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2017 Minnesota Legislative Session Outlook Recap

Event

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On December 8, 2016, Fredrikson & Byron's Government Relations Team hosted the 2017 Minnesota Legislative Session Outlook. This year's event featured new legislative leaders with fresh perspectives on how to work together to figure out challenging state budget and policy dilemmas.

We were fortunate to have incoming **Senate Majority Leader Paul Gazelka**, **Senator Kari Dzeidzic** representing the Senate DFL Caucus, **House Ways and Means Committee Chair Jim Knoblach** and incoming **House DFL Caucus Leader Melissa Hortman**. But it wouldn't have been a successful Session Outlook without award-winning veteran TPT political reporter **Mary Lahammer** as our moderator.

Below is a summary of responses from the four panelists to a variety of prepared and audience questions which were asked this year. For more information about Fredrikson & Byron's Government Relations Practice Group, [click here](#) or contact Kevin Goodno at 612-492-7348 or kgoodno@fredlaw.com.

Session Priorities

What are the main priorities of your caucus this legislative session and how do you plan to accomplish them, since you will need to work across the aisle and with the Governor?

There were common themes among the four caucus leaders, including healthcare (specifically MNsure), transportation, tax relief and job creation. There were differences between Republicans and Democrats in regards to where transportation dollars would be focused, with Republicans favoring roads and bridges and Democrats favoring public transit projects. The Democrats also highlighted access to child care and a focus on working families as specific priorities for their caucuses.

Style of Governing

What is your particular style of governing?

All panelists spoke of wanting to find common ground and focusing on areas where they could get things accomplished. Multiple panelists referenced the message they felt voters sent this fall around a need for change.

MNSure

Presumably one of the major challenges this year will be addressing some of the issues related to MNSure. What is your caucus's plan to provide relief for Minnesotans on the individual market who are facing drastic premium increases?

All panelists pointed to the need to find ways to expand the risk pool to try to bring down costs, as well as the need for some sort of immediate financial relief for Minnesotans on the individual market seeing dramatic premium increases. Senator Gazelka expressed his acceptance of providing premium relief through special session legislation, with the understanding that policy makers would come back in 2017 to reform high-risk populations through a new version of MCHA or other means. Representative Knobloch went even further to say that the issue couldn't be fully resolved in just the 2017 session, but that it would also be a focus of the 2018 session due to the effect that policy changes at the federal level will have on the state level.

Transportation

Is there finally going to be a comprehensive transportation funding package, and what will it look like at the end of the legislative session? Are we going to see a grand compromise, with more dollars going to Greater Minnesota roads and bridges in exchange for mass transit projects in the Metro area?

Senator Gazelka expressed his goal of finding permanent transportation funding without a tax increase and also noted that transit is important, but that it doesn't necessarily have to be light rail, with the possibility of BRT. Representative Hortman expressed her hope that policy makers would listen to transportation experts closely this session, given their expertise on this complicated area of policymaking.

Budget Surplus & Taxes

The most recent forecast from MMB stated that we have a \$1.4 billion surplus with a structural balance of \$736 million for this biennial budget and a \$1.4 billion structural balance in the out-years. So, what kind of additional spending and/or tax relief are we going to see this year?

Representative Hortman referenced the need to do more around college affordability in terms of potential tuition freezes, more targeted financial assistance for students and student debt relief. There was no strong support expressed by any panelists for tax rebate checks. Representative Knobloch pointed out that he feels there has been little tax relief passed in the last few years and pointed to components of the 2015 House Tax Bill when asked for examples of tax relief he might support in 2017.

Education Funding

Not surprisingly, when the issue of school choice/vouchers came up, the two GOP caucus representatives spoke in support of the increased choice and access this could provide, while the two DFL representatives expressed concern over public school funds being diverted to the private school system.

Bonding

Though the odd year is not traditionally a year for a large bonding bill, there is precedent when the previous odd-year failed to pass one. Are significant capital investments a priority for your caucus? Do you envision the stalled out 2016 bill to be the basis for building a 2017 bill? What are the must haves or can't haves for your caucus to support a bonding bill?

Representative Hortman expressed that she is hopeful a bonding bill will pass during the potential upcoming special session in December. Senators Gazelka and Dziedzic both mentioned their opposition to earmark projects that either aren't shovel ready or aren't practical for other reasons. The size of the bonding bill was in question due to the need to reach a super majority and working across the aisle. Senator Gazelka showed reluctance in going beyond a \$1 billion bonding bill.

Labor Incentives and Republican Solutions

There has been a lot of activity in cities to push labor initiatives (i.e. minimum wage, sick time, fair scheduling, etc.). How do Republicans plan to resolve any issues that arise from businesses operating in a patchwork system?

Both Republican leaders expressed their opposition to the current patchwork system and indicated that these issues should be addressed on a state level. Senator Gazelka emphasized that there are too many regulations on businesses already, and that we need to take a look at all regulations to see what is sensible and doesn't drive up costs. Representative Hortman pointed out the benefits that can be found when cities and localities are allowed to be innovative and test out various models and policies.

Fixing Healthcare

Fixing healthcare must include measures to control the rising cost of medical care and care delivery. What will your caucus propose to contain costs?

The Democrat leaders advised that the healthcare experts within their caucuses are exploring various solutions to this problem and provided a single-payer option as an example. Senator Gazelka was quick to shut down the single-payer discussion with the objection that it reduces access. He went further to express the need for more competition in the marketplace, allowing hospitals and providers to better share patient data, and the need for tort reform. Representative Knoblach wants to expand access by making it easier for clinics to open. Knoblach also explored possible

negotiation terms with the Governor when he proposed having for-profit insurance in the mix.

Paid Parental Leave

The Governor recently announced plans to provide paid parental leave for all state employees. Is this a good policy and, if so, should it be mandated and available for all Minnesotans? How would businesses be required to comply?

There was agreement that an overall trend towards better employment benefits is good for the state. The Republican leaders expressed their disapproval that this was not part of a contract negotiation with the state employee unions. Senator Gazelka does not favor a mandate on businesses, but rather suggested that this should be a market development rolled out first by larger companies. The Democrat leaders advised that there are significant disparities within various populations, not just urban, that need to be addressed.

Liquor Regulations

Beyond Sunday sales, will there be any effort towards regulation reform in the area of craft beer, wine and spirits?

It was made clear that this is not a partisan issue and that there will be no caucus position. With the large number of new legislators in both bodies it is hard to say what the future of Sunday sales will be. All members expressed their excitement for small business growth with the boom in craft beer, wine and spirits. Senator Dzedzic was particularly supportive of this industry, as it is a major piece of her district. Senator Gazelka will allow his committee chairs to work on these types of issues and let them develop through that process. Representative Hortman advised that the laws need to be modernized to reflect the realities of the current craft market.

Government Shutdown

In 2011, the political landscape in Minnesota looked very similar, with a DFL Governor, Mark Dayton, and a Republican controlled legislature. That budget year resulted in a lengthy state government shutdown. What needs to occur to make sure that this session does not result in a similar situation?

As the last question of Session Outlook, the event ended on an optimistic note. All four panelists expressed their hope that the legislature will wrap up their work in a timely manner in late spring, therefore avoiding a scenario similar to 2011 when the GOP-controlled House and Senate couldn't find agreement with the DFL Governor's Office and the state went into a shutdown. Panelists pointed to better relationships and a less dire financial situation as compared to 2011 as reasons for their optimism and also outlined further rule reform ideas they have for avoiding chaotic/dysfunctional end of session scenarios.