



## **2020 Legislative Session Summary**

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Government Relations

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## Legislative Session Summary

### ***Before COVID***

The 2020 legislative session began on February 11th with legislators discussing their goals and plans for the next four months, none of which included a state-wide shutdown due to a pandemic. Before COVID-19 arrived in Minnesota, legislators had 3 main goals for this session: to highlight campaign issues for the November election, to pass a bonding bill, and to take advantage of the \$1.5 billion surplus.

Since 2020 is an election year with every member of the House and Senate on the ballot, legislators were planning to use this session to advocate for and position their priorities in preparation of summer and fall campaigning. The pressure of being in an election year signaled that this would be a tense year of negotiations, with members vying for political power and changes occurring in leadership.

The most significant leadership change came two weeks before session began, with DFL Senator Susan Kent ousting Senator Tom Bakk as the Senate Minority Leader. Senator Bakk, who represents Northeastern Minnesota, had served as the leader of the Senate DFL caucus since 2011. Senator Kent's upset was a surprise to many, and some speculated that her victory symbolized the DFL's growing focus on the metro area. Senator Kent is the first woman to lead the Senate DFL Caucus.

The session began with an intended focus on policy bills, budget surpluses and attention to a bonding bill, which is the premiere piece of legislation during even-numbered years. Governor Walz started the volley when he released a \$2 billion package of projects that he wanted funded, containing more than 350 public works projects. The Democrats were expected to create a larger proposal, perhaps upwards of \$3 billion dollars, while the Republicans who are typically hesitant to craft a bill for over \$1 billion suggested a bill between \$1 billion and \$1.5 billion was more prudent.

Early legislative dialog also centered around what they were going to prioritize with the \$1.5 billion surplus that the state had accumulated over the last year. Ideas for these funds varied wildly by party; Republicans wanted to focus on tax relief and use the surplus to repeal the provider tax and offset social security income tax, while Democrats wanted to use the surplus to provide a boost to early education funding.

As session continued into early March, business seemed to be proceeding as usual: rallies were taking place in the Capitol for driver's licenses for undocumented immigrants, and gun laws like expanded background checks and red flag laws. Democrats planned to focus on paid family medical leave, climate protections, criminal justice reform, and grants for schools to hire additional counselors and social workers. Republicans were lining up their priorities as well: school vouchers, gun rights, voter ID requirements, and repealing the Social Security Income Tax. Both sides were in agreement that they wanted to pass an insulin protection bill and increase legislative oversight over the Department of Human Services. Little did they know that the next four months would lead to a statewide stay at home order, remote committee hearings, and the disappearance of the billion-dollar surplus.

## **COVID-19 Begins**

On Friday, March 6th, Minnesota confirmed their first positive coronavirus case. The individual had been on a Grand Princess Cruise ship and self-quarantined when they returned home. Two days later, a second positive case appeared, and on Monday March 9th, the legislature passed their first coronavirus relief package, which the Governor promptly signed into law.

### ***1st Coronavirus Package (3/9) SF 3813 (Relph)/HF 4275 (Liebling), Chapter 66***

The first coronavirus package appropriated almost \$21 million to an emergency account for public health with the qualification that the money be used only for the coronavirus outbreak. The Department of Health used the funds for purchasing PPE, expanding testing, and to cover the costs for additional staff. The bill passed both the House and Senate unanimously.

During the following seven days, the state began to shut down. The University of Minnesota announced that it would suspend in-person classes, the Mall of America closed, and Governor Walz declared a peacetime emergency on March 13th. At that time, there were 9 positive coronavirus cases in the state. Later that week, the Governor declared that all schools would move online and not return to class until at least March 27th. All restaurants and bars were asked to shut down in advance of St. Patrick's Day with the exception of delivery and pickup orders.

## **Minnesota Shuts Down**

Early in the morning on March 17th, the Legislature passed their second coronavirus package of \$200 million. Leadership decided to meet remotely for at least the next 30 days. By this time, 60 cases had been identified in the state.

### ***2nd Coronavirus Package (3/17) SF 4334 (Benson)/HF3980 (Liebling), Chapter 70***

This package totaled \$200 million, with \$50 million going into a health care contingency account and \$150 million in DHS grants to health care providers, with a caveat that providers could not bill uninsured patients for the cost of COVID-19 screening, testing, or care. These funds could be used to expand telemedicine, create additional capacity, and isolate positive cases.

The week of March 17th included many more shutdowns, including facilities like spas, salons, tattoo parlors, as well as an executive order stopping elective surgeries, effective beginning March 23rd. The Governor also created a special 30-day enrollment period for health insurance to increase health care access during the pandemic. It was also during this week that he announced he would begin daily press conferences with the Department of Health to keep Minnesotans updated. By the end of the week, positive tests had reached triple digits and the Governor authorized the National Guard to help with the response.

