a temporary tax credit to landlords for unpaid rent during an eviction moratorium related to COVID-19. The credit equals 65% of rent not paid and is refundable (may exceed the tax liability). Includes partnerships and multiple owners as eligible for the credit. Specifies the refundable credit as general fund spending unless the MMB commissioner determines it is an eligible use of federal recovery funds.

**HF 3054 (Keeler, DFL, Moorhead, 5515)****SF 2565 (Eken, DFL, Twin Valley, 3205)**

Modifies the definition of the income tax subtraction for National Guard and reserve compensation to include bordering states whenever called upon in aid of state civil authority.

**HF 3072 (Her, DFL, St. Paul, 8799)****SF 3028 (Murphy, E., St. Paul, 5931)**

Increases the maximum student loan credit and makes it refundable. Changes the thresholds by which the credit is allowed – ranked by the lesser of – in the following ways: increases gross income threshold from \$10,000 to \$50,000 after which the credit

is reduced 10% of the excess income; 17% of taxable income; or the sum of the interest portion of the loan, 10% of the original loan, or \$5,000.

**HF 3096 (Ecklund, DFL, International Falls, 2190)****SF 2639 (Howe, R, Rockville, 2084)**

Provides a full subtraction of taxable social security benefits for veterans and their spouses. Maximum subtraction under existing law is:

- \$5,150 for joint filers, reduced by 20% of provisional income over \$78,180
- \$4,020 for head-of-household filers, reduced by 20% of provisional income over \$61,080

**HF 3283 (Kotzya-Witthuhn, DFL, Eden Prairie, 7449)**

Restructures the state dependent care credit into a refundable income tax credit with maximum thresholds based on the number of children under 13 years old and/or disabled family members. The credit is based on 50% of employment-related dependent care expenses. Credit limits are: one dependent/\$3,000; two or more dependents/\$6,000. Increases the credit for children under 5 to: one young child/\$10,000; two young children/\$20,000; three or more young children/\$25,000. Begins credit reduction when income exceeds \$125,000, whereby it is reduced by 1% for each \$2,000 until it is lowered to a 20% credit (at \$185,000 AGI). Begins phase-out when income exceeds \$400,000 – reduced again by 1% per \$2,000 of income until it is 0% at \$440,000 income. Children under 6 qualify for the credit when cared for at a licensed family day care operated by their parents.

**HF 3314 (Davnice, DFL, Minneapolis, 0173)****SF 2982 (Dziedzic, DFL, Minneapolis, 7809)**

Provides a temporary income tax subtraction for unemployment compensation for tax year 2021. The subtraction is limited to \$10,200 per individual taxpayer with adjusted gross income under \$150,000. In a joint return, the subtraction is limited to \$10,200 for each spouse.

**SF 2700 (Cwodzinski, DFL, Eden Prairie, 1314)**

Changes the definition for a master's degree income tax credit by replacing "teacher's licensure field" with "qualified subject area" and adding special education to the qualified subject area definition.

**SF 2728 (Chamberlain, R, Lino Lakes, 1253)**

Eliminates income taxes on the first tier and retains rates on the second, third, and fourth tiers. No Minnesota income tax would be paid on:

- income under \$41,050 for joint filers and surviving spouses;
- income under \$34,570 for heads of households; and
- income under \$28,080 for single filers.

*Based on the latest available DOR estimates of rate change impacts, income tax revenue collections would decline by about \$3.58 billion per year.*

**SF 2743 (Isaacson, DFL, Shoreview, 5537)**

Reduces the first tier of income rates from 5.35% to 4.10% for all filers.

*Based on the latest available DOR estimates of rate change impacts, income tax revenue collections would decline by about \$837 million per year.*

**SF 2805 (Senjem, R, Rochester, 3903)**

Phases in a full subtraction of Social Security income and raises the maximum subtraction and provisional income thresholds. Beginning in tax year 2022, the subtraction reaches 100% in tax year 2028. Thresholds are increased the following ways:

- For joint filers, the maximum subtraction is increased from \$5,150 to \$5,450 and the income threshold for credit reduction is increased from \$78,180 to \$82,770
- For single and head-of-household, the maximum subtraction is increased from \$4,020 to \$4,260 and the income threshold is increased from \$61,080 to \$64,670

**SF 2977 (Rest, DFL, New Hope, 2889)**

Increases the maximum allowable expense for the education credit from \$200 to \$300 and adds monthly Internet charges to eligible expenses. Increases the maximum income threshold from \$33,500 to \$70,000.

**TAXES – Liquor****HF 2675 (Kotzya-Witthuhn, DFL, Eden Prairie, 7449)**

Requires wineries that do not have a nexus in Minnesota, but ship directly to Minnesota purchasers, to pay the Minnesota liquor gross receipts tax. Provides additional regulation of direct shippers of wine.

**TAXES – Property: Aids, Credits, Refunds****HF 2810 (Swedzinski, R, Ghent, 5374)****SF 2788 (Dahms, R, Redwood Falls, 8138)**

Provides LGA aid penalty forgiveness to the city of Echo. Requires state payment of \$46,060 to Echo by June 30, 2022.

**HF 2865 (Dettmer, R, Forest Lake, 4124)****SF 2681 (Lang, R, Olivia, 4918)**

Extends the deadline for the spouse of a disabled veteran to file for a homestead market value exclusion. Current law requires the application within two years or by June 1, 2019, which would be extended to December 31, 2023. Also allows a qualifying spouse who was previously denied to apply again by December 31, 2023. HF 3066 (Lislegard, DFL, Aurora, 0170) is an identical bill.

