

2017 General Session Summary

From the moment the Republicans emerged victorious in the November elections, it was inevitable there would be comparisons to the 2011 legislative session which ended in the longest state government shutdown in Minnesota history. This would be another session with a DFL Governor and Republican legislative majorities, with significantly conflicting priorities, facing off in a budget year. Adding to the intrigue this time around was a \$1.5 billion budget surplus, a razor thin one-seat Senate Republican majority, and a lame-duck Governor looking to solidify his legacy. Unlike 2011, the 2017 legislative session did not result in a shutdown; rather it was capped with a short but messy special session that has since spawned an even rarer occurrence – a constitutional dilemma.

Surprisingly, 2017 was at times a swift moving, productive session. All sides came together right away to tackle rapidly rising health insurance premiums in the first month of session, passing a \$310 million fix to address the cost of insurance in the most heavily affected individual market. By the end of March they had also passed a nearly \$600 million reinsurance bill to assist insurance companies cover expensive claims with the goal of lowering premiums. In addition, the long-running fight to allow the sale of alcohol on Sundays was finally won this year, with Speaker Daudt leading the effort. Policy and budget bill deadlines were set aggressively early, especially considering the Senate was under completely new leadership and there were a significant number of new members in both bodies. Republican leadership attempted to set a tone of efficiency and effectiveness.

That tone did not always hold. Aside from the health insurance bills, there was another issue that was supposed to be dealt with early on – Real ID. Time had nearly run out for Minnesota to comply with federal Real ID requirements. Attempts to do so in previous sessions had failed, but leaders promised quick action this year. A bill did eventually pass, but not until the last week of the session.

The Senate's narrow one-seat majority caused slowdowns throughout the session, as crucial business had to be delayed whenever a single Republican member was absent. And while Republicans did send a full budget to Governor Dayton with weeks to spare in the session, as expected those bills were vetoed. In addition to the budget, these bills included many policy provisions which created additional difficulty in the negotiating process. Despite announcing an agreement on a budget framework with just two hours left in the regular session, it took longer than anticipated for the work to be completed in a special session.

As for that budget agreement, it's still unclear as to just what was agreed to. While the bills have all been signed into law and we know their contents, a dispute has arisen over whether the Governor and his staff sanctioned the inclusion of some specific provisions in budget bills. Dayton accused Republicans of sneaking a "poison pill" into the State Government budget bill

that essentially prevented him from vetoing the Tax bill – putting funding for the Department of Revenue at risk. He raised concerns with three priority issues for the legislature in the Tax bill - removal of the tobacco tax inflator, estate tax changes and freezing of the commercial-industrial property tax. He also identified two problem provisions included in other budget bills related to immigrant drivers' licenses and teacher licensing. In retaliation, the Governor line-item vetoed the House and Senate budgets - - he said to force the legislature back to the negotiating table on his five provisions of concern. Republicans say the State Government provision was known to the administration's negotiators and the Governor agreed to the other provisions he is now complaining about. Legislative leadership says they are not inclined to renegotiate on issues they view as settled and have accused Dayton of breaching the constitution by defunding the legislature. The House and Senate have already put the legal wheels in motion by retaining outside legal counsel and appear to be preparing for a lawsuit. In addition, an outside group has already filed a lawsuit alleging Dayton's line item veto is a violation of the constitutional amendment passed in 2016 establishing a legislator pay commission. There is no doubt that Dayton's move is unprecedented, but it now appears it will be up to the courts to decide if it was unconstitutional. Minnesota is in uncharted territory at the moment.

Without this controversy, the 2017 session likely would have been viewed as very productive with the passage of a Tax bill, a \$987 million bonding bill, and a Transportation funding bill, which have all eluded the legislature for the two previous sessions. The final budget bills appeared to be true compromises, with both sides giving and taking.

We may not know for weeks, or longer, how this situation is resolved, but it is safe to say there will be repercussions whatever the outcome. The relationship between Governor Dayton and the Republicans is severely damaged, the ability of the legislature to fully function after July 1st is currently in question, and the general public isn't likely to take a kind view on what are perceived as Washington-style political shenanigans. The legislature will return on February 20th, 2018 but how productive can the 2018 legislative session be if the 2017 session leaves this bad of an after taste? And there's the 2018 elections to think about, where Minnesota will elect a new Governor for the first time in eight years. There are currently four legislators running for Governor, with a potential fifth in the Speaker of the House. "Never a dull moment" has never been truer in Minnesota politics. Stay tuned.