



WEEKLY SESSION UPDATE

May 3, 2019

As another week of late nights and early mornings comes to a close, the House and Senate successfully met their first deadline by passing all major appropriations bills from the floor of their respective bodies by Wednesday, May 1st. Most of these bills have already been placed into conference committees (see more details below), and some of these committees even met this morning to begin the reconciliation process. There is a long way to go to bridge the gaps between the House and Senate positions—both in policy and financial terms—on several of the key subject areas such as HHS, Transportation, and Public Safety.

Among these disagreements, the difference in taxes leveraged in the bills seems to hold the most weight. The GOP-led Senate maintains a staunch position against both the gas tax and the reinstatement of the provider tax and relies primarily on savings from eliminating fraud and abuse to fund their expenditures in healthcare, while finding one-time money from the budget surplus for transportation. The DFL-controlled House, on the other hand, fully backs the Governor's recommendations to repeal the provider tax sunset and increase the gas tax by 20 cents.

Only two weeks and a few days remain in the legislative session, which means legislative leaders will begin the negotiation process and work through these policy proposals over the coming days. Below are the remaining session deadlines:

- ~~the House and Senate will pass all major finance bills off their respective floors and leadership will appoint conference committees by May 1;~~
- the governor, Senate majority leader and House speaker will provide fiscal targets to the chairs of conference committees on major finance bills by **May 6**; and
- conference committee chairs shall provide completed conference committee reports to the house of origin by **May 13**.

All in all, Majority Leader Gazelka is confident the three groups can reach agreement, even if that means abandoning various session priorities. "It's difficult for me. I want to fight for certain things and will," he said. "But in the end, if one side or the other is not going to give, we have to pass a two-year budget. That's our responsibility. We're going to keep our eye on the ball. And I'm going to ask the governor and the speaker as well."

Gov. Walz shared his thoughts on end-of-session issues with WCCO's Dave Lee on Thursday. Check out the interview [here](#).

Conference Committees take shape

With the House and Senate passing all of their budget bills off of their respective floors by the May 1st deadline, most conference committee members have been named. The Senate still has yet to name conferees for the Transportation and E-12 committees, expected by Monday. At a press conference on Thursday, DFL leaders said that the next deadline is Monday, May 6th for conference committees to

meet and get work done on time and in public. Some conference committees will be meeting over the weekend to do initial work prior to getting their budget targets, which also share the May 6th deadline for release. Below is a list of conferees that have been named so far.

2019 Omnibus Finance Conference Committees:

SF 2226 Ag Omnibus Senator Westrom/Rep Poppe

Senate Conferees	Westrom	Weber	Draheim	Goggin	Dziedzic
House Conferees	Poppe	Hausman	Pelowski	Vang	Gunther

SF 2314 Environment Omnibus Senator Ingebrigtsen/Rep Hansen

Senate Conferees	Ingebrigtsen	Ruud	Johnson	Eichorn	Tomassoni
House Conferees	Hansen	Persell	Fischer	Becker-Finn	Nelson, N

SF 802 Judiciary and Public Safety Omnibus Senator Limmer/Rep Mariani

Senate Conferees	Limmer	Anderson B	Lang	Johnson	Latz
House Conferees	Mariani	Lesch	Moller	Pinto	Zerwas

SF 2415 Higher Ed Omnibus Senator P Anderson/Rep Bernardy

Senate Conferees	Anderson P	Draheim	Relph	Jensen	Clausen
House Conferees	Bernardy	Pryor	Lien	Kelvorn	Nornes

SF 2227 State Government and Elections Omnibus Senator Kiffmeyer/Rep Nelson M

Senate Conferees	Kiffmeyer	Anderson B	Mathews	Koran	Carlson
House Conferees	Nelson, M	Freiberg	Ecklund	Dehn	Kiel

HF 2208 Jobs, Energy and Commerce Omnibus Senator Pratt/Rep Mahoney

Senate Conferees	Pratt	Dahms	Osmek	Housley	Simonson
House Conferees	Mahoney	Wagenius	Stephenson	Long	Hassan

HF 2125 Taxes Omnibus Senator Chamberlain/Rep Marquart

Senate Conferees	Chamberlain	Senjem	Howe	Dahms	Rest
House Conferees	Marquart	Loefler	Lislegard	Gomez	Davids

HF 2414 HHS/HS Reforms Omnibus Senator Benson/Rep Liebling

Senate Conferees	Benson	Abeler	Jensen	Utke	Marty
House Conferees	Liebling	Moran	Schultz	Halverson	Hamilton

The following conferees should be set by Monday.