**HF 2928 (Marquart, DFL, Dilworth, 6829)**

Enhances the voluntary local performance measurement program administered by the Office of the State Auditor through a permanent aid program to compensate participating local governments. Specifies duties of the State Auditor and local governments, including requirements for program performance measures and citizen workshops regarding performance measures and budgets. Requires certification for aid calculations as follows:

- Counties up to 10,000 in population receive aid of \$10 per capita, not less than \$50,000

- Counties above 10,000 in population receive \$100,000 plus \$2 per capita over 10,000 with a maximum of \$250,000
- Cities up to 2,000 population receive aid of \$20 per capita
- Cities above 2,000 population receive \$40,000 plus \$2 per capita over 2,000 with a maximum of \$200,000

Repeals existing local performance measurement program law.

**HF 2929 (Marquart, DFL, Dilworth, 6829)**

**SF 2759 (Eken, DFL, Twin Valley, 3205)**

Increases the agricultural credit amount for school building bonds from 70% to 100% for TY 2023.

**HF 2995 (Bahr, R, East Bethel, 2439)**

Reduces Minneapolis LGA by \$484,650 for an unspecified reimbursement of the same amount to Anoka County through county program aid.

**HF 3052 (Hansen, R., DFL, South St. Paul, 6828)**

**SF 2942 (Klein, DFL, Mendota Heights, 4370)**

Increases LGA to the city of West St. Paul by \$3.77 million for aids payable in 2023 only.

**HF 3073 (Ecklund, DFL, International Falls, 2190)**

**SF 2793 (Bakk, I, Cook, 8881)**

Increases the payment in lieu of property taxes for state- and county-owned land from \$2 to \$3 multiplied by the number of acres. Establishes additional in lieu payment based on the percentage of public natural resources land in the county. If the county has more than 25% of total acreage eligible for payment in lieu, an additional \$0.18 is added per acre; if less than 25% of total acreage, and additional \$0.08 is added per acre. Requires the Department of Revenue, in consultation with the DNR and counties, to produce a study of state-owned lakeshore property focusing on assessed value.

**SF 2680 (Lang, R, Olivia, 4918)**

Allows a previously denied spouse of a disabled veteran to reapply for a homestead market value exclusion within two years of a determination by the U.S. Department of veterans Affairs, or by December 31, 2023, whichever is later. Language is identical to a provision in HF2865/SF2681.

**SF 2868 (Goggin, R, Red Wing, 5612)**

Establishes a tax credit for agricultural landowners who establish and maintain a riparian buffer that reduces pollution from runoff, prevents soil erosion, and maintains or provides riparian corridors. Riparian buffers are currently required under state law for all lands except for land used for agricultural cultivation where landowners “may” establish buffers that include additional options, such as development of holding ponds if needed. To receive the credit, eligible land must be certified by the local water and soil conservation district in accordance with state standards. The credit is equal to the amount of property tax attributable to the portion of the property. Includes a state appropriation to offset the lost property tax revenue to local governments – school funding is

handled through the department of education and all other local governments through the department of revenue.

*Since this fundamental water quality effort remains optional for agricultural land, our take is this credit could significantly increase the acreage meeting state standards to improve water quality. Without research into how prevalent state standards are currently met on an optional basis, we can't be sure, but annual certification would clearly establish the data beyond surveys which are the probable current measure.*

**SF 2929 (Klein, DFL, Mendota Heights, 4370)**

Increases the special property tax refund, which is based on how much a homeowner's property taxes increase from year to year. The percentage increase necessary is reduced from 12% to 10%, while the dollar threshold remains at \$100. The maximum refund is increased from \$1,000 to \$2,000.

*A trifecta of rapidly escalating home valuations, COVID induced commercial assessment declines, and in many cases, local levy increases that seem bulletproof to the generosity of Uncle Sam, can be expected to make this refund program quite popular. this year.*

**SF 3069 (Mathews, R, Milaca, 8075)**

Reimburses Mille Lacs County for lost property tax revenue from property placed in trust by the Bureau of Indian Affairs in the U.S. Interior Department from January 1, 2009, to June 30, 2021. Amounts certified by the county auditor will be reimbursed in full the first five years. For each year after, 20% of the first-year amount will be subtracted from the previous year's amount.

**TAXES – Property (w/o Aids, Credits, Refunds, or TIF)**

**HF 2800 (Hertaus, R, Greenfield, 9188)**

**SF 2674 (Osmek, R, Mound, 1282)**

Allows county boards, by resolution, to set lower interest rates on delinquent property taxes than current state law.

**HF 2967 (Hertaus, R, Greenfield, 9188)**

**SF 2756 (Osmek, R, Mound, 1282)**

Repeals the state general property tax. Retroactive to tax year 2022 and specifies refunds.

*The state general property tax is in a state of limbo, and Minnesota is a national outlier with a tax levied at the state level that goes undedicated to general fund operations. The policy question is whether the modicum of stability the tax introduces into the general fund now is worth the intrusion into local government's primary base of own source revenue, and whether more state revenue stability from the tax would come with too much risk for local finance.*

**HF 2985 (Hertaus, R, Greenfield, 9188)**

**SF 2755 (Osmek, R, Mound, 1282)**

Repeals the state general property tax with one year of phase-out. The tax is calculated at 50% for the current 2022 tax year, requiring refunds to be calculated by county auditors. The tax is repealed for tax year 2023.

