



## WEEKLY SESSION UPDATE

*April 26, 2019*

In an emotional week of late night floor sessions, long recesses, and irregular meeting times sprinkled with impromptu press conferences, the House and Senate came back from their legislative break with a firestorm of strong opinions. Earlier this week, the Governor drew his first line in the sand stating that the Help America Vote Act Funding, which is currently being stalled by the Senate, and the Provider Tax are two non-negotiable issues. Senate Majority Leader Gazelka, on the other hand, has mentioned in a less formal capacity that the Senate won't budge on the gas tax. What will come out of the last few weeks of session remains to be seen, as leadership from both bodies and the Governor will navigate lengthy and contentious negotiations.

The House began working through its omnibus bills on Tuesday, passing its education finance bill after about 11 hours of debate that included more than 100 amendments. The body spent two hours on the jobs and energy bill late Tuesday prior to recessing before the clock struck midnight. Bill discussion resumed about 9:15 a.m. Wednesday and ended twelve hours later as the bill passed off the floor. The Senate took up and passed their environment and agriculture bills on Tuesday with some bipartisan support, and returned Wednesday to work through their Higher Education package. The House and Senate both pulled marathon floor sessions yesterday, with the House passing their 1,100-page HHS package after going through more than 110 amendments, and finished the night off by passing their Tax bill. The Senate debated their State Government Finance bill for the entirety of the day, eventually passing it in the evening. Senate GOP leaders also held a press conference on the State Government Finance bill that same day (notes attached). The Senate adjourned until Monday, but the House came back today to take up their Transportation and Agriculture bills.

Leadership still remains confident that the House and Senate will be able to come to some terms of agreement by the end of Session on May 20<sup>th</sup>. Next week, a handful of omnibus bills remain to be passed in the House, including those related to environment, higher education, legacy, public safety and state government, and the Senate plans on taking up The HHS Finance and Human Services Reform bills on Monday, and have their tax bill, public safety, and E-12 education still to go.

Speaking to the partisan disagreements on what is included in each body's omnibus bills, Speaker Melissa Hortman commented that "(Senate Majority Leader Paul) Gazelka and I still feel really good. You have to look at the three new deadlines we adopted this year that have really driven progress... A lot of action in the Legislature happens in the last four weeks. Hopefully, this time it'll be over the last four weeks, not over the last like four days. Don't look for kumbaya every minute of every day here. ...There is supposed to be conflict; there is supposed to be strong disagreement, but I think just because you see that in the floor debate in both the House and the Senate does not bode ill for our future negotiations."

### **Upcoming deadline for omnibus finance bills – 3 weeks left**

- **Wednesday, May 1** — the House and Senate will pass all major finance bills off their respective floors and leadership will appoint conference committees.

- **Monday, May 6** — the governor, Senate majority leader and House speaker will provide fiscal targets to the chairs of conference committees on major finance bills.
- **Monday, May 13** — conference committee chairs shall provide completed conference committee reports to the house of origin.
- **Monday, May 20<sup>th</sup> at midnight** – Sine Die Adjournment

### **Session Stats (So Far...)**

#### ***Number of bills introduced***

- House: 2,858
- Senate: 2,850

***For comparison:*** There were 2,722 House files introduced during the 2017 session; 2,379 in 2015; 1,862 in 2013; and 1,761 in 2011.

#### ***Number of bills signed by Governor – 12 (0 vetoes)***

1. [HF861](#) MNLARS and Driver and Vehicle Services funding
2. [HF80](#) Capital investment; changes and corrections to 2018 law
3. [HF211](#) Licensed physical therapists authorized to provide a medical statement for parking privileges for physically disabled persons.
4. [SF2225](#) Farmer disaster recovery loan program
5. [SF1743](#) Snow day relief bill
6. [SF307](#) Disaster contingency account funds transfer
7. [SF131](#) Health care facility fee disclosure requirement
8. [SF584](#) Allied health professions conversion to a birth month renewal cycle authorization
9. [HF608](#) St. Louis County Civil Service Commission amended
10. [SF1339](#) Light rail transit (LRT) operators subject to reckless and careless driving law provisions
11. [HF50](#) Hand-Free Cellphone Driving Bill
12. [HF679](#) Children's residential treatment payment provisions effective date amended

#### ***Number of bills currently in conference committee – 2***

1. [HF0014/SF0241](#) Help America Vote Act
2. [HF0400/SF0751](#) Opioid Addiction Advisory Council

### **Big Issues**

For further reading, check out [this article in MPR](#) by Briana Bierschbach that outlines several of these topics.