HF 2400 E-12 Education Omnibus Senator Nelson/Rep Davnie

Senate Conferees	Nelson				
House Conferees	Davnie	Youakim	Pinto	Sandstede	Urdahl

HF 1555 Transportation Omnibus Senator Newman/Rep Hornstein

Senate Conferees	Newman				
House Conferees	Hornstein	Koegel	Tabke	Richardson	Torkelson

MNLARS

Via Morning Take

Good move for Gov. **Tim Walz** to kill MNLARS after \$100 million in wasted taxpayer money and endless headaches. The timing of the announcement is interesting and should be used as a reflective moment for the Walz administration. The fact is that MNLARS and the early denials of its problems are owned by the Dayton Administration. Now the Walz Administration would be wise to reflect on some of the other mismanagement issues that were raised during the **Dayton** Administration. Issues, audits and missteps that were dismissed as partisan attacks without the media digging deeper. The most recent were the findings of the child care (CCAP) audit. If Walz can move quickly on MNLARS, he could create a significant legacy by cleaning up some of the management messes that have been growing, which leads to wasted taxpayer money. Governor, it's time to go deeper, it's not about what you'll find, it's about rebuilding trust. Do it right, and you'll have all the new revenue you want and the trust of the citizens for roads, schools and other priorities.

via Duluth News Tribune

Verbatim: "Minnesota should buy a packaged computer software system to handle vehicle licensing and registration rather than finishing the rollout of the state's system, an independent group of information technology experts found... The new software would cost more than the existing program in the short-term, experts said, but would cut down on costs in the future... Gov. **Tim Walz** and leaders of the House and Senate transportation finance committees said they were open to purchasing the software from a third-party vendor, which will come in at around \$73 million for the next two years." **READ:**

<http://bit.ly/2PHLxbi>

via statement from Gov. Tim Walz

Verbatim: “I’m committed to fixing Minnesota’s Vehicle Licensing and Registration System,” said Governor Walz. “That’s why I reached across the aisle to bring people together to find a solution. Minnesotans don’t care how they get their license plates or tabs, they just want them on time and error-free. My administration will continue to make state government as efficient and accountable as possible.”

via statement from Sen. Scott Newman

Verbatim: “This finding allows us to move forward to fix one of the worst headaches state government has seen,” said Senator **Scott Newman** (R- Hutchinson), chair of the Senate Transportation Committee said. “I’m glad the Governor has been willing to review and change course on MNLARS. We...will work with the Governor in a collaborative effort to deliver the results that Minnesotans deserve.”

via the MNGOP on Twitter

Verbatim: “If our government isn't able to adequately handle a system meant for license tabs and drivers licenses, why should we trust them to handle the health care of our loved ones?” **SEE:**

<http://bit.ly/2VavPLQ>

HHS Omnibus Bills

It was a busy week for HHS members as the Senate held a press conference just before taking up their HHS omnibus bill on Tuesday, and then held their first meeting of the conference committee today.

GOP HHS and Tax Omnibus Bill Press Conference

On Tuesday, the Senate GOP leadership held a press conference to give an overview and take media questions regarding their tax and health and human services omnibus proposals which were taken up on the Senate floor shortly following the Q&A. Majority Leader Gazelka made the connection between the tax bill and keeping money in Minnesotans pockets while prioritizing care for the elderly, disabled, and young Minnesotans who need it. Senator Benson echoed this, noting that she won’t support Governor Walz’s OneCare proposal until the Department of Health and Human Services can successfully deliver the programs they currently have. On this note, Senator Abeler highlighted his work on eliminating fraud, waste, and abuse of DHS programs including the Child Care Access Program. Below are responses to the media’s questions. Both the tax bill and the HHS and Human Services omnibus bills went on to pass off the floor later in the day.

Questions

Where is \$1.6B from?

Benson: The general fund. There is such high spend in this area, it will soon outpace education

Using the surplus?

Benson: We stabilize the HCAF and we trimmed a little off from our forecasted growth and still have \$1.6B spend

So you drain the HCAF?

Benson: We stabilize it. The press hasn't look at the cost of OneCare. The Governor's budget in the HCAF has a structural deficit and they moved it to the second biennium so it is not included in the spreadsheet. I won't talk about the HCAF until someone looks into the governor's structural deficit for the HCAF.

So you won't talk about your own budget until the governor?

Benson: We are trimming growth in human services and then transition the needs from the Health Care Access Fund to the General Fund. The HCAF was put into place when the provider tax was passed to fund MinnesotaCare, but it no longer funds that program, the BHP funds that. The HCAF was shifted into the GF to fund other priorities.