On Wednesday, March 25th, Governor Walz signed the Stay at Home order, with an end date of April 10th. He was met with resistance from Republicans in the Legislature, with Senate Majority Leader Gazelka stating that he had "grave concerns" about such a bold action. The same day, he also announced that he was continuing to keep places of public accommodation closed until May 1st, and schools would continue distance learning until May 4th.

The following day on March 26th, the House and Senate passed their third coronavirus support package in 19 days - this bill appropriated \$330 million in COVID-19 aid to small businesses and individuals.

***3rd Coronavirus package (3/26) SF 4451 (Gazelka)/HF4351 (Winkler), Chapter 74***

This bill added \$200 million to the COVID Minnesota Fund, \$72.5 million to the Department of Human Services to support the exacerbated areas of homelessness, emergency childcare grants, and food assistance, \$57.7 million to the Department of Human Services to preserve access to the Department's programs, and \$10 million for the Small Business Loan Guarantee Program. The bill passed unanimously in the Senate, but in the House, the four members that comprise the New Republican Caucus voted against the bill.

**The Shutdown Continues**

On April 1st, Sen. Paul Gazelka announced the creation of a COVID-19 Response Working Group. This group of Senators met daily for a few weeks, hearing presentations from agencies, businesses, and individuals to aid their decision-making for future coronavirus legislation. By this time, all committee meetings and floor sessions had begun meeting remotely to follow social distancing guidelines, with members joining official meetings via Zoom and voting electronically - a first in Minnesota's legislative history.

On April 7th, both bodies passed the Worker's Compensation bill for first responders that tested positive for coronavirus. The following day, the Governor extended the Stay at Home Order and the closure of places of public accommodation.

***Worker's Compensation Bill (4/7): SF 4458 (Howe)/HF4537 (Wolgamott), Chapter 72***

The Worker's Comp bill stated that if a first responder contracted the coronavirus, it could be presumed for them to have gotten it on the job, which would then qualify them for worker's comp. The burden of proof then falls on the employer to prove that an employee did not contract COVID-19 from working.

On April 14th, the Legislature passed their fourth coronavirus package - this bill mostly contained small policy tweaks for agencies and health care providers. By this time, 79 deaths had been recorded in Minnesota.

***4th Coronavirus Package (4/14) HF 4556 (Winkler)/SF 4462 (Gazelka), Chapter 74***

This bill contained several small provisions to fine-tune the state's COVID response, including language that allowed marriage licenses to be obtained remotely instead of in person, as well as covering some testing costs, expanding telemedicine, extending certain deadlines and expiration dates, and updating the open meeting law to allow for remote participation from members.

On April 15th, to show solidarity with the many Minnesotans who were out of work, Gov. Walz signed an executive order that reduced his own salary, the salary of his Chief of Staff, and the salaries of all State Commissioners by 10%. Two days later, he signed into law a bill passed by the House and Senate that allowed for takeout beer and wine sales during the shutdown under certain conditions.

### ***Takeout Wine and Beer Bill (4/17) SF 4489 (Housley)/HF4562 (Halverson) Chapter 75***

The Takeout Wine and Beer bill was contested by some stakeholders and a first for Minnesota- it allowed the sale of the equivalent of a six-pack of beer OR the equivalent of one bottle of wine to be sold with a takeout order from restaurants. The law contains many caveats: The person picking up the order must be over 21, the order cannot subsist of only alcohol, and only one six pack or one bottle of wine can be sold at a time.

### **Restrictions Begin to Loosen**

April 17th was the first date that official action took place to begin loosening restrictions placed on Minnesotans. Governor Walz signed an executive order that allowed for certain outdoor recreational activities such as hunting, fishing, trapping, boating, hiking, biking, and golfing, as long as social distancing measures were kept up. On Thursday the 23rd, the Governor allowed workers in certain non-critical sectors to begin returning to their workplaces if necessary and only if the workplaces submitted an approved COVID-19 Preparedness Plan to the state.

At the same time, the Governor announced a joint venture between the University of Minnesota, the Mayo Clinic, and the state to reach a goal of testing 5,000 Minnesotans per day, with the intention of being able to test all symptomatic individuals and then isolate and trace those that had been in contact with positive cases.

On April 30th and May 1st, Gov. Walz also allowed for additional non-critical sector workers to be able to go back to work if their employer had an approved preparedness plan, and allowed for food trucks to operate at highway rest areas. The Governor allowed elective surgeries to begin again on May 5th, with facilities using specific safety measures to keep their patients safe.