- **Opioids**
  - The House and Senate have now both passed bills that raise \$20 million to start addressing the opioid epidemic by creating a new registration fee for drug distributors and manufacturers. But the Senate bills drops that fee in the event of a legal settlement between the state and an opioid manufacturer. The House bill does not, and that sticking point has delayed a final agreement as the bill currently sits in conference committee.

- StarTribune: [Minnesota Senate OKs higher drug company fees to combat opioid crisis](#)
- **HAVA Funding**
  - This year, the divided House and Senate can't agree on just how much to allow the secretary of state to access. The House proposal lets the state tap all \$6.6 million that's available from the federal government, but the Senate wants to move slower, authorizing just \$1.5 million now. The bill has been stuck in conference committee for weeks, and there's no end in sight to the disagreement.
    - Pioneer Press: [Partisan drama erupts over election security funds as Republicans skip possible vote](#)
- **Provider Tax**
  - The health care access fund supports a number of programs including medical assistance, MinnesotaCare and the state's reinsurance program that helps cover the cost of the sickest patients. Those programs are also funded by federal sources, but there's been near constant volatility in Washington, D.C., around health care policy and spending, and state leaders worry the money could dry up. State officials say they already expect to lose more than \$300 million in federal funding over the next five years. Senate supports maintaining the sunset and eliminating the "sick tax;" the House and Governor are aligned with repealing the sunset. The Claims Expenditure Assessment bill has not received a hearing in either body and is not included in either omnibus bills. This will no doubt be an end of session bargaining chip.
    - [StarTribune Op-Ed](#) by Senators Jim Abeler , Melisa Franzen , Scott Jensen and Matt Klein about the Claims Expenditure Assessment bill they are sponsoring
- **OneCare Public Buy-In option**
  - It was a top priority for Walz and Democrats in the House on the campaign trail — create a public buy-in option to lower the cost of health care. That priority materialized into the OneCare plan, pitched by Walz that would allow anyone to buy into a public option if they get their insurance on the individual marketplace. House Democrats put that proposal into a health and human services budget bill, but Senate Republicans remain skeptical. They've said there's no evidence the proposal will actually lower the cost of premiums for people on the marketplace, and they're more interested in a bill that would continue a reinsurance program that pays insurance companies to buy down the cost of premiums.
    - MPR: [How Gov. Walz's health care buy-in plan works](#)
- **Reinsurance**
  - Republicans want to extend the reinsurance program enacted in 2017 using the remainder of the original funds set aside. Democrats have called reinsurance a giveaway to insurance companies and instead want to give rebates directly to consumers to keep insurance costs down. Another caveat is some Democrats in Minnesota's congressional delegation are backing a federal reinsurance program. The reinsurance authorization bill successfully passed the Senate, but has not received a hearing in the House.
    - Winona Daily News: [Big issues in dispute as Minnesota Legislature approaches homestretch](#)
- **Hands-Free Cellphone Driving Requirement**
  - After years of back-and-forth, the House and Senate this month agreed to legislation that bars people from using their cellphone for texts, calls or any other communications while operating a motor vehicle unless the device is in hands-free mode. Gov. Tim Walz

signed the bill into law shortly after, and the state is now embarking on a public education campaign before the new rules kick in Aug. 1.

- MPR: [The hands-free cellphone bill is now law, so how does it work?](#)

## **HHS Omnibus Bills**

This week, the House and Senate HHS Omnibus bills continued their journeys, with the House taking up their omnibus bill on Friday, and the Senate Finance committee hearing their omnibus bill on Friday evening. The Senate bill achieves similar HHS spending as the House, but does so with drastically cutting programs, key among them include the Child Care Assistance Program (CCAP), MN Family Investment Program (MFIP), and Health Department and Human Services agency cuts (the Dept. of Health cut is \$41m or a 9.8% cut); the Senate also allows the Provider Tax to sunset at the end of the year. The House is on the other end of the spectrum by extending the Provider Tax and investing significant funding to increase the Minnesota Family Investment fund by \$100 per person, which carries a total biennial spend of \$45 million dollars, and including the Governor's proposal for OneCare, which allows more people to purchase insurance through the state's plan for the working poor.

House DFL and GOP leadership held press conferences this week on the HHS bill – notes from both are attached. See below for additional details on the House floor session and status of the Senate bill. The bill did pass off the House Floor late on Thursday night on a party-line vote.

