



2017 Regular Legislative Session Overview

For counties, just about every aspect of our business was affected in one way or another in 2017. Read on for an overview of the session, discussion regarding a potential special session, and general details broken down by issue area.

General Overview

The 2017 Session was one that included many twists and turns and there are still issues left unresolved to date.

Early in session, the Legislature set a tone of timeliness and productivity, announcing that committee deadlines would be earlier than usual to give the budget process plenty of time to play out. Bills met deadlines, but felt largely on hold as Legislative leadership and Gov. Mark Dayton negotiated an overall spending framework. Despite a healthy budget surplus, or perhaps due to it, the Legislature and the governor had vastly differing views about how much to dedicate to spending, cuts, and reserves. In fact, it took some time for the House and the Senate to come to agreement between themselves, despite the single party makeup of leadership.

Once the House and Senate agreed upon a framework among themselves, conference committees commenced work quickly and sent a round of budget bills to governor which were vetoed almost immediately. This started a second round of negotiations that were contentious and ultimately resulted in a special session being called immediately after the regular session adjourned. After three days, all the budget bills were out of the Legislature and put in the hands of the governor.

Just after Memorial Day, the governor held a press conference announcing that he would sign all the budget bills. He also invoked his authority to line-item veto the operating budgets for the Minnesota House and the Minnesota Senate. The governor said he did this in response to a provision in the State Government Finance bill that would have withheld funding for the Department of Revenue unless the tax bill was enacted (thus intertwining the two). The governor said that this provision regarding the Department of Revenue was inserted into the budget bill without his prior knowledge.

The governor has stated he will call the Legislature back into session and restore their funding if they agreed to address his concerns with the tax bill relating to reductions in the tobacco tax, the estate tax, and the commercial industrial property tax. He also wants to eliminate a provision in the Public Safety bill prohibiting undocumented immigrants from obtaining driver's licenses and a provision in the E-12 Education bill relating to a change to Minnesota's teacher licensure standards.

How Counties Fared

Overall, when all is said and done, counties fared well in the 2017 session. We had several wins, and many issues that we felt weren't as successful had the potential to be much worse. Perhaps most disappointing is the Health and Human Services Omnibus bill, released 15 hours before its passage during Special Session. The almost 700-page bill contains several provisions that impact counties; and caused a stir over a never-before-seen provision in MNCHOICES: a \$22 million cost shift to counties. Despite AMC's efforts, this provision was included in the final bill signed by Gov. Dayton. Counties will continue to express concern over these continuing cost shifts, as they are an ongoing issue.

Minnesota Legislative Session Summary Statistics	Number
Number of House bill introductions	2722; 8*
Number of Senate bill introductions	2243
Total bills sent to the governor	86; 13*
Bills that became law	81
Bills vetoed by the governor	18; 2**
<small>*Special Session **Line Items Vetoed within Signed Bills</small>	

Counties can, however, celebrate the major successes that were included in other budget and policy bills. The tax bill includes County Program Aid, Indian Child Welfare Act Aid, Buffer Aid, and PILT increases. Counties received \$7 million in one-time funding for the replacement of election equipment through a grant program that will be administered through the Secretary of State's Office (with local match). The tax bill also includes the lot-split policy language that has been on AMC's list of to-dos for several years. The omnibus elections bill, non-controversial and passed with bipartisan votes, enacts a move to five uniform election dates and special legislation for six counties to appoint one or more of their row officers (auditor/treasurer/recorder).

The special session transportation omnibus bill reflects a budget target of \$300 million. The negotiated agreement for the end of session bonding bill totals \$988 million in general-obligation bonding for public works projects across the state. There are both funding and policy wins within environment and natural resources, including \$18 million for Riparian Protection (Buffer) Aid for FY18-19, for counties and watershed districts that opt to enforce the buffer law.

Broadband funding is a priority item for AMC; the jobs and economic development bill contains \$20 million in one-time funding. This is less than Gov. Dayton's request, but an increase from the \$15 million included in the first budget bill. The Broadband Development Office also received an appropriation of \$500,000. In public safety, funding was increased for Community Corrections Act Counties, County Probation Officer Counties, and the DOC Field Services unit by roughly 3.6%. This amounts to \$2.1 million for the CCA subsidy and \$230,000 for the CPO reimbursement. There was not a direct appropriation for the Disaster Aid Contingency Account, however there was language that directed a transfer in to the account if there is a positive fund balance at the end of the current biennium (ending June 30, 2017). That transfer to the fund is \$10 million or the amount of the balance, whichever is less.

These are some highlights, but much more was accomplished. The complete 2017 AMC Legislative Session summary will be available online at www.mncounties.org.

Looking Ahead

With the budget bills in place, the governor's veto of the Legislature's funding has yet to be reconciled. The Legislature has signaled that they may sue the governor over this action. Short of court action, there will need to be a special session, which has the potential to put any issue back in play. So, while we consider most of the budget, tax, and bonding issues resolved, we will need to continue to track the potential for changes in a special session.

AMC Priority Items Scorecard 2017

*+ Success +/- Partial Success - Disappointment
? Pending – Special Session?*

County Program Aid

+

AMC came together with a cohesive, targeted strategy that resulted in \$25.5 million per year and implementation of a new, more stable funding formula.

Transportation Funding

+

A comprehensive funding bill passed, although more short-term than AMC would have hoped for. Transportation funding in the bonding bill adds to our success.

Mental Health in Jails and the Community

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While there was no major reform in this area, we avoided new cost shifts and there are opportunities for innovation within existing funding.

Buffer Aid

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Policy changes to ease the transition were made, and funding provided.

Determining Fiscal Impact on Counties

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AMC hoped for the inclusion of county costs on spreadsheets, and opposed additional cost shares that would increase the burden on local property taxes. Unfortunately, an additional, large cost shift was enacted.

METS Funding

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While we hoped for increased funding, the political climate didn't allow for the increase. However, our work on the issue raised awareness and sets the stage for future work.

Local Road Wetland Replacement

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Legislation to appropriate \$5 million from the general fund to BWSR for the Local Road Wetland Replacement Program passed early on in the legislative session. The bonding bill includes \$5 million for the program, but \$10 million was needed to fully fund the LRWRP program for the biennium.

Broadband Development Funding

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While the funding is only for one year, it is higher than either the House or the Senate originally proposed.

Updated June 6, 2017