On May 7th, the House passed the COVID-19 Economic Security Act, which provided \$208 million in grants for small business loans, personal care assistants, housing, broadband, and telemedicine. The bill was met with a lot of contention from the House Republicans, who made several unsuccessful attempts to use the bill as a carrier for an amendment to end the Governor's emergency powers. As of May 14th, the Senate had not yet heard the bill on the floor.

### **The Beginning of the End?**

The following week, the Governor extended the peacetime emergency to remain in effect until June 12. This was met with concern from Republicans, who felt that the Governor's continued extensions were doing more harm than good. With the economy shut down for nearly two months, Minnesota's unemployment rate was well into the double digits and many feared the aftermath of a 60-day closure of businesses. Republicans in the House had been repeatedly offering bills to circumvent the Governor's authority and end his emergency powers. However, on Wednesday May 13th, the Governor declared that he would allow his stay at home order to expire on May 18th. At that time, retail shops would be allowed to open up at 50% capacity, Churches with up to 10 people at a time, and on June 1st, salons, bars, and restaurants could begin opening with restrictions.

Although many felt that the Governor's announcement on May 14th was too little action too late, the Legislature did agree that the Governor's initial actions taken back in March were wise and

gave Minnesota the time that it needed to get PPE, ventilators, and additional hospital capacity in place before the peak of the pandemic. Minnesota has had one of the lowest infection rates in the country thus far, although 80% of the state's deaths from COVID-19 stem from long-term-care facilities. Continued work and investigations are taking place to try to identify and solve the problems that nursing homes are facing with COVID-19.

## **End of Session**

In the final days of session, the House and Senate began meeting 4-6 hours at a time to find agreements on their priority projects before the adjournment deadline of midnight on Sunday evening. Although the Legislature had worked well together earlier in session to pass much-needed language related to the pandemic, it appeared that their ability to collaborate had waned. On May 5th, the Office of Minnesota Management and Budget had released the updated budget projection for the state due to COVID-19, and the results of that forecast caused a divide in how the state's finance should be handled going forward. The projection stated that the \$1.5 billion surplus that the state had had just 3 months earlier had evaporated into a staggering \$2.42 billion deficit - a \$4 billion turnaround in just 10 weeks. This almost unimaginable financial loss, coupled with disagreements regarding the Governor's actions and other partisan conflicts, took the wind out of the sails of negotiations, and the session ended at midnight with a mediocre thud.

The Legislature failed to pass many of their leading pieces of legislation - including the bonding bill, which would have funded hundreds of new jobs and projects. The day before the end of session, the Senate Republicans proposed bonding package that was over \$1 billion less than the Governor's and House's proposal. The distance between the approaches was too great to overcome, and no compromise was reached.

# **MNASCA Legislation of Interest That Passed**

## **Summary of MNASCA Legislation that passed:**

- Alec Smith Insulin Affordability Act – *HF 3100 (Howard)/SF 3164 (Jensen)*
- Prescription Drug Transparency Act – *HF 1246 (Morrison)/SF 1098 (Rosen)*
- Prior Authorization – *HF 3398 (Morrison)/SF 3204 (Rosen)*
- Increased the minimum age to buy tobacco and e-cigarette products to 21 - *HF 331 (Edelson)/SF463 (Chamberlain)*
- Banning of chemical TCE - a metal cleaner that is known to be cancerous – *HF 3376 (Wazlawik)/SF 4073 (Chamberlain)*
- Health Care Omnibus Bill - *SF 13 (Benson)/HF 3727 (Cantrell)*

## **Alec Smith Insulin Affordability Act**

[HF 3100](#) Rep. Mike Howard/[SF 3164](#) Sen. Scott Jensen

Chapter 73

Effective Date: July 1, 2020

On April 16th, after over a year of discussion and negotiations, Gov. Walz signed into law HF 3100 - The Alec Smith Insulin Affordability Act. The bill provided a safety net for the almost half a million Minnesotans that suffer from diabetes by giving access to emergency insulin to qualifying individuals once a year. The bill had been in negotiations for a year, as the idea received bipartisan support after Minnesotan Alec Smith died alone in his apartment from rationing insulin. After his death, Alec's parents and other families came forward with their own experiences of having to ration their critical supply of insulin due to the high cost of the drug.

Although both parties were in favor of ensuring that no one ever suffered from this kind of tragedy again, Democrats and Republicans had different ideas on what an insulin affordability program would look like. Democrats wanted insulin manufacturers to pay up to \$38 million in fees during the emergency program's first year to fund insulin costs, while Republicans warned that forcing private companies to provide free insulin went against the constitution and suggested that the funds come from the State's Health Care Access Fund. In the end, the final bill does require manufacturers to be fined if they do not provide insulin at no cost. This provision caused House Republican Minority Leader Kurt Daudt to vote against the bill, as he argued that since Alec Smith's death, the insulin manufacturers had put more safety nets in place for people needing emergency insulin.

