



May 22, 2019 | News for the Capitol

Dear MAHU Members and Prospective Members,

Governor Walz, Speaker Hortman and Majority Leader Paul Gazelka announced a three way agreement on the budget. This means that all budget areas have been assigned a budget target and will now need to reconcile the spending portions of their bills to fit within their assigned budget. Conference committees must close their bills by 5:00 p.m. on Monday. In order to give staff time to draft the bills, the special session to vote on the bills will take place on Thursday. A one-day special session can only be accomplished with bi-partisan cooperation. However, since the minority caucus leaders were not involved in the negotiation it is uncertain if they will be able to process the bills in one day since it takes a super majority to waive rules on a process that usually takes three days.

[***Most important to MAHU is that our number one priority was adopted –](#) an extension of Reinsurance in the individual market. The program will be extended for 2 years instead of the 3 allowed under the federal waiver, but it is still a [huge win](#). The Governor's OneCare proposal is up to the conference committee, but Senate Republicans will not be accepting the program which would compete with the private sector. This is another huge win.

From the Senate Republican perspective, there will be no gas tax increase and the tax bill will have a zero target. A zero target means no net tax increase. There will be a middle-class income tax cut of .25% dropping the middle rate from 7.05% to 6.8% starting in 2019. There will also be a reduction in the commercial industrial property tax levy following the Senate bill. All sides agreed to federal tax conformity. There will be winners and losers in conformity, but that was inevitable.

House DFL priorities funded in the agreement were a 2%/2% increase in education funding. Another priority, the provider tax (MinnesotaCare tax/sick tax), which was set to sunset at the end of 2019 will not sunset and will be lowered to 1.8%.

A blue-ribbon panel will be convened to find \$100M in savings in healthcare in FY22/23.

The wildcard of the agreement is a bonding bill of \$500M, which requires a super majority meaning they will need votes from the minority caucus. Neither the House Minority nor the Senate Minority were involved in the agreement and House Republicans are already balking.

Keep an eye out for future updates from the Capitol. Members are welcome to hear all the news first hand at the legislative committee meetings. The extension of the reinsurance for the individual market is a prime example that we make a difference!

Stay tuned!

Tim Wilkin

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