



MINNESOTA  
CHAMBER of  
COMMERCE



LEGISLATIVE UPDATE  
THE VOICE OF BUSINESS

March 10, 2009

ISSUE SPONSOR

For daily updates on key legislation being lobbied by the Minnesota Chamber of Commerce, visit [www.mnchamber.com](http://www.mnchamber.com) and click on "legislative bill tracker." To contact your legislators, visit the Minnesota Prosperity Project at [www.minnesotaprosperty.org](http://www.minnesotaprosperty.org).



Activity will pick up at the Capitol following the February forecast released by Minnesota Management and Budget. The state's general fund faces a \$4.6 billion shortfall for FY 2010-2011 – \$6.4 billion if \$1.8 billion of federal stimulus money for Medical Assistance is not counted. Governor Pawlenty is expected to release his supplemental budget in the next two weeks, and the House and Senate will likely release their plans shortly thereafter.

The Governor has pledged not to raise state taxes and is intent on reducing state health care costs. DFLers are expected to propose tax increases, including tax increases on business, but have not yet revealed any specifics. It is most important to reinforce the message that businesses cannot afford to absorb additional costs in this economy.

Though the focus is on the state budget at the Capitol, several important policy measures are being debated as well. To be further considered, all policy bills must pass all policy committees in either the House or Senate by March 27.

## PRIORITY LEGISLATION FOR BUSINESS

### FISCAL

**Tax reform (SF 1274, Rest, DFL-New Hope):** This bill proposes comprehensive tax reform and includes measures that warrant attention by the business community. The bill would eliminate the corporate income tax over four years. It would pay for that change by: increasing the statewide property tax paid by commercial/industrial and utility properties by about \$250 million per year; expanding the sales tax base to clothing, accounting services and legal services – business purchases included; reducing the sales tax rate; phasing in over two years a fourth bracket of 8.5 percent in the personal income tax, starting at \$250,000 for married joint filers. The bill also would convert the capital equipment refund program to an up-front exemption and repeal the June accelerated sale tax requirement.

We haven't seen a revenue analysis, but the bill is supposed to be revenue neutral. If you have any thoughts on the bill or the trade-offs it presents, please contact Tom Hesse at (651) 292-4678 or [these@mnchamber.com](mailto:these@mnchamber.com).

**Tax on interest (HF 716, Rukavina, DFL-Virginia/SF 507, Ortman, R-Chanhassen):** This bill is intended to protect customers from excessive interest rates. However, by imposing a tax on interest earned exceeding 15 percent, it could have widespread negative impact. The bill needlessly penalizes Minnesota customers with either higher interest rates than otherwise would occur or further tightens credit in an already difficult economy. As just one example, the bill would impose this tax on mortgages when the cumulative interest rate reaches more than 15 percent of the loan balance; that would occur in three or four years at current rates. We oppose.

### WORKFORCE

**Elimination of GRAD requirement (HF 501, Mariani, DFL-St. Paul/SF 405, Wiger, DFL-North St. Paul):** This bill would allow students who cannot pass the GRAD test – Graduation-Required Assessments for Diploma – to still receive a high school diploma. This would take Minnesota a step backward in setting

standards that have demonstrated they improve student achievement. At minimum, students should be given opportunities to retake the test and, if they still fail all of those attempts, be required to take at least the Basic Skills Test rather than no test at all. We oppose.

## **LABOR/MANAGEMENT**

**Paid sick leave (HF 612, Lesch, DFL-St. Paul/ SF 461, Anderson, DFL-St. Paul):** This bill would require employers with more than 10 employees to provide one hour of paid sick time off for every 30 hours worked up to a maximum of 72 hours, which can be carried over year to year. For employers with fewer than 10 employees, the requirements are one hour of paid sick time off for every 30 worked up to a maximum of 40 hours, which also can be carried over. Paid sick time can be used to care for all ill family members, whether immediate or otherwise. Employees would have a broad ability to file civil suit if they are not allowed to use the time or if the employer retaliates against an employee.

We find no demonstrated need for mandating sick leave standards. Most employers already have some type of "leave" package and employers, in consultation with their employees, should be able to tailor benefits/leave packages to satisfy the distinctive needs of individual workplaces. We oppose.

## **REGISTER FOR INSIDERS ISSUE BREAKFAST - MARCH 27**

Energy, Environment and the Economy is the focus of the Insiders Issue Series event from 7:30 a.m. to 9:00 a.m. March 27 at The St. Paul Hotel. Bill Glahn, director of the Minnesota Office of Energy Security and deputy commissioner of the Department of Commerce, will be joined by Representative Kate Knuth, DFL-New Brighton, and another legislator.

Minnesota already is a national leader in renewable energy and protecting the environment. The Minnesota Chamber opposes initiatives that would place the state on an island in public policy at tremendous risk to loss of jobs. At the same time, these proposals offer little hope for solving problems that should be addressed at the national and international levels. We oppose a state-specific or regional cap-and-trade system to reduce greenhouse gas emissions, a low carbon fuel standard and California clean car legislation. Sponsor: Common Sense Solutions.

Other sessions are:

### **April 24 – State Budget**

Governor Pawlenty will be joined by legislative leaders as they discuss how to resolve the projected multibillion shortfall for the FY 2010-2011 biennium. The Minnesota Chamber believes the budget should be balanced by restructuring government services and cutting spending. Sponsor: Deloitte & Touche LLP.

### **May 20 – Session Wrap-up**

Special time: 3:30 p.m. followed by a 4:30 reception.

Minnesota Chamber staff will evaluate how business fared in the 2009 session and offer an early preview of 2010. Sponsor: Principal Financial Group.

Each event is \$30 for members, \$50 for nonmembers. To register, contact Lisa Engdahl at (651) 292-4699, (800) 821-2230 or [lengdahl@mnchamber.com](mailto:lengdahl@mnchamber.com), or online at [www.mnchamber.com](http://www.mnchamber.com).

## **WORKPLACE SAFETY WEBINAR: GET AWAIR**

**Tuesday, March 31**

**Noon – 1:00 p.m.**

Whether you have an AWAIR program in place or are in the process of instituting this mandated program, please join us for a free Webinar on the Workplace Accident and Injury Reduction Program (AWAIR) as required by Minnesota Occupational Safety and Health. The Webinar will be led by Richard Higgins, corporate environmental and safety manager from Hutchinson Technology Inc.

Even if you're not required to institute a formal AWAIR program, it's a good idea to do so. There's a strong link between active safety and health programs and low rates of occupational injury and illness. For information or to RSVP, go to <http://www.mnchamber.com/benefits/safetymanagement.cfm>.

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