The program allows diabetics to receive 30 days-worth of insulin if they are at or below 400% of the federal poverty guidelines (\$104,800 for a family of four). They can only receive this supply once per year and must fill out a form and present their prescription and valid ID.

The Senate passed the bill unanimously, while 22 members of the House of Representatives voted against it. The Governor signed the Alex Smith Emergency Insulin Act into law on April 16th while streaming live so that the activists that fought to have their voices heard could be a part of their work's fruition.

## Prescription Drug Transparency Act

[HF1246](#) (Representative Morrison)/[SF1098](#) (Senator Rosen)

Chapter 78

Effective Date: July 1, 2020

The increased price of healthcare was a focus for much of the health care legislation that passed this session. The Prescription Drug Price Transparency Act was one of the health care bills that gained a lot of attention and action this year. The hearings related to this bill brought various stakeholders from across the state together to share their stories including patient groups, the business community, provider groups, unions, health plans, and Attorney General Ellison.

This bill requires price transparency for three categories of drugs: existing drugs, new drugs and newly acquired drugs. Drug manufacturers would be required to report to the Commissioner of Health drug pricing information for drugs that exceed certain thresholds or increase by a certain percentage over a 12 or 24 month period. The Minnesota Department of Health would post this information on a public website.

## Prior Authorization

[HF3398](#) Rep. Kelly Morrison/[SF3204](#) Sen. Julie Rosen

Chapter 114

Effective Date: January 1, 2021

### Jurisdiction

Applies to state regulated plans. Does not apply to managed care plans or county-based purchasing plans.

### Standard Review

Requires a URO to make an authorizing decision in 5 business days if received **electronically** and 6 business days if received through **non-electronic** means.

Effective January 1, 2022, **all requests** for utilization reviews must be communicated to the provider in **5 business days**.

### Expedited Review

Requires a URO to make an authorizing decision in 48 hours, however, this must include at least 1 business day.

### Standard Appeal

Requires a URO to notify in writing its determination on the appeal within 15 days; if more time is required, the URO can have an additional 4 days.

### Retroactive Denials

A URO cannot retroactively revoke or change a prior authorization they have approved, unless there is fraud or misinformation.

### Review by Physician with Same or Similar Specialty



Requires the person denying a prior authorization to not only be a licensed physician in Minnesota (current law), but that the physician have the same or similar specialty as the provider that typically treats the condition. Exempts PBMs from this requirement and allows decisions to be made by a licensed physician or pharmacist.

#### **Prior Authorization Criteria Posted on Website**

Requires a URO to submit the evidence-based clinical criteria used to make prior authorization determinations to the health plan and the health plan must post them on its public website. Criteria must be detailed and written in language that is easily understandable to providers.

#### **45-Day Notice of all New Prior Authorization Requirements**

Requires the URO to provide advanced notice of any changes to prior authorization requirements and that they be posted on the public website. Also requires the URO to provide written notice to all in-network providers at least 45-days prior to the change.

#### **Continuity of Care**

Applies to a patient that has an approved prior authorization and changes health plans.

Requires the new plan to cover the service for at least 60 days to allow the patient time to meet with their practitioner and determine next steps.

If a health plan changes coverage terms or the clinical criteria for prior authorizations during the enrollee's contract year, the plan must continue to cover the drug or procedure for which they approved the prior authorization.

#### **Annual Posting of Prior Authorization Data**

By April 1, 2022, a health plan company must post on its public website the following data for each commercial product:

- (1) The number of prior authorization requests;
  - (2) The number of prior authorization denials sorted by: (i) health care service; (ii) whether appealed; (iii) whether upheld or reversed on appeal;
  - (3) The number of prior authorization requests that were submitted electronically;
  - (4) The reasons for denial: patient did not meet prior authorization criteria; incomplete information; change in treatment program; and the patient is no longer covered by the plan.
- All information posted under this section must be written in easily understandable language.

#### **MDH Study on Drug Prior Authorization**

Requires the Department of Health to conduct a new study on drug prior authorization requests including total number of requests, turnaround times, reasons for denials, and frequency of electronic submission. The report is due to the Legislature by April 1, 2021.

