

Fredrikson and Byron Legislative Update



MAT/MATIT STATE LEGISLATIVE UPDATE

January 31, 2021

Let's get right into things as it's getting busy at the State Capitol in general *and* for MAT!

Legislation is finally getting heard in committees now and are beginning to move through the “bill making” process. So far, 478 Senate Bills have been introduced and 526 have been introduced in the House. This is above the average number of bills usually introduced by this point in session.

House and Senate leadership announced **committee deadlines** and legislative break for this year.

- 1st Deadline: Friday, March 12, 2021 (Committees must act favorably on bills in the house of origin)
- 2nd Deadline: Friday, March 19, 2021 (Committees must act favorably on bills, or companions of bills, that met the first deadline in the other house)
- 3rd Deadline: Friday, April 9, 2021 (Committees must act favorably on major appropriation and finance bills)
- Passover/Easter Break: March 29 – April 5
- Final day of session: May 17, 2021.

Bills can continue to be introduced up to the final day of session. However, the Legislature establishes committee deadlines for action on legislation. This is meant to whittle down the list of bills to be addressed that year. Be aware that these committee deadlines do not apply to the House committees on Capital Investment, Ways and Means, Taxes, or Rules and Legislative Administration, or to the Senate committees on Capital Investment, Finance, Taxes, or Rules and Administration.

Walz/Flanagan Propose 2022-23 Biennial Budget

Gov. Walz and Lt. Gov. Flanagan released their budget recommendations this past week for the 2022-23 biennial budget. On top issues for MAT, the Walz Administration is proposing a \$50 million increase to the Border-to-Border Broadband Development Grant Program for the Fiscal Year (FY) 2022 budget. Hypothetically, that means there could be another increase next year for the FY2023 budget.

If you want to really get into the details of the overall budget, go to the following link for more information: <https://mn.gov/mmb/budget/current-budget/governors-budget-recommendations/>. If you want a quick rundown, here are some basics on their COVID-19 Recovery Budget:

- \$1.636 billion in revenue (\$968 million in FY 2022, \$668 million in FY 2023)
- Expand Working Family Credit
- Increase income threshold for first tier individual income bracket, does not raise taxes on 99% of Minnesotans
- \$7 million for Angel Tax Credit
- Establish fifth tier income tax rate for household incomes above \$1 million, \$750,000 head of household, and \$500,000 single
- 1.5% tax on capital gains and dividend income of \$500,000 - \$1,000,000 and 4% on income over \$1,000,000
- Tax on foreign income repatriated to the United States
- Increase corporate franchise tax rate from 9.8% to 11.25%
- Reinstate estate tax exclusion at \$2.7 million – small business and farms would still be exempt to \$5 million.

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Education:

- \$745 million increase in E-12 education spending
- \$300 million increase of general fund formula for biennium
- Dedicate \$575 million of federal funds to expand summer programming.

Business/Economic Recovery:

- \$50 million for small business forgivable loan program
- \$1.3 million more for emergency assistance grants

Working Families:

- 12 weeks of paid leave for individuals with a serious medical condition, to care for a family member, or care for a new child
- One-time payment up to \$750 for those who qualify for Minnesota Family Investment Program or General Assistance

MAT Update

Specifically for MAT, here are some highlights from last week:

- Steve Fenske gave MAT testimony before the House Property Tax Division and the House Transportation Finance and Policy on MAT legislative priorities.
- Steve Fenske and MAT's Fredrikson & Byron lobbyist met with the following legislators
 - Reps. Torkelson, Petersburg, (Bjorn) Olson and Sen. Jasinski on MAT transportation priorities
 - Rep. Nash regarding his proposed legislation (HF52) to mandate open, ongoing public comments at all government meetings
 - Sen. Jasinski about MAT's annexation priorities
 - Sen. Howe about MAT's annexation priorities.

