

## 2020 Minnesota Legislature Convenes, Bonding will be Top Priority

Alert

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By Paul Cassidy

With the November 2020 general election on the horizon, the 2020 Minnesota Legislature got to work this week.

Legislators are tasked with assembling a capital bonding bill that some predict will surpass \$1 billion and may even approach \$2 billion. Minnesota also enjoys a healthy state budget situation with a projected budget surplus of \$1.3 billion. Ideas abound on how best to spend the surplus, with House Democrats proposing to invest in early childhood education, and Senate Republicans eyeing tax cuts.

It is likely the 2020 legislature will shape up to be a precursor to the 2020 general election. All 201 legislators (67 senators and 134 house members) will be up for election this coming fall. At stake is control of both bodies as well as the opportunity to control the redistricting process following the completion of the U.S. census process. Currently, Minnesota has the only divided legislature in the country. The Minnesota Senate is currently controlled by Republicans by a 35-32 margin while DFLers control the Minnesota House by a 75-59 margin.

The legislature has only 13 weeks to complete its work. Committee deadlines are four short weeks away, which doesn't leave much room to tackle complex legislation. Look for each side to take up legislation that will build their cases heading into the 2020 general election, avoid missteps, and pass a capital bonding bill that will allow legislators to go back home with a project or two in their back pockets.

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## BONDING

Governor Tim Walz has proposed a capital bonding bill approaching \$2 billion. If passed, it would be historic considering Minnesota's next largest capital bonding bill was approximately \$1 billion. Both Republicans and DFLers appear to agree that there will be a bonding bill this year; however, they have a wide range of opinions on how large it will be. Walz's proposal focuses almost exclusively on infrastructure such as water and sewer, roads and bridges, and general upkeep, and does not propose many local projects such as parks and trails, and local civic structures.

Senate Republicans are expected to propose a bonding package in the area of \$1 billion, while DFL House Speaker Melissa Hortman has proclaimed publicly that the House DFL bonding proposal will be "the largest bonding bill we can afford." Given Minnesota's budget situation and strong credit rating, analysts suggest that Minnesota has the capacity to borrow upwards of \$3.5 billion.

Despite huge divisions over many public policy decisions—health care, drug affordability, guns, taxes and education—most legislators are united on getting a capital bonding bill passed before the legislature adjourns in May.

## Budget

The January collections report released February 10 by Minnesota Management and Budget (MMB) showed slumping tax revenue, with \$228 million (9%) less than forecast. Net receipts from individual income, corporate and other taxes were below the forecast, while net sales tax receipts were greater than forecast.

MMB cautions against reading too much into monthly reports. Fluctuations in the reports can be caused by variations in the rate at which receipts are received and processed, and differences in the rate at which refunds are issued.

The November forecast showed a \$1.3 billion surplus, though MMB Commissioner Myron Frans does not intend to change the forecast in light of the January report. The next comprehensive state budget forecast is due at the end of February. This is the forecast the legislature will use to determine spending policies for the 2020 legislative session.

## HEALTH CARE

2019 was a very busy year for health care issues at the legislature. Robust discussions around long-term care, pharmaceutical regulations and the future of the Provider Tax dominated agendas and legislators' attention.

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The scope for 2020 will focus first on the cost and availability of insulin. Both the House and Senate have proposals to deal with this ongoing state emergency, and that negotiation will command much of the early attention. As a holdover issue from the end of the last session, stakeholders are anxious to find a resolution.

Additionally, it is expected that the structure and function of the state's human services department will also be examined following a long stretch of negative stories related to improper payments in various areas. These dynamics could make it difficult, at least in the Republican-led Senate, for any new budget proposals coming from the Walz administration later this year. The Department of Human Services itself continues to undergo massive changes to its senior leadership, starting with new Commissioner Jodi Harpstead.

Other health and human services issues will undoubtedly come up over the next few months. We will keep you apprised as they arise.

### RETIREMENTS & NEW FACES

A number of legislators announced their intentions to retire at the end of the 2020 session. Stepping down from the House of Representatives are Duane Sauke, Tim Mahoney, Bob Vogel, Bud Nornes, Ben Lien, Bob Gunther, Lyndon Carlson, Hunter Cantrell, Jean Wagenius, Mary Kunesh-Podein and Alice Mann. On the Senate side, Carolyn Laine, Scott Jensen and Richard Cohen will not be returning.

Following an early-February special election to replace the late Rep. Dianne Loffler and Rep. Nick Zerwas, who resigned from his seat in December, two new faces will be joining the House. Sydney Jordan will be stepping into the seat representing district 50A, and Paul Novotny in 30A.

### LEGISLATIVE CALENDAR

March 13 | First deadline for committees to act favorably on bills in the house of origin.

March 20 | Second deadline for committees to act favorably on bills or companion bills that met first deadline in the other body.

April 3 | Third deadline for committees to act favorably on major appropriation and finance bills.  
(Deadlines do not apply to capital investment, taxes or rules.)

April 4-13 | Easter/Passover break. There will be no legislative activity during this time. Legislative activity will resume 8:00 a.m. on April 14.

May 18 | Legislature must adjourn.

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