## Omnibus Health and Human Services Policy Bill

[SF 13](#) Rep. Hunter Cantrell/ Sen. Michelle Benson

View the bill summary here: [Here](#)

Chapter 115

Effective Date: Various

This year's HHS Omnibus Policy bill was noncontroversial and passed in the House and Senate on May 17<sup>th</sup>. The Senate vote was unanimous, the House vote was 106-26. The bill was presented to the Governor on May 18<sup>th</sup>.

Notable provisions of the bill are:

- Eliminate unnecessary administrative barriers that impede physician's assistants' ability to practice in Minnesota;
  - [HF3402](#) (Rep. Schultz)/[SF2043](#) (Sen. Kiffmeyer)
- Pharmacists authorized to prescribe self-administered hormonal contraceptives, tobacco and nicotine cessation medications, opiate antagonists, and travel medications.
  - [HF2635](#) (Rep. Mann)/[SF1960](#) (Sen. Jensen)
- Require health care providers to give patients their own health information and records within 30 days of a written request;
  - [HF3582](#) (Rep. Lislegard)/[SF3488](#) (Sen. Dahms)
- Permit, rather than require, medical cannabis manufacturers to operate eight distribution facilities in the state;
- Require the Department of Health to conduct at least one unannounced inspection of each medical cannabis manufacturer per year until a state-centralized, seed-to-sale system is implemented;
- Allow patients receiving veteran's disability or railroad disability to pay a reduced fee when enrolling in the state's medical cannabis program;
  - [HF3199](#) (Rep. Frieberg)/[SF3027](#) (Sen. Rest)
- Allow telemedicine evaluations to suffice for prescribing drugs for the treatment of erectile dysfunction and substance abuse disorder;
  - [HF2150](#) (Rep. Schomacker)/[SF2184](#) (Sen. Howe)
- Make changes to last year's opioid law, converting the "account" into a "fund," changing some terminology, and modifying council procedures and term limits;
  - [HF3838](#) (Rep. Olson)/[SF3991](#) (Sen. Rosen)
- Update laws related to Medical Assistance and Minnesota Care to reflect current practice;
- Clarify that the cost of a private room in an assisted living facility should not be considered a medical expense that can be deducted from income prior to paying for the cost of institutional care;
- Add advanced practice registered nurses and podiatrists to the list of providers who can prescribe prosthetic and orthotic devices;
  - [HF1914](#) (Rep. Edelson)/[SF1966](#) (Sen. Kiffmeyer)
- Allow Medical Assistance to pay for services for persons who have been screened for breast or cervical cancer through a wider array of programs;
  - [HF3322](#) (Rep. Kunesh-Podein)/[SF3121](#) (Sen. Utke)
- Clarify that Medical Assistance may cover medical services that are unrelated to clinical trials;

- [HF3026](#) (Rep. Mann)/[SF3125](#) (Sen. Nelson)
- Require health carriers to reimburse multi-step dental procedures, even if the entire procedure is not completed because the patient moves, doesn't show up, changes coverage, or loses coverage; and
  - [HF3313](#) (Rep. Noor)/[SF3201](#) (Sen. Rosen)
- X-ray provisions are changed;
  - [HF3794](#) (Rep. Huot)/[SF4319](#) (Sen. Kiffmeyer)
- Technical changes to align existing statutes with current practice, delete obsolete language, repeal obsolete sections, incorporate federal requirements into state law, and correct drafting errors.

# **MNASCA Legislation of Interest That Did Not Pass**

## **Summary of MNASCA Legislation of Interest that did not pass:**

- Medical Professional Immunity for COVID-19 *HF 4693 (Mann)/SF 4603 (Benson)*
- Omnibus Human Services Policy Bill – *HF 3104 (Moran)/SF 3322 (Abeler)*
- Paid family leave - *HF 5 (Halverson)/SF 1050 (Kent)*
- Omnibus Tax Bill – No changes to the Provider Tax *SF 3843 (Chamberlain)/HF 3389 (Marquart)*
- Ratification of the state employee contracts\* - *HF 2796 (Lillie)/SF 2770 (Koran)*
- Oversight of CARES Act fund spending - *HF 4683 (Garofalo)/SF 4564 (Rosen)*
- House COVID-19 Economic Security Act – *HF 1507 (Stephenson)/SF 1579 (Hoffman)*
- Funding for the Workers Compensation COVID-19 Presumption - *SF 4458 (Howe)/HF4537 (Wolgammott)*
- Physician-patient relationship protected by prohibiting non-compete agreements (*HF 557(Mann)/SF 350 (Jensen)*)

