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Spring Break Has Arrived

After two weeks of late night committee meetings and floor sessions, the legislative break has finally arrived. Legislators will not have major committee meetings or floor session between March 30 and April 6.

Now is a great time to reach out to your legislator on any issues of concern ([find who represents you and their contact info](#)). With the policy deadlines behind us, we can look ahead to the calendar for the rest of the session. The legislature reconvenes on Tuesday, April 7, with no official meetings being held between now and then. Gov. Mark Dayton will deliver his State of the State speech on Thursday, April 9,

to a joint session of the House and Senate in the House Chamber at the Capitol. Then the third deadline looms, where appropriation bills must pass through the committee process by Friday, April 24. Lastly, the Legislature must adjourn for the year by Monday, May 18.

House and Senate Budget Targets

This week the House and Senate released their budget targets for each major issue area. These targets show their budget priorities and where they envision state government spending. Here is a side-by-side comparison of the House and Senate Proposals:

Issue Area	House	Senate
Education	\$157 million	\$350 million
Higher Education	\$53 million	\$205 million
Taxes	\$2.2 billion	\$459 million
Health & Human Services	-\$1.1 billion	\$341 million
Environment and Nat Resources	-\$24.5 million	\$20 million
Agriculture	\$9.5 million	\$9 million
Transportation	\$147.9 million	\$25 million
Public Safety	\$82.3 million	\$117 million
Job Growth & Energy	-\$20.5 million	\$14 million
State Govt Finance	-\$67.4 million	\$52 million
Capital Investment	-\$20.788 million	\$9 million
Budget Reserve	\$100 million	\$250 million
Unspent Funds	\$314 million	\$13.5 million

They said it:

"Minnesotans expect us to be effective and efficient with every dollar we spend always; even when we have a surplus."
- Speaker of the House Kurt Daudt (R-Crown)

"A surplus makes people's appetites strong, but discipline is important. We are making a commitment to Minnesota's future with our budget."
- Senator Tom Bakk (DFL-Cook), Majority Leader

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Budget Targets (continued)

The House announced its budget proposal on Monday, March 23, with Speaker of the House Kurt Daudt (R-Crown) and House Ways and Means Chair Jim Knobloch (R-St. Cloud) leading the presentation. The House proposal includes \$2 billion in tax cuts as well as setting aside \$100 million to the state budget reserve. The education funding level is notable because it is below projected spending for the area, and Rep. Knobloch indicated the higher education funding would be enough to freeze the tuition fees of either MnSCU or the U of M systems, but not both. The House also cuts about \$1.1 billion from Health and Human Services spending, citing reduction in Medical Assistance funding. The House plan spends about \$3 billion less than Gov. Dayton and increases state spending by about 1.7%.

The Senate announced its budget proposal on Friday, March 27, with Senate Majority Leader Tom Bakk (DFL-Cook) and Finance Committee Chair Richard Cohen (DFL-St. Paul). The Senate ended up with its spending level falling right between Gov. Dayton and the House. Sen. Bakk said the Senate proposal cuts less in taxes than the House proposal and it spends less revenue than Gov. Dayton's proposal. The Senate spends \$350 million over two years on education, and provides enough funding to allow for a tuition freeze for both MnSCU and the U of M — but Sen. Bakk indicated that the freeze may be unsustainable after one year. The Senate also sets aside \$250 million for the budget reserve, more than double what the House set aside.

With the \$319 million in unallocated money from the House proposal, there is still plenty of opportunity and need for all sides to reach a compromise. In the next month, the House and Senate will pass budgets out of their respective committees and will ultimately meet in a conference committee to work out the differences between the two bodies and the governor.

Tip Tier for Minimum Wage

After a five-hour debate, the House passed a bill Monday that would create a new tier in Minnesota's minimum wage law for tipped employees. [HF 1027](#), sponsored by Rep. Pat Garofalo (R-Farmington), would create a minimum wage tier of \$8/hour for any tipped employee who makes more than \$12 an hour when tips are calculated into their hourly wage. The minimum wage increase passed last year required the state minimum wage to go up to \$8 an hour last August, with increases to \$9 an hour by this August, and \$9.50 an hour by August 2016, but HF 1027 would keep tipped employees to the current \$8 an hour.

Supporters of the bill cited concerns from restaurant owners who said the current law would require their serving staff to receive disparate wages compared to their kitchen staff,

potentially resulting in trimming serving staff, and that kitchen staff might not receive annual raises due to high pay for serving staff. Critics derided the bill as a tip penalty, and stated that taking money away from particular workers doesn't necessarily mean other employees will benefit. Rep. Garofalo stated during debate that Minnesota is one of seven states and the only state east of the Rocky Mountains that doesn't factor in tipped employees for their minimum wage. The proposal has little chance of passing this year, however, as Sen. Bakk and Gov. Dayton have indicated they do not support this proposal.

House Transportation Proposal

House Republicans unveiled their transportation funding package at a press conference on Monday. Dubbed the "Road and Bridge Act of 2015," the plan calls for a \$7 billion increase in funding to Minnesota's transportation system over 10 years, with the largest portion of the money going toward road and bridge projects. This is an updated proposal from earlier this year, when the House Republicans proposed spending \$750 million over four years. This new plan would not increase the gas tax or licensing fees, as Gov. Dayton proposes, but it does rely on shifting the budget from certain areas and moving it to transportation which could result in less funding for other state programs.

The House plan would utilize taxes on auto parts and fees on vehicle rental and leasing (money in the general fund) and put it in a newly created Transportation Stability Fund, which will be dedicated funding for transportation projects every year. The Road and Bridge Act would also use roughly \$220 million from the budget surplus, \$1.3 billion in Trunk Highway bonds, \$1.05 billion in General Obligation bonds, and \$1.2 billion in realigning of Department of Transportation resources. Speaker Daudt said he would leave funding allocation to MnDOT and that he expected the same projects will be done with their plan as would be with Gov. Dayton's proposal of over 600 projects. The biggest difference between the House and Gov. Dayton's plan comes in the area of rural and metro transit funding. Gov. Dayton proposed close to \$3 billion over 10 years for transit funding, while House Republicans have offered only \$16 million a year over 10 years.

Speaker Daudt announced that he expects the proposal to be passed by the House sometime near the end of April, which will set up a transportation conference committee between the House and the Senate where most of the differences and final details of the transportation funding will be ironed out.