**HF 3026 (Boldon, DFL, Rochester, 9249)**

Allows Rochester to establish by ordinance a park dedication fee or a dedication of land for construction of new residential developments that create a proportional impact on existing park and open space. Allows for exemption of senior and affordable housing. Specifies the fee can be based on current land prices or a flat fee per net new dwelling with a rough proportionality to need created. Provides a sliding fee for new housing units eligible for low-income housing tax credits as part of a TIF redevelopment or housing district. If the household income range is:

- 50% of area median income, the reduction from the standard fee is 50%;
- 40% of area median income; the reduction is 75%; and
- 30% or less of area median income, the reduction is 100%.

The dedication fee must be spent within 6 years or specified refunds are provided.

**HF 3029 (Torkelson, R, Hanska, 9303)****SF 3046 (Eaton, DFL, Brooklyn Center, 8869)**

Increases the maximum amount of a watershed district general fund tax levy from \$250,000 to \$500,000.

**HF 3042 (Davnice, DFL, Minneapolis, 0173)**

Allows for business owners to file a petition to establish a tourism improvement special taxing district that will have authority to apply service charges to businesses in the district. The petition must request a public hearing. Impacted businesses in the proposed district can file an objection and veto formation of the district. If a tourism district is established by ordinance, businesses in the district must form a tourism improvement association with a governing board composed of a majority of business owners in the district. The ordinance must include:

- district boundaries;
- the association name designated to administer the district;
- description of the class or type of business included;
- a list of proposed activities and improvements; and
- the rate, method, and basis of the service charge for the district.

Service charges may be collected by the municipality, the tourism improvement association, or other designated entity. The service charges must be based on a percent of gross business revenue, a fixed dollar amount per transaction, or any other reasonable method based upon benefit and approved by the municipality. The municipality may impose service charges to finance an activity or improvement provided from its general fund if it provides an increased level of service in the district. Includes procedures for establishment and dissolution of districts, veto powers, and refunds to business owners.

**TAXES – Tax Increment Financing****HF 2700 (Sandell, DFL, Woodbury, 1147)****SF 2976 (Kent, DFL, Woodbury, 4166)**

Extends the duration of TIF District No. 13 in Woodbury by 5 years, and allows increment to be spent for upgrades to Central Park. HF 2718 (Sandell) is an identical bill.

**HF 2775 (Klevorn, DFL, Plymouth, 5511)****SF 2696 (Johnson Stewart, DFL, Minnetonka, 9261)**

Establishes a TIF district in Plymouth with the following special rules: The five-year rule is extended to 10 years; increments may be spent outside the district on improvements to Hennepin County Road 47; the district is treated as a redevelopment district under state law; and is exempt from redevelopment district law that requires 90% of increment to be spent within the district.

**TAXES – Sales****HF 2705 (Sandell, DFL, Woodbury, 1147)**

Exempts secure firearm storage units from the sales tax as part of the Firearm Safety Act, which establishes a number of regulations regarding firearm and ammunition manufacture, ownership, possession, and transfer.

**HF 3104 (Lislegard, DFL, Aurora, 0170)****SF 2936 (Dahms, R, Redwood Falls, 8138)**

Expands the sales tax exemption for county agricultural societies from sales at a county fair to include sales prior to a county fair. Removes the requirement that the agricultural society transfer tax savings to the owner of the fairgrounds.

**HF 3150 (Swedzinski, R, Ghent, 5374)**

Increases motor vehicle sales tax revenues to the general fund by adding replacement parts to the definition. The existing monthly deposit amount in the general fund is increased from \$2.6 million to \$27.7 million for FY 2023 and is then subject to estimate going forward.

**HF 3167 (Koegel, DFL, Spring Lake Park, 5369)****SF 2849 (Newton, DFL, Coon Rapids, 2556)**

Dedicates sales tax revenues from purchases at the National Sports Center in Blaine to establish a special revenue fund to support promotion and development of amateur sports.

**HF 3305 (Edelson, DFL, Edina, 4363)**

Provides a temporary exemption from the sales tax for disposable face coverings sold for public consumption and designed to protect from infectious disease from June 30, 2022 to July 1, 2024.

**HF 3307 (Nelson, N., R, Hinckley, 0518)**

Adds fencing material to the existing sales tax exemption for farm machinery.

**HF 3309 (Demuth, R, Cold Spring, 4373)****SF3018 (Howe, R, Rockville, 2084)**

Exempts diagnostic testing kits and equipment that are not already exempt from the sales tax. Refers specifically to tests available for single retail purchase and does not include tests for the purposes of DNA analysis.

**SF 2879 (Newton, DFL, Coon Rapids, 2556)**

Provides a sales tax exemption and a number of fee exemptions for disabled veterans with a total service-connected disability (100% from the U.S. Veterans Administration). Exemptions include vehicle registration taxes, license plate fees, title fees, driver's license and ID card fees, and motor vehicle sales taxes.

**SF 3081 (Newman, R, Hutchinson, 4131)**

Allocates 100% of motor vehicle repair and replacement parts to road funding (the highway user tax distribution fund). Current allocation is \$12.1 million per month.

**TAXES – Sales: Local****HF 2702 (Edelson, DFL, Edina, 4363)****SF 2901 (Lopez Franzen, DFL, Edina, 6238)**

Increases the overall revenue collected from the already authorized 0.5% local sales tax from \$39.3 million to \$71 million for the Braemer Park project.

**HF 2756 (Drazkowski, R, Mazeppa, 2273)****SF 2887 (Goggin, R, Red Wing, 5612)**

Extends the sales tax exemption for construction materials related to the 2018 Mazeppa fire from January 1, 2022 to January 1, 2024.