In addition to holding a press conference, House Republicans were quick to get their message out to the public during the floor debate, as they issued the following statement to the capitol press corps: "Moments ago, Democrats rejected three Republican amendments on party-line votes aimed at exempting cancer treatments, diabetes treatments, and pregnancy care from being taxed with their continuation of the sick tax, which will raise health care costs by \$2.5 billion over the next four years."

The amendments were introduced by Rep. Anne Neu, (R) North Branch, to the Omnibus Health and Human Services Finance bill. The three rejected amendments:

- [Cancer Treatments](#)
- [Diabetes Care](#)
- [Pregnancy Care](#)

We are sure to see more messaging and spin on the issues from both sides as the bills continue through the process and negotiations begin.

## **[After lengthy debate, House passes weighty HHS bill chock full of changes](#)**

*Via Session Daily*

The House passed the omnibus health and human services finance bill 74-55, as amended, after more than nine hours of exhaustive discussion, impassioned debate, and personal stories lasting into the night Thursday. [HF2414](#), sponsored by Rep. Tina Liebling (DFL-Rochester), now heads to the Senate, where Sen. Michelle Benson (R-Ham Lake) is the sponsor. "This bill reduces health care costs, it takes care of our most vulnerable, and it takes a great step toward the future," Liebling said. The bill largely draws on the health and human services proposals in Gov. Tim Walz's budget recommendations and includes the work of the House Early Childhood Finance and Policy Division and the House Long-Term Care Division, whose expansive elder protection proposals includes the licensure of assisted living facilities and accounts for 155 pages of the 1,043-page bill. The omnibus health and human services finance bill would be primarily funded in the 2020-21 biennium through a \$128.64 million increase from the General Fund, totaling about \$15 billion in overall spending.

The Senate Finance committee heard Both Sen. Michelle Benson’s HHS omnibus bill and Sen. Jim Abeler’s Human Services omnibus bill, which are expected to be taken up on the Senate floor early next week.

**Further reading:** [Star Tribune](#)

## **Taxes**

It was an eventful week in the taxes sphere, with the MN Department of Revenue releasing their tax incidence report on Gov. Walz’s tax plan, the Senate releasing their Omnibus Tax Bill, and the House taking up and passing theirs off the floor.

### ***Tax Incidence Report***

*Via Star Tribune:* **Lowest-income Minnesotans hit hardest by Walz's tax plan, analysis shows:** On average, Minnesotans would pay an extra 75 cents for every \$100 in income under the governor's proposal, according to [a new analysis by his own Department of Revenue](#). Low-income Minnesotans also would benefit most from Walz's spending proposals.

*via release from the MN House Republicans: “An analysis released Tuesday by Governor Walz's own administration—the Minnesota Department of Revenue—shows that tax changes proposed in the governor's budget would increase the tax burden for Minnesotans making less than \$45,000 by double digit percentages, raise taxes on Minnesotans of every income level, and make Minnesota's tax code more regressive... The analysis does not include tax changes for Democrats' paid leave proposal, which would increase an additional \$1.6 billion in taxes over four years.”*

**Further reading:** [Full Tax Incidence Report](#)  
[MN Center for Fiscal Excellence](#)

### ***Senate GOP Tax Proposal***

The Senate GOP released their tax proposal – links to the Senate Omnibus Tax bill language, summary, and spreadsheet are below. An overview of the bill was heard in the Taxes committee on Wednesday, and testimony and markup took place yesterday morning. Senate leadership also held a press conference about the bill – notes are attached.

[SF 5 \(Chamberlain\) – Omnibus Tax Bill full language \(DE Amendment\)](#)  
[Omnibus Tax Bill summary](#)  
[Omnibus Tax Bill spreadsheet](#)

*Via Star Tribune:* “The [Senate] GOP bill includes a quarter-point income tax cut for middle-class taxpayers — those who earn between \$38,771 and \$154,020 for married joint filers or between \$26,521 and \$87,110 for single filers. It would reduce the rate in their bracket from the current 7.05% to 6.8% for 2019. It would also let taxpayers shelter more social security income, and expand the ability of businesses and farmers to deduct equipment purchases. [Senate Tax Chair] Chamberlain said his bill would have no net impact on the state's general fund, adding that it contains \$800 million in tax relief for the upcoming two-year budget, including \$350 million from the income tax cut. He said the cuts would be offset by more revenue that will flow in from bringing the state's tax code into conformity with the 2017 federal tax overhaul, which eliminated or reduced many deductions.