This coming week, MAT action up at the State Capitol includes:

- Meeting with Rep. Hornstein about MAT's transportation priorities
- Meeting with Sen. Goggin about his SF142, a bill to modify certain rules for operating all-terrain vehicles on public roads (including town roads) under the 30 mph speed limit
- Meeting with Sen. Carla Bigham on her SF157, a bill which creates a town roads speed limits process, as well as annexation support.
- Meeting with Sen. Jasinski and city groups about annexation (see below)
- Committee Hearings
 - Feb. 1 - Senate Agriculture Committee on broadband funding updates
 - Feb. 4 - House Judiciary on the HF9 elections bill (see below).

Here are some updates on MAT's key legislative priorities:

1. Culvert Replacement Costs – Gary Burdorf, MAT staff and lobbyists met with the MN Association of Watershed Districts to discuss a legislative proposal to shift culvert replacement costs to the property owner. It was a good conversation that requires MAT to connect with MN Board of Water & Soil Resources (BWSR) and other groups to determine if legislation is necessary.

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2. Annexation – Sen. Bruce Anderson agreed to chief author MAT’s annexation bill again this year. However, after a conversation with Sen. Jasinski, Steve Fenske and I believe that we need to introduce a wider-ranging bill that addresses a number of issues (like detachment by ordinance, etc.) and helps townships prevent annexations that are not related to development. We are reconnecting with Sen. Anderson about this as well as Sen. Karla Bigham, who agreed to be a co-author on the bill.

Sen. Jasinski – as the new Chair of the Senate Local Government Committee – has requested that MAT meet again (like has been done in the past several years) to determine any possible compromise with city lobbyist organizations (Coalition of Greater MN Cities, League of MN Cities, etc.). So we are meeting this week with the hope that this will convince Sen. Jasinski for the need to have a bill hearing before the first committee deadline.

On the promising side, the House Local Government Committee has decided to hold hearings on the issue of annexation this Wednesday, Feb. 3 for 8:30am. This is a direct result of our lobbying the committee chair, Rep. Masin. MAT’s Steve Fenske is planning to testify. If you want the weblink to watch the hearing, let me know.

3. Decommissioning Wind Turbines/Solar Panels – MAT’s Jane Youngkrantz, MAT staff and lobbyists had a productive conversation with representatives from the state Pollution Control Agency (MPCA). This meeting helped MPCA staff better understand MAT’s concerns as part of a larger stakeholder group that includes the counties’ advocacy organization (AMC) and planning/zoning administrators organization (MACPZA). This group is continuing to meet this year with the goal finding consensus for legislation next year.
4. Transportation Funding/Policy – As you can see above, MAT has had a number of meetings with legislators on MAT’s transportation priorities and will continue to do so.

Sen. Jasinski has introduced three bills this week which have a positive funding impact for town roads and bridges:

- SF436/SF461 - Creating a Township Road Improvement Grant Program and appropriating an unspecified amount of money through the sale of bond proceeds to go to the grant program. SF436 is the same as SF461 except that it also includes funding increases for the small cities assistance program.
- SF437 - \$100 million in bonds for 10-ton local roads/bridges of regional significance.

Here are two other transportation bills of MAT interest that were introduced this week:

- HF234 (Lucero) - Truck weight exemptions for sewage septic tank trucks
- SF277/HF326 (Pratt/Masin) - Municipal street impact fee imposition authorization.

Rep. Lucero’s bill has become a perennial bill that MAT must monitor and work to delay. SF277/HF326 is legislation that comes out of a coalition of organizations that MAT is part of as it will give towns an additional financial tool for road construction.

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5. Broadband – As stated before, the Walz Administration is proposing a funding increase to the grant program of \$50 million. Rep. Ecklund’s HF14 proposes \$120 million over the next two years and has been heard in the House Industrial Education and Economic Development Committee and laid over for possible inclusion in a larger omnibus finance bill later in the session. In addition to the Senate Agriculture Committee’s overview hearing tomorrow on broadband, there’s an expectation that the Senate will take up similar legislation to HF14.
6. Elections - Steve Fenske & MAT’s Fredrikson & Byron lobbyist Shep Harris successfully worked with chief author Rep. Emma Greenman last week to modify HF 9 (the House DFL elections reform bill) via an author’s amendment in the House State Government Finance & Elections Committee. The amendment included township exceptions for website mandates and early balloting. One more township clarification amendment is needed to HF 9 and that is expected to happen in the House Judiciary Finance and Civil Law Committee later this week. If you need more details on HF9 and the amendment, let me know.

