

February 08, 2019

Minnesota Legislative Update: Committees Weigh Bills on the Opioid Crisis, Tax Conformity

With the first week of February over, legislative committees continued to hear and process bills. To date both bodies of the Legislature have introduced nearly 1,000 bills. On Thursday, the House passed House Concurrent Resolution No. 1, which established committee deadlines, and sent it to the Senate for concurrence. The House passed committee deadlines as follows:

- **Friday, March 15** — Committees must act favorably on bills in the house of origin.
- **Friday, March 29** — Committees must act favorably on bills, or companions of bills, that met the first deadline in the other body.
- **Friday, April 12** — Committees must act favorably on major appropriation and finance bills.

Also this week, a special election was held to fill the vacancy in Senate District 11 created by Governor Tim Walz' appointment of former Senator Tony Lourey (DFL-Kerrick) as Commissioner of the Department of Human Services. Representative Jason Rarick (R-Pine City) defeated Stu Lourey, Commissioner Lourey's son, winning with 52 percent of the vote and giving Republicans a two-seat (35-32) advantage in the Senate. Rarick's victory will result in another special election to fill his House seat.

Opioids

In an emotional hearing on Wednesday, February 7, the House Commerce Committee heard stories of addiction and its consequences because of opioid addiction. [HF 400](#), authored by Rep. Liz Olson (DFL-Duluth), imposes licensing fees on drug manufacturers and wholesale distributors, raising approximately \$20 million annually. The bill also provides for an Opioid Stewardship Advisory Council, which will recommend to the Commissioner of Human Services programs to fund opioid education and treatment.

HF 400 was passed on a voice vote and sent to the House Committee on Government Operations, where it will be heard on Tuesday, February 12. A similar bill in the Senate, [SF 751](#), authored by Sen. Julie Rosen (R-Vernon Center), will have its first hearing in the Senate Health and Human Services Policy and Finance committee on the same day.

Governor Walz has indicated he is willing to sign an opioid prevention and treatment measure if it reaches his desk. During his tenure in Congress, he worked on opioid abuse issues and is sympathetic to the need for certain opioid medications in the treatment of pain. However, he also has said the pharmaceutical industry needs to participate in funding a solution to the opioid epidemic.

Tax Provisions From Vetoed 2018 Bill Considered

The House Tax Committee and Property and Local Tax Division have held multiple hearings on proposals to conform Minnesota's tax code to various provisions of the Tax Cuts and Jobs Act bill of 2017 (TCJA). Many of these provisions were carried in last year's vetoed omnibus tax bill. These proposals have strong bipartisan support and appear to be a starting point for a new attempt at a federal conformity package.

The House Property and Local Tax Division heard [HF 632](#) and [HF 567](#), authored by Rep. Diane Loeffler (DFL-Minneapolis), contains a number of no-cost and low-cost property tax provisions from the vetoed 2018 omnibus bill. HF 632 includes provisions from the DOR's policy and technical bills from 2018, and HF 567's revenue note cites costs are mostly negligible, meaning a cost to the state of \$5,000 or less. Provisions in both bills were acted favorably on previously and received little debate. The bills were laid over for possible inclusion. There are currently no Senate companions.

The House Tax Committee heard two similar bills regarding Sec. 179 expensing and Sec. 168 bonus depreciation conformity. [HF 515](#), authored by Rep. Jean Poppe (DFL-Austin), and [HF 235](#), authored by Rep. Glenn Gruenhagen (R-Glencoe), would fully conform to Sec. 179 expensing. Sec. 179 bills would allow the taxpayer to claim the full value of machinery and equipment the year put into service. [HF 518](#), authored by Rep. Paul Marquart (DFL-Dilworth), fully conforms to bonus depreciation. Current Minnesota statutes for Sec. 179 and bonus depreciation require an 80 percent add back and then one-fifth of the remaining 80 percent subtracted each of the following five years. Proponents referenced how beneficial conforming to Sec. 179 and bonus depreciation would be for small businesses and farmers, stating it would allow both to avoid keeping multiple depreciation schedules when filing taxes. The House, Senate and Governor all agreed to Sec. 179 conformity last year. The bills were laid over for possible inclusion in an omnibus tax bill.

[SF 575](#), authored by Sen. Andrew Lang (R-Olivia), is the companion to HF 235 and awaiting action in the Senate. HF 515 and HF 518 currently have no companion.

Met Council Reform

Met Council reform is being considered again this session. This week the House Subcommittee on Local Government heard a presentation by the Met Council regarding their responsibilities as the region's Metropolitan Planning Organization (MPO). Currently the Met Council is governed by a regional board made up of 17 members appointed by the Governor and confirmed by the Senate. Next week, an advisory board will forward their recommendations to Governor Walz to fill these vacancies. The Governor has until March 4 to appoint new Met Council members. The current board members remain serving until a new board is seated.

The subcommittee also heard a number of similar bills reforming the Met Council's board. [HF 192](#), authored by Rep. Sandra Masin (DFL-Eagan) and [HF 370](#), authored by Rep. Peter Fischer (DFL-Maplewood), would change the appointments to four-year staggered terms and change the nominating process. The minor difference relates to the nominating process. HF 192 expands the nominating committee to 13 members, including seven members appointed by the governor, three members appointed by Metro Cities, and three members appointed by the Association of Minnesota Counties. Whereas HF 370 lowers the governor's appointments to six and increases the Metro Cities to four. Proponents view this as an attempt to find common ground between the many proposals to address council make up. Opponents raised concerns that this would allow for an outgoing governor to stack the board for the incoming governor, and that these reforms do not go far enough to make the Board more accountable to local constituents. Both bills were laid on the table.

Senate companions [SF 56](#), authored by Sen. Scott Dibble (DFL-Minneapolis), and [SF 36](#), authored by Sen. Chuck Wiger (DFL-Maplewood), are awaiting hearings in the Senate.

Sexual Harassment

[HF 10](#), authored by Rep. Kelly Moller (D-Shoreview), was heard in the House Judiciary Committee late this week. HF10 would change the "severe and pervasive" standard for sexual harassment. This bill passed the House last session but encountered difficulties in the Senate.

Opponents of the legislation told committee members it would bring an onslaught of litigation and lead employers to make "knee-jerk reactions" that could discourage victims from reporting. Furthermore, testifiers held that the policy change could put undue financial burdens on small businesses due to expenses associated with settlements and the increased costs of liability insurance. One testifier shared additional concerns that victims may face cross-complaints in which the statute is actually used against the victim. This concern stems from the belief that the standards for qualifying sexual harassment under this law are too low and could be easily exploited.

Proponents of HF 10 testified that employers who take comprehensive measures to prevent sexual harassment, while responding reasonably and swiftly when incidents do occur, have nothing to be concerned about. They also argued that the statute would maintain that employers are not liable in circumstances where they can show that they acted quickly to address

the harassment, and the employee did not take advantage of the employer's protection. Rep. Moller testified that it was her intent to uphold the totality of the circumstances test, the reasonable person standard and relevant case law. When asked, Rep. Moller expressed openness to adding language to the bill that would codify this intent in the statute itself.

The bill passed in committee and was sent to the General Register. While Democrats were favorable to the bill in its current state, Republicans expressed hopes to see further work done on the language of the bill before it makes its way to the House floor for a vote.

The bill passed and was sent to the General Register. Currently, there is no Senate companion.

Important Dates

Upcoming important legislative dates:

- February 19, 2019 – Governor's Budget Recommendations Released
- Last week of February – February Budget and Economic Forecast Released
- April 13, 2019 – April 23, 2019 – Legislative Break
- May 20, 2019 – Session Adjourns

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