**HF 2786 (Lislegard, DFL, Aurora, 0170)**

Provides refundable sales tax exemptions for school buildings in the following school districts: Duluth, Ely, Hibbing, and Rock Ridge (Virginia). Requires the state to reimburse retroactively for sales tax already paid.

**HF 2923 (Pelowski, DFL, Winona, 8637)****SF 2833 (Miller, J., R, Winona, 5649)**

Authorizes a local sales tax in Winona County at 0.25% to provide \$28 million in funding for upgrades and new construction of correctional facilities. Requires voter approval at a general election.

**HF 3074 (Ecklund, DFL, International Falls, 2190)****SF 2708 (Bakk, I, Cook, 8881)**

Removes authority for the Cook County 3% admissions and recreation tax, which was established to fund a new event and visitors bureau. A 1% lodging tax remains in place for that purpose.

**HF 3107 (Igo, R, Grand Rapids, 4936)**

Increases the revenue collected from the existing 0.5% local sales tax from \$5.98 million to \$10.6 million and extends the years where the tax is in effect from 7 to 12 years. The tax is to fund reconstruction and upgrades to the Grand Rapids IRA Civic Center.

**HF 3194 (Becker-Finn, DFL, Roseville, 7153)**

Authorizes a local sales tax in Roseville at 0.5% to provide \$65 million for a new maintenance center, a new license and passport center, and a pedestrian bridge.

**COVID – General****HF 3007 (Winkler, DFL, Golden Valley, 7026)**

Provides payments to frontline workers during the peacetime emergency declared in Executive order 20-01, which was in effect

from March 15, 2020 to June 30, 2021. Frontline workers are defined as: 1.) employed for at least 120 hours during the emergency; 2.) not able to telework due to the nature of their job; 3.) worked in close proximity to people outside their household; 4.) did not collect unemployment benefits for more than 20 weeks during the emergency; and 5.) must have income lower than: a.) \$250,000 for joint filers and \$150,000 for others with direct COVID-19 care responsibilities, or b.) \$185,000 for joint filers and \$85,000 for others. Eligible workers are in the following sectors:

- Long-term care and home care
- Health care, excluding physicians
- Emergency responders
- Public health, social service, and regulatory service
- Courts and corrections
- Child care
- Public schools (including charter schools and higher education)
- Food service
- Retail (sales, fulfillment, distribution, and delivery)
- Temporary shelters and hotels
- Building services (maintenance, janitorial, and security)
- Public transit
- Transportation services (ground and air)
- Manufacturing
- Vocational rehabilitation

Workers must apply to receive the payment. Specifies eligibility and notification requirements, data practices, and that payments are not considered income. Appropriates \$1 billion for FY 2022 with \$4.75 million for administrative costs to the following departments: Revenue, Labor & Industry, and DEED.

Replenishes the Unemployment Insurance Trust Fund with a \$2.73 billion state general fund appropriation for FY 2022. Sets the base tax rate for employers at one-tenth of 1% and sets all additional assessment levels at zero unless the DEED and MMB determine a special assessment rate for CY 2022 by April 1, 2022.

Creates the Family and Medical Benefit Insurance Program in DEED to administer a comprehensive family and medical leave law. Funds the program with employer premiums beginning in CY 2023. Premium rates are initially 0.6% of wages up to the same level as FICA earnings (\$147,000 in 2022) if the employer participates in both family and medical leave programs. If the employer has an approved private plan for family benefits, the premium rate is 0.486% of earnings for the medical leave benefits. Specifies that DEED may use up to 7% of collections for administration and beginning in 2023 must use at least 0.5% of revenue for public outreach. Any amounts due from an applicant or employer is subject to liens and levies on real and personal property, up to and including seizure of property. Civil actions are also authorized. Includes small business assistance grants for employers with 50 or fewer employees if a temporary worker need be employed for 7 days, or for other significant additional wage-

related costs. Appropriates \$11.2 million to DEED for FY 2023 benefits implementation and administration, and sets the base amount for \$77.8 million in FY 2024 and FY 2025.

### **COVID – Frontline Workers**

**HF 2900 (Frazier, DFL, New Hope, 4255)**

**SF 2650 (Murphy, E., St. Paul, 5931)**

Provides payments to frontline workers during the 2020-2021 peacetime emergency. Identical to article 1 (paragraph 1 in the summary) in HF 3007, except the appropriations are open.

**HF 3008 (Frazier, DFL, New Hope, 4255)**

Provides payments to frontline workers during the 2020-2021 peacetime emergency. Identical to article 1 in HF 3007, including the appropriations.

### **COVID – State Grants**

**HF 3173 (Hollins, DFL, St. Paul, 4224)**

Appropriates \$30 million from the federal coronavirus relief fund to DEED for grants to nonprofits experiencing financial hardship from COVID-19. If the grants are considered ineligible for federal funds, the appropriation is from the state general fund. Fifty percent of the grants must go to nonprofits serving underserved communities. Fifty percent of grants must be distributed outside the seven-county metro area. DEED may retain up to 3% for administrative costs.

**SF 2943 (Johnson, M., R, East Grand Forks, 5782)**

Appropriates \$25 million from the state general fund to DEED for restaurants, bars, breweries, or other entertainment venues serving food or beverages to relocate outside Minneapolis and St. Paul if they experienced an overall decline in sales of 30% or more between 2019 and 2020. In addition, the business must have been directly impacted by emergency executive orders or regulations imposing COVID-19 vaccine and testing requirements and be owned by a Minnesota resident. Priority shall be given to businesses in high-crime areas within Minneapolis and St. Paul. \$5 million is designated for grants to minority business enterprises.