On the Senate side of the elections debate, Sen. Newman succeeded in passing his Voter ID elections bill (SF173) out of the Senate State Government Finance and Policy and Elections Committee. It now goes to his Transportation Finance and Policy Committee.

Frankly, there is a lot of tension at the Capitol over the outcomes of the November elections. Some of it was on full display in the committee hearings. Because of this, I expect the House DFLers, the Governor and the Senate Republicans to all dig in and not give on their positions. In the end, both HF9 and SF173 may cancel each other out.

Bill Watch

Below are MAT bills of interest that F&B lobbyists are tracking for you. If you have specific questions about the bills below or if there is legislation that is not on this list that you have questions about, please let Steve Fenske or me know. If there’s no indication of interest on these bills, they will be removed from this list as I expect a master watch list of bills to grow to close to 100.

1. HF 9 (Greenman) - Elections; voter registration and absentee voting provisions modified, early voting system established, restriction on number of voters an individual may assist eliminated, Help America Vote Act fund governing standards modified, small donor state match program established, and money appropriated.
2. HF14/SF22 (Ecklund/Bakk) - \$120 million Broadband grant program money.
3. HF45/SF54 (Ecklund/Bakk) - Appropriating money for all-terrain vehicle trails in Kabetogama Township.
4. HF52/SF180 (Nash/Benson) - Requiring public comments at all open meetings of public bodies, including those conducted by electronic means.
5. SF142 (Goggin) - Modifying certain rules for operating all-terrain vehicles on public roads (including town roads) under the 30 mph speed limit.
6. SF157 (Bigham) - Town roads speed limits process development.

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7. SF173 (Newman) - Elections; requiring photo ID to register to vote and to vote; creating a voter identification card; establishing provisional ballots.
8. SF179 (Kiffmeyer) - Elections, requiring voters who register on election day to cast provisional ballots; making conforming changes.
9. HF158 (Xiong, J.) - Requiring voting instructions in certain languages other than English for use in in-person absentee voting.
10. HF180 (Sundin) - Authorizing levy authority for certain soil and water conservation districts in Carlton & Pine Counties.
11. HF210 (Daudt) - Authorizing counties, cities, and townships to accept certain documents or signatures electronically, by mail, or by facsimile.
12. HF234 (Lucero) - Exempting sewage septic tank trucks from certain vehicle weight limitations.
13. SF277 (Pratt) - Municipal street impact fee imposition authorization.
14. SF326 (Carlson) - Mail balloting in any town or any city with fewer than 400 registered voters' authorization.
15. HF228 (Acomb) - modifying requirements of the statewide invasive species management plan.
16. SF277/HF326 (Pratt/Masin) - Municipal street impact fee imposition authorization.
17. SF326 (Carlson) - Mail balloting in any town or any city with fewer than 400 registered voters authorization.
18. HF274 (Elkins) - Political subdivision authorized to impose local sales tax on motor fuels to fund construction, reconstruction, and maintenance of transportation infrastructure.
19. HF325/SF33 (Masin/Cwodsinski) - Political subdivision compensation limit repealed, and conforming change made.
20. SF436 (Jasinski) - creating a grant program to fund improvements to township roads; appropriating money for the small cities assistance program and a township road grant program.
21. SF437 (Jasinski) - \$100 million in bonds for 10-ton local roads/bridges of regional significance.
22. SF461 (Jasinski) - Creating a grant program to fund improvements to township roads through bonds.
23. HF500 (Marquart) - Local government debt financing modified.

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