



MUCA Legislative Update

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The constitutional deadline for adjournment of the 2018 legislative session is on Monday, May 21; however, all bills must be passed off the floor of the House and Senate by Sunday, May 20. This leaves 16 days for the legislature and governor to agree on a supplemental budget proposal that will spend roughly \$300 million dollars, a comprehensive tax reform bill and a bonding bill. The House and Senate have passed their individual supplemental budget bills and tax bills and will need to reconcile the differences and negotiate with the governor in conference committees beginning this week.

House Bonding Bill

On Friday, the House Capital Investment Committee held a hearing on a \$825 million [bonding proposal](#). The proposal was offered as a delete-all amendment in committee to HF4404 (Urdahl) and includes numerous provisions of interest to MUCA members including:

- \$114,141 million to the Department of Transportation for programs and projects including:
 - \$10 million for the Met Council Regional Parks and Trails Grant Program
 - \$5 million for the Met Council Inflow and Infiltration Grant Program
 - \$10 million for Transportation Economic Development grants (TED)
 - \$120 million to the Public Facilities Authority including:
 - \$20 million for federal revolving fund match
 - \$30 million for clean water infrastructure fund (WIF) grants
 - \$25 million for drinking water infrastructure fund (WIF) grants
 - \$45 million for point source implementation grants

Gov. Dayton released his \$1.5 billion [bonding proposal](#) in January and the Senate is expected to release their bonding proposal early this week.

Senate Tax Bill

Senate Republicans unveiled their tax plan last week. As a response to the changes to the federal tax code the Senate bill will reduce state income taxes for 82% of working families and prevent a tax increase for nearly the rest of Minnesota's income tax payers. The plan will drop the lowest income tax rate by a quarter of a percent and allow Minnesotans to keep popular deductions for mortgage interest, property taxes, and charitable donations. According to Senate Taxes Chair Roger Chamberlain, 2.1 million Minnesota households will keep more of their pay if the Senate bill becomes law. Other details include:

- The bill utilizes the current budget surplus to provide tax relief of \$177 million in the current biennium and \$102 million in the next two year budget. Senate Chair Chamberlain states that 99 percent of Minnesotans will see a decrease or no change under this bill.

- Lowers the bottom tax rate a quarter of a percent, from 5.35% to 5.1% beginning in tax year 2018. Targeting the bottom rate benefits all income tax payers.
- Preserves the state personal and dependent exemption of \$4,150, and the state standard deduction of \$13,000.
- Protects popular deductions for mortgage interest, state and local taxes, home equity loan interest, and charitable donations.
- Extends the \$5 million angel investor tax credit to help tech-focused startups.
- Conforms fully to Section 179 of the IRS tax code, allowing an immediate deduction of the entire cost of equipment.
- Separates the state tax code from the federal tax code by switching from Federal Taxable Income to Federal Adjusted Gross Income as the starting point for individual taxpayers. This will give the legislature more control of Minnesota's tax code in the future.
- Does not reinstate the Health Care Provider Tax on health care services.

Gopher State One Call / Utility Contact Numbers

MUCA and the Association of General Contractors continue to press for legislation to require utilities to provide and Gopher State One Call to collect maintain and update contact information for each operator in Minnesota. SF3441 (Lang) and HF2719 (Miller) making it available to excavators and on locate tickets. The provision received multiple hearings in the House and Senate and is included in the Senate Omnibus Supplemental Budget Bill. At a meeting last week between lobbyists for contractors and lobbyists for multiple utilities, an agreement on specific language was reached. While the provision still has several hurdles to clear, a good step forward has been taken with this language agreement. Thank you to Senator Andrew Lang, Rep. Tim Miller and Rep. Dave Baker for their support.

Project Build

The House Omnibus Supplemental Budget Bill contains \$400,000 to invest in Project Build Minnesota to help aid the construction industry in raising awareness, finding and developing our quality contractors for tomorrow continues to move forward at the Legislature. The original bill requested \$1 million. Earlier this session, MUCA Executive Director Stephanie Menning testified before the Senate Jobs and Economic Development Committee in support of the legislation. Though the funding is not contained in the Senate Omnibus Supplemental Funding Bill, the initiative still has hope due to its inclusion in the House bill.

CDL Hours of Service Exemption

MUCA was successful in adding a provision to the House Omnibus Transportation Bill to provide a CDL hours of service exemption for utility work on road construction projects. Jean Spaulding from Quam Construction provided [testimony](#) on how this provision will bring clarity and efficiency to utility work on road construction projects. Though the provision is not currently included in the Senate Transportation Bill, preliminary discussions between MUCA's lobbyist, Stephanie Menning and Senate Transportation Committee staff have been positive and MUCA is hopeful that the Senate will adopt the House language.

Constitutional Amendment to Support Transportation Funding

Bills proposing a constitutional amendment be placed on the general election ballot in November to constitutionally dedicate all the sales tax collected on auto parts, as well as the sales tax on leased vehicles and rental vehicles to fund transportation construction projects continues to move through the House and Senate.

Authored by Sen. Scott Newman and Rep. Paul Torkelson, if adopted by Minnesota's voters this fall, the proposed amendment would add as much funding to Minnesota's roads and bridges construction as a 9-cent-a-gallon gasoline tax increase. MUCA supports prioritizing road construction and joins other groups such as AGC and the Minnesota Chamber of Commerce in supporting the provision. [Read more](#)

Sexual Harassment Bill

A bipartisan sexual harassment proposal that could affect every workplace in Minnesota has lost a bit of momentum due to opposition from some business groups such as the Minnesota Chamber of Commerce. The bill proposes to remove a legal hurdle that supporters say has led to courts throwing out cases, even when they involve behavior that many would consider sexual harassment. Business groups and employers, who say it will lead to a flood of lawsuits and are uncertain how the courts will treat new cases. While the Minnesota House approved the measure as part of a supplemental budget bill last week, the measure is finding difficulty in the Senate. MUCA supports the Minnesota Chamber of Commerce's opposition.