



# WEEKLY LEGISLATIVE UPDATE

January 21, 2025

Issue No. 2

Anoka | Blue Earth | Carver | Chisago | Crow Wing | Dakota | Olmsted | Otter Tail | Rice | St. Louis | Scott | Sherburne | Stearns | Washington | Winona | Wright

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## HEADLINES

The Senate convened into session on Tuesday, January 14, without a hitch. Currently tied at 33-33, joint presiders of the Senate were elected by their respective parties with the DFL nominating current President Bobby Joe Champion (DFL-Minneapolis), and the GOP nominating Senator Jeremy Miller (GOP-Winona). In addition, committee co-chairs were appointed along with 50/50 representation between the two parties in each individual committee. This agreement will end after the January 28 Special Election for the open Senate seat (60A), formerly held by Senator Kari Dziedzic, who passed away in December. That election is expected to return the DFL to power by one seat. Senate leaders have indicated that they intend to continue to work in a bipartisan fashion.

The House was another story. Secretary of State Steve Simon called the House into order on January 14. With the House DFL opting not to attend in an attempt to prevent the House GOP from establishing quorum, there were only the 67 GOP members present. Secretary of State Simon ruled that there was no quorum and adjourned the meeting. The House GOP contested that and ruled that the adjournment was out of order. Afterward, they elected Lisa Demuth Speaker of the House and established rules and committees. Later, the Secretary of State and House DFL filed a lawsuit contesting these actions, asking the State Supreme Court declare that Republicans acted unlawfully when they organized the Minnesota House with 67 votes.

### Supreme Court Filings:

- **House DFL:** On January 14, the House DFL filed a lawsuit asking the Minnesota Supreme Court to declare that Republicans acted unlawfully when they organized the Minnesota House, elected a Speaker, and took other actions in the absence of a quorum. DFL Leader Melissa Hortman argued that a 68-member quorum is required to conduct House business, and only 67 members were present. Secretary of State Simon filed a similar motion.

**House GOP Response:** GOP Leader Lisa Demuth stated that, “Secretary Simon has no authority as a member of the executive branch over proceedings in the House, and his role is strictly ceremonial in nature. There is ample precedent in the Minnesota Supreme Court and from the framers of Minnesota’s constitution regarding quorum. We look forward to defending the House from this attack on our Constitutional separation of powers, and to ensuring the Minnesota House continues its important work on behalf of Minnesotans who elected us to show up and do our jobs.”

When House Republicans tried to deliver the message that they were organized to the Governor, usually a routine visit, a staff member for the Governor stated that “the Governor is not prepared to accept any formal communications from the House that is not constitutionally organized.”

The Court will hear arguments on January 23 as to the legitimacy of the GOP organizing themselves and continuing to meet in session in the absence of all DFLers. The standoff over House operations could remain in flux for some time.

- **40B Special Election Date:** In a second Supreme Court case, the Court agreed with the House GOP that the Governor had prematurely called a special election for the empty House seat (District 40B). The GOP argued that the Governor had no authority to call a special election when he did, as the seat, at that time, was not yet vacant. In an interview on Almanac on Friday Governor Walz indicated that a likely new date for the special election could be March 5. The election date being pushed back at least five weeks is significant because it means the House DFL won't be able to return to 67 seats until after that time, bringing into question if they plan to continue their boycott of the Capitol into March.

**Senate District 60 Primary:** A special primary election on Tuesday, January 14, narrowed the field of candidates running for a Minnesota Senate seat from nine to two. DFLer Doron Clark will face Republican Abigail Wolters in the January 28 Special Election to fill the open Minneapolis seat. Clark received 38% of the vote to beat six other Democrats in the DFL primary, and Wolters easily defeated one Republican challenger in the GOP primary. About 5,400 people voted in the DFL contest, and just over 200 voted in the Republican primary.

Clark indicates that education funding and housing are among his top issues. Wolters is running on a platform of public safety and increasing jobs for recent graduates. With the Senate currently tied at 33-33, the winner of the January 28 Special Election will tip the majority control in the chamber. Once one of the two parties has a 34-33 majority, it is presumed that committees would return to having a single chair with one party having a majority in each committee.