## **Provisions of MNASCA Interest that did not pass:**

- Requiring no-cost diagnostic services and testing following a mammogram
- Requiring diagnostic or supplemental magnetic resonance imaging and ultrasonic scanning to be covered as a preventive service for those at risk of breast cancer
- Pharmacy and provider choice allowed relating to biological product dispensing and prescribing.
- Minnesota Athletic Trainers Act modification
- Physical therapists disciplinary action and prohibited conduct grounds modification.
- Optometrist legend drugs administration limitations removal.
- Health care facilities or providers prohibited from denying services due to patient refusal to sign consent form
- Health care provider prompt payment requirements modified, discrimination against geographic location of providers prohibited, and managed care organization's claims and payments to health care providers modified.
- Nurse Licensure Compact created, and money appropriated
- MinnesotaCare eligibility expanded
- Health care providers prompt payment requirements modification; discrimination against providers based on a geographic location prohibition; managed care organization's claims and payments to health care providers modification
- Hospital and health care provider gross revenue tax repealed

## **Medical Professional Immunity**

[SF4603](#) (Senator Benson)

[HF4693](#) (Representative Mann)

*This bill did not pass.*

Late in session Senator Michelle Benson, Chair of the Senate Health and Human Services Finance and Policy Committee, introduced legislation relating to COVID-19 and extending criminal, civil, and administrative immunity to persons engaged in health care services during the peacetime public health emergency authorization. Chair Benson expressed concern that in this environment of extraordinary risks, medical professionals are putting themselves on the line and should not be held liable for risks of lawsuits should ventilators or medications run in short supply. “We want doctors to feel free to make the best decisions they can in the moment,” she said. She acknowledged her inspiration for the bill came from talking to nurses on the front lines, and that it needed a closer look in the Judiciary Committee.

During the hearing the last week of session, several legislators expressed sympathy for the situation but shared their concerns the bill went too far. Many argued there were already laws in place to protect against the situations; Sen. Benson and testifiers argued more protection was needed. Concerns were raised that if a care provider was negligent and their actions resulted in injury, there should be protections for the patients. Further complicating the discussions were provisions that also provided immunity for criminal conduct. Senator Klein moved the bill as amended to go to the Judiciary Committee with no recommendation, an indication more work was needed, and the motion prevailed. The regular session concluded without additional action in the Senate.

On the last day of session Representative Mann introduced a companion bill to provide criminal, civil, and administrative immunity to persons engaged in health care services. It is expected that more conversations will be had as the Legislature contemplates several special sessions over the interim to deal with additional COVID-19 issues.

## **Omnibus Human Services Policy Bill**

[HF 3104](#) Rep. Rena Moran/[SF 3322](#) Sen. Jim Abeler

*View the bill summary [here](#).*

*The bill did not pass.*

The Omnibus Human Services policy bill passed in the Senate with a vote of 66-0. The House received the bill from the Senate, gave it its second reading and placed it on the calendar for the final day of session. The House ran out of time and did not end up considering the bill. This bill has many technical department led changes.

Notable provisions of the bill are:

- Modifies background study requirements for guardians and conservators.
- Expands the definition of “long-term care consultation services”
- Updates and clarifies provisions regarding substance use disorder programs.
- Permits a tribe and county to agree to transfer responsibility from the county to the tribe for screening and responding to child maltreatment reports.

- Grants the Commissioner of Human Services temporary emergency authority during the peacetime emergency for the COVID-19 outbreak. This lasts until sixty days after the expiration of the peacetime emergency.
- Provides changes to the civil commitment chapter in state law. Including updating outdated language, allowing all mental health professionals to initiate a 72-Hour hold, creating a new engagement service to help people with serious mental illnesses seek treatment voluntarily and avoid civil commitment, ensuring that a commitment won't end due to lost paperwork, and numerous technical changes.
- Allows for children's crisis teams to provide supports in hospital emergency rooms and urgent care settings, which adult crisis teams are currently able to do. There are also policy changes to Youth Assertive Community Treatment (ACT) Teams such as allowing a family peer specialist to be part of the treatment team.
- Updates language related to psychiatric residential treatment facilities. Key changes include no longer having the state medical review agent determine whether treatment at a PRTF is medically necessary but use utilization review instead.
- Requires a child entering the foster care system to receive a fetal alcohol spectrum disorder screening.
- Requires a foster care provider to contact the foster child's biological family if it is in the best interest of the child as soon as possible but no later than 72 hours.
- Allows children's mental health crisis teams to provide care in the ERs, like adult teams do.

## **Taxes**

[HF3389](#) Rep. Paul Marquart/[SF3843](#) Sen. Roger Chamberlain

View the bill summaries here: [House](#) and [Senate](#).

*This bill did not pass.*

The tax bill ended up being tied in with the final negotiations on the bonding bill and was not passed. The Senate passed a tax bill in April, the House tax bill never advanced from the Tax committee. Taxes will likely be revisited during a summer or fall special session.