## ***House Omnibus Tax Bill***

[Via Session Daily](#): "Amid a week full of discussions about expenditures for education, health and human services, and transportation, the House took up the issue of how to pay for them Thursday evening. After over two hours of discussion and the consideration of several amendments, the omnibus tax bill was passed 74-55. Rep. Paul Marquart (DFL-Dilworth), the House Taxes Committee chair, introduced [HF2125](#), as amended, as a bill that would simplify filing, provide tax cuts to "working families, seniors and farmers," and "provides the investments that improve people's lives."

The bill is very similar to what was presented to committee April 9. It brings state tax policy into conformity with most of the demands of the federal Tax Cuts and Jobs Act signed into law in 2017. The Department of Revenue estimates that, if the bill were adopted, total General Fund tax revenues would come to \$46.06 billion for the next biennium, with \$3.74 billion in property tax refunds, aids and credits returned to taxpayers."

Further reading: [Pioneer Press](#)

## **Articles of Interest**

### ***Could the legislative session end with GOP and DFL senators joining hands?***

*Via Star Tribune*

Minnesota Senate Republicans have put up a united rhetorical wall against the tax and spending increases proposed by Gov. Tim Walz and the new DFL majority in the House. But coming out of the Easter/Passover break, with a mere five weeks to the finish, state Sen. Paul Gazelka, the GOP majority leader, has a difficult path forward. ... A government shutdown, which would begin [July 1](#) if Walz and the GOP-led Senate can't agree on a budget, is not in anyone's interest. But Republicans have traditionally fared badly in the public's estimation after shutdowns.

### **Why the Minnesota Legislature loves/hates massive omnibus bills**

*Via MinnPost*

Asked to describe what was contained in her proposed Health and Human Services omnibus bill - a document that is 1,043-pages long - state Rep. Tina Liebling gushed a bit. "It's a hard bill to talk about because it covers so many wonderful things," said the DFLer from Rochester. Her answer defines both the reason the Minnesota Legislature continues to rely on omnibus bills - and why those bills continue to attract so much criticism.

### **Pay Gap**

*From Reed Abelson via The New York Times*

**Verbatim:** "For a patient's knee replacement, Medicare will pay a hospital \$17,000. The same hospital can get more than twice as much, or about \$37,000, for the same surgery on a patient with private insurance. Or take another example: One hospital would get about \$4,200 from Medicare for removing someone's gallbladder. The same hospital would get \$7,400 from commercial insurers. The yawning gap between payments to hospitals by Medicare and by private health insurers for the same medical services may prove the biggest obstacle for advocates of 'Medicare for all,' a government-run system. If Medicare for all abolished private insurance and reduced rates to Medicare levels — at least 40 percent lower, by one estimate — there would most likely be significant changes throughout the health care industry, which makes up 18 percent of the nation's economy and is one of the nation's largest employers."

## Poll

*Via Kaiser Family Foundation*

**Verbatim:** “When it comes to tackling pressing health care issues, incremental actions to address personal healthcare costs take precedence over broader, more partisan reforms for most Americans, according to the latest KFF Health Tracking Poll. As policymakers jockey over Medicare-for-all proposals and the legal and political fate of the Affordable Care Act, the public is more likely to choose lowering prescription drug costs (68%), continuing ACA protections for people with pre-existing conditions (64%) and softening the financial blow of surprise medical bills (50%) as top priorities for Congress. The April poll finds that fewer Americans say implementing a national Medicare-for-all plan (31%) or repealing and replacing the ACA (27%) should be a top priority. Larger shares of Democrats say continuing the ACA’s protections for people with pre-existing conditions (82%) and implementing a national Medicare-for-all plan (47%) are top priorities, while about half of Republicans (52%) say repealing and replacing the ACA is a top priority.”

## Surprise Billing

*Via Jordan Rau via Kaiser Health News*

**Verbatim:** “Three-quarters of the public — including a majority of Republicans — want the federal government to protect patients from being stuck with surprise medical invoices after they are unwittingly treated by doctors or medical facilities that are out of their insurance network, a poll released Wednesday found. These unexpected bills, which can be financially crippling, may arise when a patient is taken to the emergency room by an out-of-network ambulance; when the emergency room is not in their insurer’s network; or when their hospital is in their network, but a doctor or specialist within that facility who treats them is not. Although insurers prohibit in-network doctors from billing more than the insurer agreed to, such bills occur because doctors and medical facilities that do not have such contracts are unconstrained from charging whatever they want. Often they charge list prices multiple times the amount insurers agree to pay.”