Nursing homes—you have more money than democrats?

Benson: It's included in the forecasted growth, so we kept that and the dems trimmed it.

Is that a negotiating position?

Benson: That is not a negotiation for us.

Abeler: We prioritized this and spent the little money we had in this area. It was a matter of choices.

What areas are trimmed?

Benson: Operations for DHS back to 2016, reduction in healthcare growth trend by 1.6%, aligning able-bodied adults standard and MA with the ACA standard. There needs to be a hard stop in the Department's growth.

How will MNs not be hurt by these cuts?

Benson: We have to make choices, we focused on protecting children and the disabled. Abeler is developing a new program for people with moderate needs. We need to get more PCA hours to the people who can't live without help. We are the only state with our BHP plan above the MinnesotaCare standard, we need to look to the future and be evenhanded with taxpayer dollars.

Are you accounting for waste fraud and abuse?

Benson: We are retrieving them and using them in this budget to cut the growth

CCAP?

Benson: While CCAP was going on, those kids were not receiving care. As we reform, we are going to focus on getting children who need care that childcare.

Abeler: We captured the savings and can gain single digit and double millions. We want to put the counties in charge of cracking down on this.

Is that realistic?

Abeler: This shows up in the forecast, we need to focus on stopping this money going out the door to strengthen our bottom line.

Is the 20 week abortion provision negotiating point?

Benson: The child at that stage of development can feel pain. They should be treated as a patient.

Gazelka:

This is a very thoughtful bill. We want to focus on the taxpayer and make sure we are protecting their dollars.

MORE: via [Theo Keith at FOX9](#), Verbatim: “The Minnesota Senate approved a plan to make deep cuts to health programs Tuesday as Gov. Tim Walz warned the GOP proposal would “decimate” health care for up to 1 million people. The 36-28 vote happened just before 2 a.m. and fell mostly along party lines. Republicans said their proposal was necessary because of Minnesota’s ballooning spending on health and human services. Health services for adults need to be cut and aligned with federal standards, they said.”

HHS Conference Committee – First Meeting

There was already some contentious disagreement during the first meeting of the HHS Omnibus conference committee during a five hour overview meeting today. Chair Tina Liebling held the gavel for the committee and focused many of her comments on the discrepancies between the two bills on the provider tax and the cuts the Senate bill makes to vital programs. On the reverse, Senator Benson (who will chair the committee when the Senate holds the gavel) targeted the math used for the OneCare proposal, bringing up the possibility of a structural deficit in the Health Care Access Fund under the Governor’s proposal. Although this was mostly cleared up with testimony from DHS Commissioner Tony Lourey, who explained the need for one-time funding to kick the program off that unfortunately takes place on the final years displayed on the spreadsheet, the debate between the two sides during a usually-monotonous overview hearing raised some flags for the discussion that will take place in the coming days in attempts to reconcile the proposals that are currently \$493M apart. The committee will meet again on Monday morning prior to the House and Senate floor sessions.

Here is the spreadsheet that compares the three proposals: [HF2414 Side-by-Side Spreadsheet \(Governor, House, Senate\)](#)

Other Items of interest**PBMs**

On Thursday, the House Ways and Means committee heard Rep. Mann’s Minnesota Pharmacy Benefit Manager Licensure and Regulation Act bill ([SF278](#)) and passed it onto the Rules Committee. Since the Senate passed their version of the bill first, Rep. Mann amended the House language into the Senate bill in early April, which contains provisions relating to PBMs taking on fiduciary responsibilities not included in the Senate version. The bill language is also included in the House omnibus bill which is currently in Conference Committee, but will seemingly travel separately during the next few weeks. It was passed out of Rules committee on Thursday, as well, and given its second reading on the House floor. While it is not on the agenda for Monday, given the current differences between the House and Senate versions, it is likely heading towards a conference committee.

Taxes

via **Christopher Magan** at the *Pioneer Press*

Verbatim: With a month left to go in their legislative session, tax policy is front and center again at the Capitol... The biggest thing they want to do is take advantage of changes in the federal Tax Cuts and Jobs Act of 2017. That requires either “conforming” to federal tax policy or coming up

with Minnesota-specific tax provisions. Republicans and Democrats agree that passing a conformity bill is important... The agreement pretty much ends there... The Republican-led Senate and Democrat-controlled House plan to pass all their budget bills, including tax plans, by May 1... Then party leaders will sit down with **Walz** to negotiate. The hope is the three sides will find common ground before the session ends May 20.”