**Senator Nicole Mitchell:** On Friday, the Becker County Judge ruled in favor of Senator Nicole Mitchell's request to delay her trial until after the legislative session concludes in May. The judge wrote in his opinion that if the trial weren't delayed Mitchell's constituents would be denied their voice at the capitol. Her burglary trial had previously been set to start on January 27. It is now scheduled to start within 60 days of the end of the regular legislative session.

**Governor's Budget Released on Thursday:** Governor Tim Walz announced his [proposed 2026-27 biennium budget](#), which totals \$65.9 billion in General Fund spending. This is a reduction from the \$70.7 billion General Fund appropriations for the current FY24-25 biennium. Under the proposal, there would be a \$2.1 billion surplus left in FY26-27, and a \$355 million surplus left in FY28-29. The Governor is proposing a number of significant cost shifts onto counties along with reductions in aid to counties in order to achieve a balanced budget.

- [Governor's Recommendations by Agency](#)
- [Summary of Changes - General Fund](#)

**MICA Statement on Governor’s Budget Recommendations:** In response to press inquiries about the cost shifts and aid reductions proposed in the Governor’s budget, MICA released the following statement in collaboration with the Association of Minnesota Counties (AMC) and Minnesota Rural Counties (MRC)

*"Several of the governor’s budget proposals represent significantly higher costs to county governments and property taxpayers, including changes that would create several new county funding responsibilities related to state-mandated programming for the Minnesota Sex Offender Program (MSOP), disability waiver services, and the behavioral health fund. Alone, these proposed changes would represent roughly a combined \$200 million per biennium in required, new county spending. In addition, the proposed deletion of local cannabis aid hampers county and cities’ ability to support complicated interactions with cannabis licensing, zoning, required inspections, public safety, and local public health at a time when our state is poised to begin implementing the law.*

*While certain provisions of the governor’s budget proposal are helpful for county operations, notably the long-overdue investment in modernizing child protection software (SSIS), the size of the mentioned new mandates, cost share shifts, and aid reductions offset any positive news for local governments and represent more than \$200 million per biennium in higher county levy burdens. Shifting these costs to counties is structurally unsustainable for both service delivery and property taxpayers. To be clear, these proposals don’t reduce the size of government spending, they change who pays for it – under these proposals it will be local, property taxpayers.*

*We know this budget is just the start of conversations this session and counties look forward to working DFL and GOP members in both legislative chambers alongside the Governor and Lt. Governor to ensure that county and local impacts are understood and reflected in the budget."*

- Joint Statement from MICA, AMC, and MRC

**State Sales Tax:** Notably the Governor also proposes a reduction in the state sales tax rate, shaving .075% off the current state sales tax of 6.875% to 6.8%, amounting to a 7.5-cent break per \$100. However, he would expand the sales tax on “services,” including legal, accounting, brokerage, and trust services. Combined the tax rate reduction and expansion of the sales tax to these services would raise \$190 million to the general fund and \$205 million overall in FY26-27. Representative Demuth has already responded that the proposal is “off the table.”

**House DFL Priorities:** In a Friday press conference, House DFLers announced that they plan to focus on child care, health care and housing during this legislative session.

[View the DFL agenda](#)

- Child Care: The DFL plans to introduce legislation that would reduce the cost of child care and ensure that paid family and medical leave is protected.
- Health Care: The DFL package includes expanding access to out-of-pocket caps on prescription drugs, including insulin, inhalers and EpiPens, increasing access to mental health care, and addressing hospitals’ reduction of services.

- Housing: DFL members plan to introduce legislation that would spur construction of starter and affordable homes to rent. They also want to tackle problems with out-of-state corporations and hedge funds buying up homes in Minnesota and price-fixing schemes that landlords use to increase rents.

**House GOP Priorities:** The House GOP released their top ten bills on Thursday. They largely focus on reducing fraud in state government and cutting taxes.