### **COVID – Unemployment Insurance**

**HF 2728 (Haley, R, Red Wing, 8635)**

**SF 2665 (Draheim, R, Madison Lake, 5558)**

Sets the base tax rate for employers at one-tenth of 1%. Specifies that CY 2022 and CY 2023 unemployment benefits paid as a direct or indirect result of COVID-19 must not be used in the experience rating computation. Replenishes the Unemployment Insurance Trust Fund with \$750 million from the federal American Rescue Plan Act of 2021. An additional \$1.98 billion from the state general fund in FY 2022.

*Why the tab is split this way between ARPA and general fund dollars is not clear, but we would guess it may have something to do with federal fund maximization strategies.*

**HF 2843 (Quam, R, Byron, 9236)**

Establishes that an individual discharged from employment for refusing a COVID-19 vaccination is not disqualified from

receiving unemployment benefits. Retroactive to December 13, 2020. Requires employers to waive a vaccine requirement if the employee requests a waiver and provides a physician statement that the employee has recovered from COVID-19.

**HF 2971 (Hertaus, R, Greenfield, 9188)**

**SF 2765 (Osmek, R, Mound, 1282)**

Replenishes the Unemployment Insurance Trust Fund with \$1.13 billion from the federal American Rescue Plan Act of 2021 in the event the federal government does not forgive the amounts borrowed by the state during the COVID-19 pandemic.

**HF 3000 (Kotzya-Witthuhn, DFL, Eden Prairie, 7449)**

Replenishes the Unemployment Insurance Trust Fund in an identical manner as article 2 of HF 3007. Specifies that school workers in positions where no professional educator or administrator license is required are also exempt from the requirement that wage credits may not be used for unemployment benefits.

**HF 3166 (Pelowski, DFL, Winona, 8637)**

**SF 2677 (Pratt, R, Prior Lake, 4123)**

Replenishes the Unemployment Insurance Trust Fund with open appropriations from “to be determined” amounts of federal recovery funds for the state and the state general fund. Requires repayment of the trust fund within 10 days of enactment. Rescinds any additional assessments, special assessments, or base tax rate increases for the Unemployment Insurance Trust Fund.

**HF 3238 (Noor, DFL, Minneapolis, 4257)**

Replenishes the Unemployment Trust Fund with \$1.15 billion for FY 2022 from the state fiscal recovery fund. Sets the unemployment base rate at four-tenths of 1% for CY 2022. Requires DEED to credit any taxpayer who paid more than four-tenths in 2022 or paid any additional or special rates (which are set to zero for 2022).

**SF 3080 (Putnam, DFL, St. Cloud, 6455)**

Replenishes the Unemployment Trust Fund with a \$2.73 billion appropriation from the state general fund in FY 2022. Sets the base tax rate at one-tenth of 1% for 2022 and 2023.

### **COVID – Workers’ Compensation**

**HF 2656 (Wolgamott, DFL, St. Cloud, 6612)**

**SF 2633 (Howe, R, Rockville, 2084)**

Extends the sunset for claims based on COVID-19 from December 31, 2021 to May 31, 2023. Retroactive to January 1, 2022.

**HF 3165 (Wolgamott, DFL, St. Cloud, 6612)**

**SF 2955 (Isaacson, DFL, Shoreview, 5537)**

Creates a workers’ compensation COVID-19 presumption reimbursement fund to cover the period January 1, 2022 through February 2, 2022 before the signing of HF 1203 into law on February 3, 2022. This fills a gap from the law passed in 2020 (Chapter 72) which defines how COVID-19 is handled under workers’ compensation law. Employees with a claim must submit to the Department of Labor and Industry for reimbursement on a first-come, first-serve basis through December 31, 2022.

**STATE & LOCAL GOVT – Admin & General****HF 2683 (Drazkowski, R, Mazeppa, 2273)**

Requires registered lobbyists to file economic interest statements under the law that applies to public officials.

**HF 2729 (Jordan, DFL, Minneapolis, 4219)**

Permits legislative employees to elect representatives and bargain collectively as to terms of employment. Includes employees of all legislative entities. Excludes pages and interns; temporary employees; managerial employees; confidential employees; and supervisory employees.

**HF 2747 (Klevorn, DFL, Plymouth, 5511)**

Expands the ban on lobbyist contributions to legislative or constitutional office candidates during the legislative session to all year, if the contribution is in exchange for access to informal meeting places during the session that are not freely available to members of the public. Includes the same definitions for the year-round ban as existing law: the candidate's principal campaign committee and political party-organized units may also not solicit or accept contributions from registered lobbyists, political committees, political funds, or associations not registered with the Campaign Finance and Disclosure Board.

**HF 2851 (Mortensen, R, Shakopee, 8872)**

Prohibits the Department of Administration from closure of the Capitol and legislative offices during regular business hours whenever the Department of Revenue engages in activity necessary to collect a tax mandated by state law. Excludes emergency orders under chapter 12 of state law.

**HF 2894 (Huot, DFL, Rosemount, 4306)****SF 2616 (Duckworth, R, Lakeville, 7633)**

Allows counties to establish subordinate service districts within the metropolitan area and within cities of the first class. Current law allows such districts in the rest of the state.

**HF 2912 (Huot, DFL, Rosemount, 4306)**

Repeals the automatic revocation of CPA certificates when a person fails to renew a certificate for more than two years, and has not reported required experience to the State Board of Accountancy.