Via MinnPost

Democrats at the Minnesota Capitol, from Gov. Tim Walz down to rank and file House members, portray their tax proposals as an attempt to accomplish two things: to raise money for investments in education, health care and transportation; and to make taxes more fair. The first goal is the easier of the two. Read the full article [here](#).

[Harassment](#)

via **Dave Orrick** at the *Pioneer Press*

Verbatim: “A simple but significant sexual harassment proposal that could affect every workplace in Minnesota moved ahead at the Capitol on Thursday night, but not everyone is happy about it. A number of employment attorneys and some small business advocates fear the proposal, which allows for a lower legal bar to sue an employer for sexual harassment, could lead to a flood of lawsuits and leave judges without direction. Supporters of the bill — and they are legion and bipartisan in the state House — dismiss many of the criticisms, as do a number of attorneys and advocates who say current legal standards are a vestige from decades ago, when piggish antics weren’t held as accountable as they should be in the #MeToo era. House Majority Leader **Joyce Peppin**, R-Rogers, who is leading the charge on the bill, said it’s possible it could be tweaked to address some of the concerns. But, she emphasized, a majority of House members from both parties have already signed on to the plan, and earlier this week she said she’s confident it will pass the full House soon.”

[Minnesota spending on social programs has jumped 43 percent in 10 years](#)

Via Pioneer Press

State spending on programs for the poor, elderly and disabled has climbed more than 40 percent in the past decade and is expected to top \$7 billion next year. Republicans in the Minnesota Senate say if it doesn't level off, there won't be enough money left in the state budget to adequately fund other priorities like public schools and roads.

HMO

via email from TakeAction Minnesota

Verbatim: “Unlike the House bill, the Senate does not include language to stop for-profit health insurance plans from being able to legally walk away with billions of dollars that belong to the public. Instead, the Senate passed an amendment (Sen. **Benson’s**) that puts a four year moratorium on HMO conversions, even though state leaders, including former AG **Swanson**, have had a bill with public protections ready to pass since 2017.”

[Vaping](#)

GOP Sen. **Carla Nelson’s** amendment to include e-cigarettes in the Minnesota Clean Indoor Air Act passed with bipartisan support 53-13.

[Provider Tax](#)

From Briana Bierschbach via *Minnesota Public Radio*, **VERBATIM**: “Gov. **Tim Walz** enlisted the aid of hospital CEOs from around the state on Thursday to help him make his case to continue what’s called the provider tax, a 2 percent fee on doctors, hospitals and other health care providers. That tax will sunset on Jan. 1, 2020 without action this year. Walz and hospital leaders said at a Capitol news conference that undoing the tax will leave a \$700 million hole in the state’s health care budget each year, leaving more than one million vulnerable Minnesotans without care . . . Money from the tax goes into the state’s Health Care Access Fund, which also pays for a portion of Medical Assistance . . . Republicans have affectionately dubbed the provider tax the ‘sick tax,’ arguing it trickles down to Minnesotans in their medical bills. They also question whether the fund has strayed too far from its initial purpose of paying for MinnesotaCare because federal money helps support that now.”

[Via Star Tribune](#)

Minnesota’s 2 percent health care provider tax, which provides a \$700 million annual revenue stream and is set to expire at the end of the year, will be at the center of negotiations over taxes and health care, with Gov. **Tim Walz** unwilling to negotiate on the issue and DFLers relying on the revenue to fund their health and human services budget, while the Senate Republican budget does not include an extension of the tax, **J. Patrick Coolican** writes for the *Star Tribune*.

For more information, check out [this article](#) from the Duluth News Tribune and [this article](#) from Minnesota Public Radio.

RESPONSE: Via statement from the *Minnesota Medical Association*, **VERBATIM**: “During the conference, Walz said we need to continue funding for health care programs. The Minnesota Medical Association strongly agrees. He also said that no ‘real’ alternative to the tax has been proposed. We’d beg to differ. A claims expenditure assessment (CEA) has been proposed in both the House and Senate (HF 2789 and SF 2616). The MMA feels strongly that this option should be considered as a part of any solution to the stalemate that lawmakers face.”

MORE: Via *Minnesota Medical Association*, the organization’s perspective on the claims expenditure assessment. **READ**: <http://bit.ly/2ZRGEBh>

MORE: GOP Sen. **Michelle Benson** offered an amendment to reinstate the health care provider tax (which she opposes). The amendment failed 35-32. **SEE**: <http://bit.ly/2DHQ7la>

Bill introductions of interest

[SF 2866](#) (Abeler) – Hospitals and health maintenance organizations (HMO) surcharge increase; for-profit health maintenance organizations premium tax increase