

# 2019 Legislative RECAP

Center of the American Experiment pushed back against far-left policies like the 100% green energy mandate, 70% gas tax hike, and 9% increase in the state budget. Conservative legislators stopped the most radical ideas, but conceded a 6% budget increase. In a surprise victory, a middle-class income tax cut was also passed.

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## TAXES AND SPENDING

✓	Income tax cut	Enacted into law	The legislature cut the second-tier income tax bracket by 0.25% beginning in tax year 2019. It's a baby step, but a step in the right direction. Minnesota income taxes are high at every income level; even our lowest income tax rate of 5.35% is higher than the highest tax bracket in 23 states.
✓	Gas tax increase	Defeated	The proposal to increase the gas tax by 70% (20 cents per gallon) also included a budgeting gimmick that would roll back some existing funding for roads.
✗	State budget increase	Enacted into law	The state budget increased by 6% to \$48.5 billion for FY 2020-21. The budget increases faster than inflation every budget cycle, but millions of tax dollars are lost to fraud and mismanagement. Instead of assuming current spending is appropriate, the legislature should build the budget from zero every cycle.
✓	State tax conformity	Enacted into law	The state's tax code is now compliant with the federal tax code, which will significantly reduce compliance costs, particularly for small business who currently must keep two sets of books. Individual tax filers will also notice a reduction in paperwork and fewer steps required to file.
✓	Corporate tax increase	Defeated	Minnesota's corporate income tax rate is already the third highest in the country at 9.8%, but this proposal would have made it the second highest. Corporate income taxes are ultimately paid by consumers through an increase in the cost of goods and services.
✓	Estate tax increase	Defeated	Minnesota already has one of the highest estate taxes in the country, and this proposal would have increased it more. The estate tax is a net revenue loser for the state; we lose more overall tax revenue from those who leave than we collect in estate taxes from those who stay.

## EDUCATION

✗	Tax-deductible education scholarships	Defeated	'Opportunity Scholarships' provide alternative education options for low-income Minnesota families by offering a tax credit for those who wish to donate toward education scholarships.
—	Public Pre-K funding	Enacted into law	The legislature did not increase funding for public pre-K, but extended current funding for another two years. The expansion of public pre-K is a huge burden for taxpayers, and it undermines existing preschool options by forcing them to compete with "free" public programs, often forcing them out of business.
✓	Pre-K teacher licensing	Defeated	Pre-K teacher licensing is unnecessary and creates barriers for teachers to enter the field. Minnesota already requires pre-K teachers to hold a bachelor's degree from an approved program. The teachers' union demands pre-K teachers be licensed because it would increase their dues revenue and expand their power.



## HEALTH AND HUMAN SERVICES

✗	Sick tax continuation	Enacted into law	The 2% sick tax on most medical services was scheduled to sunset in 2020, but will now continue at a rate of 1.8% indefinitely.
—	Child Care Assistance Program (CCAP) funding	Enacted into law	The CCAP program provides child care assistance for low-income parents who are in school or working, but fraud is prevalent and difficult to quantify. The legislature funded the program, but implemented new anti-fraud measures like tougher recordkeeping requirements.
✓	Socialized medicine	Defeated	The socialized medicine proposal ONEcare would have undercut the traditional health insurance most Minnesotans have now, forcing people off of their current plans and reducing health insurance options. It would also pay providers pennies on the dollar compared to traditional insurance, putting many hospitals and clinics out of business.
✓	External audit of DHS budget	Enacted into law	A new Blue Ribbon Commission will audit the Department of Human Services' budget and propose a way to reduce spending by \$100 million.
✓	Family child care task force	Enacted into law	A new task force will analyze regulations for in-home child care providers and propose ways to alleviate unnecessary burdens that have contributed to the child care shortage.
✓	Plain language child care handbook	Enacted into law	The Department of Human Services will write a plain language handbook for in-home child care providers that clarifies licensing requirements and regulations, making it easier to stay in business or enter the industry.

## TRANSPORTATION

✗	DMV fee increases	Enacted into law	Drivers will pay more in fees at the DMV, including approximately \$4.50 for driver's license renewals and \$2.00 for license plate renewals. A \$2.25 technology fee plus a \$1.00 filing fee on every transaction will go toward fixing problems created by the nonfunctional MNLARS software system.
✓	MNLARS software rebuild	Enacted into law	The nonfunctional MNLARS DMV software system built by the state's IT agency will finally be scrapped. New software will be built by a private company with experience creating comparable systems.
✓	Vehicle miles traveled study	Defeated	This study would have looked at the feasibility of instituting a tax on vehicle miles traveled, including installing a tracking device in every vehicle.

## STATE AND LOCAL GOVERNMENT

✓	Pension bailout for local governments	Defeated	Since 1997, the state has provided aid to local governments to defray pension costs. The amount of state aid paid in 2019 was \$13,919,000. A proposal would have extended this aid to 2048, essentially making it permanent.
✓	Equal Rights Amendment	Defeated	Adding an Equal Rights Amendment (ERA) to the state constitution is unnecessary, as both sexes are already equally protected. It would have had unintended consequences, like eliminating women's sports and requiring teachers to use students' "preferred pronouns" or face discipline or firing.

## ENERGY

✓	100% green energy mandate	Defeated	The Minnesota version of the Green New Deal would have led to devastatingly high energy costs for families, with virtually no impact on the global climate. The proposal pushed wind and solar, but excluded new nuclear power and large hydro, the most reliable, efficient sources of carbon-free electricity available.
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## PUBLIC SAFETY

✓	Sexual harassment legal definition change	Defeated	In current law, objectionable conduct must be "severe or pervasive" to be legally actionable as sexual harassment. The proposal to eliminate those words would have broadened the definition so even one instance of rude conduct could be deemed sexual harassment, and employers could be held financially responsible.
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