### *House Tax Bill*

Without a target from leadership, Chair Marquart unveiled legislation that would provide \$667 million in the bill for local governments. Additional provisions include making the student loan credit refundable, increasing deductions for charitable giving, and providing partial conformity to federal law on Section 179 expensing for like-kind exchanges; a big issue for farmers who were hit with large tax bills when they upgraded equipment.

Notable provisions of the bill are:

- Retroactively allows full section 179 expensing on like-kind exchanges for tax years 2018 and 2019;
- Makes the student loan credit refundable;
- Decrease revenue for the state's General Fund by \$30.9 million for the 2020-21 biennium and \$13.7 million for the 2022-23 biennium;
- Creates a classification for short-term rental property;
- Allows counties to choose a second settlement date for first-half property tax payments;
- Sales tax exemptions for construction of public safety facilities in specific cities;

- Provides a refundable sales tax exemption and a grant related to the recovery from a fire in Alexandria;
- Provides flexibility to the Minnesota State High School League in how to use up to \$500,000 of revenues equivalent to forgone sales tax revenues from state tournaments for school years 2019-2020 and 2020-2021;
- Adds the availability of loans to the workforce and affordable homeownership development program;
- Modifies the statutory local lodging tax authority to include accommodations intermediaries in the tax base and allow changes in remittance dates;
- Provides temporary flexibility in the use of unencumbered tax increment financing revenues and the use of revenues from most local sales taxes;
- Extends the five-year tax increment financing rule to 10 years for redevelopment districts in Greater Minnesota; and
- Establishes a local sales tax working group to make recommendations regarding types of capital projects to be funded with local sales taxes and criteria for judging a project's regional significance.

The bill would establish a C-option tax whereby a pass-through business could elect to file and pay the corporate franchise tax. Under the bill, state tax law would conform to most of the federal changes made in the Further Consolidated Appropriations Act, the Families First Coronavirus Response Act, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. But according to Representative Marquart, conforming to the Cares Act on net operating losses, excess income loss and income tax limitation would cost the state \$600 million dollars – so that was not included.

### *Property Tax Bill Article*

When the final report from the House Property and Local Tax Division was finally unveiled, view the bill summary [here](#), a key element was a two-year moratorium on new proposals for local option sales taxes (or LOST). But, before the division's final report was approved and that moratorium on LOST was lost. Representative Carlson announced they would not be recommending any new local sales taxes. The division was also presented with new numbers from nonpartisan House fiscal staff about how state tax refunds, aids and credits will be affected by the new budget projections released Tuesday. The only difference was an additional \$11 million in tribal nations grants that were part of COVID-19-related legislation passed earlier this session.

In wrapping up the division's work for the session, Representatives stated that many came into session with hopes of reducing property taxes, but everything was dismantled by COVID-19. This Article was adopted into the House Tax Bill.

### *Senate Tax Bill*

Minnesota Senate passed legislation designed to help struggling businesses by extending tax deadlines, with a \$327 million dollar measure to assist with recovery and rehabilitation. Under the bill, the deadline for paying the statewide business property tax would be pushed back 60 days. Estimated tax payment installments and accelerated sales tax payments are delayed, as are payments for S-Corporations, partnerships and C-corporations.

The bill also provides some tax breaks for families with school-age children, farmers, and people who make charitable donations. Low property wealth school districts would also benefit. Some democrats felt it was too soon to discuss with the deficit inevitable and finances insecure. Inevitably with the Bonding bill dead at the end of Sunday night, the Tax bills also died.

Notable provisions of the bill are:

- Increases the equalization factors for tier 1 and tier 2 referendum equalization levies.
- Sets the class rate for all class 4d properties (qualifying low-income rental property) at 0.25%. Under current law, the class rate is 0.75% on the first tier of value (first \$162,000 for assessment year 2020) and 0.25% of the value exceeding the first tier amount for each unit.
- Provides a 60-day extension of the due date for the first-half payment of the state general tax for taxes payable in 2020 only. With the extension, the first-half tax payment must be paid on or before July 15, 2020.
- Moratorium on changes in assessment; short-term rental properties.
- Removes the sunset on the angel investment credit so that the current \$10 million allocation would be ongoing.
- Expands the subtraction allowed under current law for taxpayers who do not itemize.
- Under current law, the K-12 credit phases out for claimants with household income over \$33,500. Household income is defined as adjusted gross income (AGI) with a number of nontaxable and other income sources added back.
- Codifies the commissioner's extension of the filing and payment deadline for individual income taxpayers to July 15, 2020.
- Suspends the first two installments of estimated tax payments made in 2020.
- Provides that the accelerated payment of June liabilities due June 20, 2020, may be remitted on July 20, 2020.
- Requires that, for purposes of calculating net income, taxpayers must not claim the benefit of both the exclusion from gross income of paycheck protection loans under the CARES Act and deductions ordinarily claimed for employee expenses used to reduce tax liability.