**HF 3011 (Heinrich, R, Anoka, 1729)**

Requires legislative approval to extend a peacetime emergency for more than 30 days. Specifies that the governor must give the legislature three days notice if the bodies are not in session, and that the governor shall not allow expiration simply to declare a new emergency. Specifies that the governor is not required to make an additional emergency declaration for a different event unless the purpose is to receive federal aid.

**HF 3025 (Heinrich, R, Anoka, 1729)****SF 2738 (Abeler, R, Anoka, 3733)**

Requires legislative approval to extend a peacetime emergency for more than 30 days.

**HF 3053 (Jordan, DFL, Minneapolis, 4219)****SF 2980 (Dziedzic, DFL, Minneapolis, 7809)**

Decreases the threshold for required registration with the campaign finance board from \$750 to \$200 in contributions, received contributions, or expenditures by a political committee, fund, or campaign committee.

**HF 3087 (Nelson, M., DFL, Brooklyn Park, 3751)**

Expands the types of collateral the Executive Committee (made up of the five state constitutional officers) may approve to deposit state funds. Additions to the list include:

- U.S. treasury bills, notes, and bonds
- Recognized industry quotations of U.S. government agencies and instruments
- Any general obligation securities rated "A" or better from state or local government taxing authorities; revenue obligation securities must be rated "AA"
- General obligation securities of a local government pledged as collateral against funds deposited by the same entity.
- Irrevocable standby letters of credit issued by Federal Home Loan Bank accompanied by written evidence of an "AA" rating of the bank's public debt
- Time deposits insured by any federal agency

**HF 3091 (Nelson, M., DFL, Brooklyn Park, 3751)**

Exempts several types of state government capital improvements from the requirements of the Designer Selection Board in the Department of Administration. Exemptions include: demolition/decommissioning of state assets; hazardous materials abatement; parking lots/structures; utility infrastructure; security and building system upgrades, and modifications for those upgrades. Doubles the threshold needed to require a primary designer request to the Board from \$2 million to \$4 million for project costs and \$200,000 to \$400,000 for project fees. Begins automatic increases of the new threshold by the rate of inflation every 5 years starting in 2025.

**HF 3102 (Nash, R, Waconia, 4282)****SF 2818 (Kiffmeyer, R, Big Lake, 5655)**

Places specific parameters on who may perform legal services on behalf of the Office of the Attorney General. In addition to employees of the AG's office, employees of other Minnesota governments must be provided in law and federal government employees must be provided for in an agreement between the entity and the AG's office. Limits the sole source of compensation for performing legal services to state appropriations. When authorized by law to contract with other Minnesota government agencies to perform legal services, the sole consideration is specified as monetary and must be negotiated in an arm's length transaction.

*Without a better sense of how the Office of the Attorney General has operated over the decades, it's hard to say whether this represents a response to a legitimate concern, or is simply a straightforward legislative overreach into the operations of a constitutional office.*

**HF 3256 (Elkins, DFL, Bloomington, 7803)**

Authorizes impact fees and street improvement fees for new developments in the metropolitan area for local governments with sufficient comprehensive plans and street improvement plans. Specifies uses of impact fees and requirements for authorization, apportionment, and collection of street fees. Allows for more specific controls within comprehensive plans.

**HF 3258 (Hornstein, DFL, Minneapolis, 9281)**

Requires the State Board of Investment to divest from investments in fossil fuels. Requires annual reporting and specifies review process.

**HF 3282 (Rasmusson, R, Fergus Falls, 4946)**

Requires MMB to defease the tobacco bonds that are result of the 1990s settlement with the tobacco industry. Repeals the statutes governing the use of the tobacco settlement proceeds. Appropriates amount necessary to prepay \$357 million in principal and any interest in FY 2022.

**SF 3035 (Koran, R, North Branch, 5419)**

Limits the governor's powers in a peacetime emergency from requiring businesses to close or imposing penalties for free movement in the state or across borders. Prohibits student masking in public, charter, and private schools. Prohibits employers from requiring vaccination as a condition of employment and establishes a gross misdemeanor penalty. Prohibits businesses from vaccination or post-transmission recovery documentation for entry.

**STATE & LOCAL GOVT – Education****HF 2657 (Wolgamott, DFL, St. Cloud, 6612)**

Increases the cross-subsidy aid factor for special education from 6.43% in FY 2021-2022 to 100% in FY 2023. Includes an open appropriation to fully fund special education.

**HF 2751 (Youakim, DFL, Hopkins, 9889)**

Creates a special education legislative working group. Focuses on tuition billing practices for services to a disabled student by a nonresident school district, cooperative, or charter school. Membership is 8 members, evenly split between legislative body and political party. Specifies costs to be reviewed. Appointments by June 15, 2022; report by January 31, 2023.

**HF 2920 (Howard, DFL, Richfield, 7158)**

Increases the maximum a school board member can earn from a school district from \$8,000 to \$20,000 in a fiscal year.

**HF 2949 (Feist, DFL, New Brighton, 4331)**

Links the general education basic formula to the rate of inflation beginning in FY 2024. Maintains extended time revenue and local option revenue at current levels. Contains open appropriation to fund the increase.

**HF 3224 (Huot, DFL, Rosemount, 4306)**

Increases several state K-12 education aids, adds inflationary growth factors, and extends enhanced debt service equalization – currently used in just two school districts for natural disasters – to school districts that are consolidating. Eliminates the two tiers for calculating local optional revenue since the connection between

pre-2016 referendum authority and optional revenue has ended under current law. Increases are as follows:

- Local optional revenue from \$724 per pupil in FY 2022 to \$825 in FY 2023, and ties future changes to the changes in the general education basic formula. Local optional revenue totaled \$635 million in 2021 and is for school districts only.
- Long-term facilities maintenance revenue – which totaled \$62.7 million in 2021 general fund aid – is increased from \$380 per pupil in FY 2022 to \$500 in FY 2023 and ties future changes to the consumer price index. Charter school revenue is increased from \$132 per pupil to \$174 for FY 2023 and thereafter, since charters have no levy to equalize and the revenue comes entirely from state aid.
- Eliminates the \$567,000 in referendum market value per pupil for the referendum equalization levy and replaces it with 125% of the referendum market value for all school districts divided by the total number of pupils in all school districts. Referendum equalization was \$36.9 million in 2021.
- Debt service equalization – which totaled \$21.9 million in 2021 – is altered so that the first tier, which is all funded by local levy, equals the district's eligible debt service or 10% of the adjusted net tax capacity, whichever is less. Second tier revenue equals zero, or eligible debt service minus the district's first tier of equalization revenue, whichever is greater. Eliminates percentage thresholds of net tax capacity raised by a levy to determine second and third tiers of equalization revenue.

**HF 3232 (Marquart, DFL, Dilworth, 6829)**

Eliminates the average age of buildings index from the operating capital formula which is part of general education revenue estimated at \$216 million in 2022. Allows transfers of long-term facilities maintenance revenue to the reserve for operating capital.

**HF 3295 (Bernardy, DFL, New Brighton, 5510)**

Provides methodology for a more complete count of low-income students in each school building and requires the Department of Education to allow districts the opportunity to adjust the count of students eligible for compensatory aid. Includes open appropriation for additional aid.

**SF 2951 (Rest, DFL, New Hope, 2889)**

Increases the aid payment percentage from 90% to 95% for school district aids and credits when a forecasted surplus accelerates the schedule of payments to school districts. The aid payment schedule is the third priority use of the state surplus in current law – after the cash flow account and the budget reserve account.

**SF 2998 (Cwodzinski, DFL, Eden Prairie, 1314)**

Increases the basic education allowance from \$6,863 per pupil in FY 2023 to \$7,661. Ties the rate of increase to the consumer price index for FY 2024 and thereafter.

**STATE & LOCAL GOVT – Health & Human Services****HF 2773 (Liebling, DFL, Rochester, 0573)****SF 2985 (Hoffman, DFL, Champlin, 4154)**

Increases income limits that require a spenddown from 100% to 133% of the federal poverty level for those using medical assistance who are disabled or over 65.

**HF 2727 (Haley, R, Red Wing, 8635)**

Extends operation of the premium security plan to be administered by the Minnesota Comprehensive Health Association through the 2023 benefit year. Specifies a coinsurance rate of 75%, a reinsurance cap of \$250,000, and an attachment point of \$50,000. HF 3002 (Haley) is identical except the coinsurance rate is set at 80%.

**HF 2795 (Gruenhagen, R, Glencoe, 4229)**

Permits health care providers to provide public retail prices for individual items in bundled elective medical services. Specifies manner and process of itemized pricing. Prohibits health plans, systems, or facilities from retaliation against health care providers who provide itemized prices. Prohibits contracts that prevent health care providers from disclosing itemized prices.

**HF 2796 (Gruenhagen, R, Glencoe, 4229)**

Requires specific disclosure to enrollees of reimbursement methodologies that create a financial incentive to health care providers based on: volume of care or number of referrals; services to a specific patient population under a total cost of care or risk/gain sharing arrangement; or reimbursement based on provider tiering. Requires the description to explain how the methodology may limit or restrict the health care provided to enrollees.

**HF 2812 (Ecklund, DFL, International Falls, 2190)****SF 2704 (Bakk, I, Cook, 8881)**

Adds an exception to the hospital construction moratorium for a project with 25 or less beds, has an attached nursing home, and is designated as a critical access hospital.

**HF 3086 (Stephenson, DFL, Coon Rapids, 5513)****SF 2845 (Abeler, R, Anoka, 3733)**

Creates a new Department of Behavioral Health at the same level as other major state departments. Transfers duties from the Department of Human Services to the new department. Specifies that the commissioner at the Department of Behavioral Health will be paid the same as the commissioner of the Department of Human Services. Instructs the MMB to ensure that the aggregate costs do not increase unless the legislature provides an appropriation.

**HF 3101 (Neu Brindley, R, North Branch, 5377 Brindley)**

Extends operation of the premium security plan to be administered by the Minnesota Comprehensive Health Association through the 2023 benefit year. Specifies a coinsurance rate of 60%, a reinsurance cap of \$250,000, and an attachment point of \$50,000. Requires the commissioner of commerce to apply to the federal HHS department for continuation of a state innovation waiver previously granted to maximize federal funding.

**HF 3119 (Edelson, DFL, Edina, 4363)****SF 3033 (Koran, R, North Branch, 5419)**

Reduces the state fee for enrollment in the medical cannabis program to \$40. Current fee is \$200, or \$50 for those on federal disability or SSI, enrolled in MinnesotaCare or medical assistance, or with veterans or railroad disability.

**HF 3244 (Hausman, DFL, St. Paul, 3824)**

Expands the use of housing infrastructure bonds to public housing rehabilitation and to construct, acquire, and rehabilitate housing affordable to 50% of area median income. Appropriates \$100 million from bond proceeds to MHFA for public housing and \$400 million for affordable housing.