## **State Employee Contracts**

[HF 2796](#) Rep. Leon Lillie

[SF 2770](#) Sen. Mark Koran

*This Bill did not pass.*

One of the final things considered this legislative session was state employee contracts. The legislature must ratify the state worker contracts before adjourning or the contracts revert to the previous contract agreements. This would mean current state employees would lose the pay raise they received in July 2019.

The House passed the bill on May 11. The House bill approved the salary increases that were agreed upon in 2019. That contract was for a 2.5% increase in July of 2019 and a 2.5% increase in July 2020. The vote was 74-60 with Rep. Marquart being the only member of the DFL to vote against approving the contracts. The Senate gave the bill its second reading on May 12 and laid the bill on the table with Senator Gazelka asking the Walz administration to re-engage with the



state employee unions so that they can keep their current pay, avoid adding to the deficit, and prevent layoffs in the midst of the COVID-economy.

As a final action the Senate reconsidered HF 2796 and amended the bill to cancel the 2.5% pay increase scheduled to take effect July 1 for the final year unless the state achieves a budget surplus by July 2021. House leaders have said the contracts must be approved as negotiated and cannot be amended, thus putting the Senate's action and ultimate impact in question.

The Management and Budget Commissioner Myron Frans, who negotiates collective bargaining contacts for the Walz administration, put out a statement May 20<sup>th</sup> saying that the legislature does not have the authority to unilaterally modify the state employee contracts. The administration will implement the contracts negotiated last fall, which includes a 2.5% raise for state employees starting in July 2020.

## **Senate COVID-19 Federal Funding Oversight Bill**

*[HF 4683](#) Rep. Pat Garofalo/[SF 4564](#) Sen. Julie Rosen  
This bill did not pass.*

This bill would have allowed the legislature to create formulas for the distribution of funds the State received from the federal government that are related to the COVID-19 pandemic, also known as the CARES ACT. This would have defined how Hennepin and Ramsey County had to distribute the money that they received directly from the federal government. This bill also created timelines for when money received must be distributed, expended, and reallocated. This bill passed the Senate on a vote of 45-22. The House did not take any action on the bill. Had this bill passed it would have taken immediate effect and allowed the legislature to have legislative oversight over funds that they would have otherwise not had access to.

## **House COVID-19 Economic Security Act**

*[HF 1507](#) Rep. Zack Stephenson/[SF 1579](#) Sen. John Hoffman  
This bill did not pass.*

The bill would have provided a series of different loans and means for financial relief to Minnesotans during the COVID-19 pandemic. This would have extended the State's small business emergency loans program. It would have provided broadband grants to school districts and charter schools that are doing online learning. It would have provided grants to health care providers to support telemedicine technology. It would have allowed for financial aid for housing costs if the homeowner/tenant has lost income due to the pandemic and kept landlords from charging late fees during the peacetime emergency. It would also have temporarily increase the rates that personal care attendants in a medical assistance program can receive and the number of hours they can work due to COVID-19.

The House passed this bill on May 7<sup>th</sup> with a vote of 75-58. The Senate gave the bill a second reading but did not pursue any further action on the bill.

## Looking Ahead

Although much work was left unfinished thus far, the Legislature is likely to have multiple special sessions over the summer. The Governor is expected to hold the first special session on June 12th, which is also the date that his emergency powers will expire. Talks have already begun on reviving the bonding bill and working on the ratification of state contracts, as well as potentially offering a few other coronavirus relief provisions.

Regarding the state's fiscal health, no one is certain how badly the deficit will affect Minnesota's financial future, although most possibilities are quite grim. One possible measure that the Governor could take would be the "unallotment," or undoing, of current appropriations if the state does not have the money to spend. Senate Majority Leader Paul Gazelka, however, favors across the board cuts of each agency's budget.

The Minnesota House of Representatives will also immediately convene a Select Committee on Minnesota's Pandemic Response and Rebuilding. The Committee will be tasked with reviewing both state and federal responses to the COVID-19 pandemic and how our policies and procedures could be changed for the future. The committee will be made up of Speaker Melissa Hortman, Majority Leader Ryan Winkler, Minority Leader Kurt Daudt, Ways and Means Chair Lyndon Carlson, and Ways and Means Minority Lead Pat Garofalo, along with five rotating members depending on the issue area being discussed. The first topic that the committee will discuss is workplace safety for nurses.