**SF 2916 (Murphy, E., St. Paul, 5931)**

Creates the Health Care Commission to promote development of a health care regulatory system that provides fiscal and geographic access to quality care at a reasonable cost. Creates regional health care planning boards and the development of a state health care plan. Requires certificates of need issued by the commission for new health care facilities, relocated facilities, changes in hospital bed capacity, hospital closures, changes in services, and non-hospital capital projects. Directs the commission to establish a process for exemptions from the certificate of need. Specifies application process and certificate of need review process.

**SF 2931 (Howe, R, Rockville, 2084)**

Repeals the hospital construction moratorium.

**STATE & LOCAL GOVT – Pension & Labor****HF 2610 (Rasmusson, R, Fergus Falls, 4946)****SF 3048 (Duckworth, R, Lakeville, 7633)**

Requires volunteer firefighter relief organizations to invest with the State Board of Investment. By June 30, 2022, an investment portfolio review is required to determine if any special funds not invested with the SBI can be liquidated and proceeds transferred to the SBI.

**HF 3228 (Frederick, DFL, Mankato, 3248)****SF 2734 (Frentz, DFL, North Mankato, 6153)**

Increases the employer contribution rate to the higher education individual retirement account. The current 6% of salary increases to 6.55% for FY 2022, 7.1% for FY 2023, 7.65% for FY 2024, 8.2% for FY 2025, and 8.75% for FY 2026.

**STATE & LOCAL GOVT – Resources, Waste, Energy****HF 3127 (Poston, R, Lake Shore, 4293)****SF 2686 (Eaton, DFL, Brooklyn Center, 8869)**

Reestablishes the Legislative Water Commission with 12 members split evenly between legislative body and political party. Requires the commission to review water policy reports and recommendations of the Environmental Quality Board, the Board of Water and Soil Resources, the Pollution Control Agency, the Department of Natural Resources, and the Met Council. The commission expires July 1, 2027.

**HF 3128 (Poston, R, Lake Shore, 4293)****SF 2685 (Eaton, DFL, Brooklyn Center, 8869)**

Reestablishes the Advisory Council on Water Supply Systems and Wastewater Treatment Facilities to advise the Pollution Control Agency on classification of water supply and wastewater treatment facilities, and the evaluation of qualifications and competency of operators. Eleven members comprised of one PCA member, one Department of Health member, three certified water supply operators, three certified wastewater treatment operators, one city representative, and two public members associated with water systems, one may be considered from academia. Requires a wastewater operator from Met Council and one from outside the metro area, as well as a water system operator from outside the metro.

**HF 3164 (Sandstede, DFL, Hibbing, 0172)****SF 2797 (Tomassoni, I, Chisholm, 8017)**

Requires a coordinated project plan and an environmental and permitting review dashboard for mining projects. Specifies duties of state agencies in creating and updating required information. Requires a best practices report by July 1, 2023 and every two years thereafter to improve coordination and decision-making between agencies and applicants.

**HF 3299 (Stephenson, DFL, Coon Rapids, 5513)****SF 3051 (Rarick, R, Pine City, 1508)**

Allows a public utility to recover expenses deemed reasonable by the Public Utilities Commission to employ local workers to construct and maintain generation facilities for area customers. Creates a preference for local job creation and adds requirements to a utility resource plan and to PUC considerations. Requires utilities to identify each nonrenewable energy facility in their resource plan and include probable life and a replacement plan. Provides exemptions from the certificate of need process for large wind and solar systems.

**STATE & LOCAL GOVT – Transportation****HF 2873 (Hanson, J., DFL, Burnsville, 4212)**

Authorizes a rail transit corridor feasibility study from St. Louis Park to Savage that meets the requirements of light rail and commuter rail projects. Limits evaluation to diesel and diesel-electric multiple unit trains that can operate on the track and infrastructure for Southwest light rail.

**HF 2942 (Erickson, R, Princeton, 6746)****SF 2819 (Mathews, R, Milaca, 8075)**

Repeals the power of township electors to determine whether to open or maintain existing roads that have had no maintenance or construction in 25 years.

**HF 3035 (Hornstein, DFL, Minneapolis, 9281)****SF 2676 (Dibble, DFL, Minneapolis, 4191)**

Requires the Legislative Auditor to conduct a special review of the Met Council management of the Southwest light rail project. Includes an open appropriation to fund an additional review above the usual number of program evaluations and audits performed by the Legislative Auditor.

**HF 3160 (Hausman, DFL, St. Paul, 3824)**

Appropriates \$26 million with state bond proceeds to intercity rail projects in phase I corridors as identified in the 2015 update to the state rail plan. Eligible projects run between: Minneapolis and St. Paul to Northfield and Albert Lea; Minneapolis and St. Paul to Moorhead; dedicated passenger rail between Union Depot in St. Paul and Target Field in Minneapolis; and a passenger rail maintenance facility study at Midway Station in St. Paul.

**HF 3216 (Frederick, DFL, Mankato, 3248)****SF 2647 (Coleman, R, Chanhassen, 4837)**

Expands the Local Road Improvement Advisory Committee from 5 to 7 members by including one town board member and one town engineer to the existing membership of 3 city members and 2 county members.

**SF 2643 (Dornink, R, Hayfield, 5240)**

Adds personalized license plates for Purple Heart recipients for no fee, and establishes no fees for future annual registration and replacement.

**SF 3075 (Dibble, DFL, Minneapolis, 4191)**

Requires the Department of Transportation to assume responsibility for the Southwest light rail project the day after enactment.