[View the top ten bills from the House GOP](#)

- Establish an Office of the Inspector General which would replace agency-based inspector general offices. The bill would also create a fraud reporting hotline and require agencies to halt payments when fraud is suspected.
- Proposing a constitutional amendment to return any revenue that comes in higher than 5% of projected expenditures to taxpayers in the form of rebates or refunds.
- Exempting the remaining social security income from state income taxes and repealing the inflator on the gas tax and the newly created retail delivery fee.

**News and Notes:**

- **MICA 2025 Legislative Platform:** MICA’s 2025 legislative platform is live! [You can find our priorities on the website](#). This year they are in a new one-page format that should be helpful when meeting with elected officials.
- **Annual MICA Legislative Forum and Dinner:** This year the forum and dinner will be hosted by Scott County at The Wilds Golf Club in Prior Lake on January 30. The registration deadline was January 16. There will be policy discussions in the afternoon and a legislator panel in the evening. [You can find the agenda for the day on the MICA website](#).

**TAX & FISCAL POLICY**

**LAST WEEK**

The Senate Tax Committee convened with five members and one co-chair from each party. Senator Ann Rest (DFL-New Hope) and Senator Bill Weber (GOP-Luverne) will be exchanging the gavel until one party has a majority. Meanwhile, Governor Walz released his budget recommendations which included reductions in multiple programs that benefit counties.

**Governor proposes repealing Local Government Cannabis Aid:** Under current law 20% of the Cannabis Gross Receipts tax is dedicated toward local governments, with half of that 20% dedicated to counties and the other half to cities. Those funds are intended to offset some of the costs that counties and cities face from the legalization of cannabis. The Governor is proposing to repeal the aid to local governments and instead have those funds be directed to the state general fund. It’s worth noting that this is one of the very few aids to local governments that is not a set appropriation and is instead projected to grow over time since it is tied to sales.

**Governor proposes reducing Aquatic Invasive Species Prevention Aid:** The Governor is proposing reducing the Aquatic Invasive Species Prevention Aid from \$10 million to \$5 million starting in FY 2027. This aid can only be used to prevent or limit the spread of nonnative, aquatic species at water access points within a county. 84

counties in Minnesota currently receive some aid from this program, including every MICA county. You can find [information on the 2025 distribution of this aid including the impact for each county at the Department of Revenue website](#).

**Governor proposes property tax exemption in response to State Supreme Court ruling:** The State Supreme Court ruled in March 2024 that an institution of a purely public charity that provides low-income housing is exempt from property taxes, shifting the cost burden to the renter. As a result, the Governor is proposing to exempt low-income housing tenants from personal property tax when the units are classified as exempt from real property taxes. This proposal would ensure that low-income housing tenants would not have to pay personal property taxes on top of their rent. Since these tenants would be exempted from local property taxes, they would be ineligible to receive a renter’s tax credit. Also, those local property taxes would be shifted onto other property types.

**Governor proposes expanding sales tax to certain services and reducing rate:** The Governor is proposing for the state sales tax to apply to currently exempt legal, accounting, brokerage, bank charges, trust services, and safe deposit box rental taxable for consumers while business to business sales remain exempt. Some of the revenue generated from this base expansion would be used to reduce the state sales tax rate from 6.875% to 6.8%.

<b>Notable Gov Tax Proposals</b>	<b>FY 26-27</b>	<b>FY 28-29</b>
Repeal Local Government Cannabis Aid	\$13.1 million	\$32.4 million
Reduce AIS Prevention Aid	\$4.81 million	\$9.62 million
Expand sales tax to certain personal services and reduce rate	\$190.2 million	\$235.8 million
Low-income housing tenant property tax exemption	\$20,000	\$2.25 million

(general fund impact only, positive number reflects general fund revenue increase)

**Senate Tax Committee hears multiple reports:** On [Thursday, January 16](#) Senator Rest chaired a Senate Tax Committee, hearing reports on [Lakeshore Valuation Property](#), [Gross Operating Revenue replacing state assessed property](#), the [board of assessors biennial report](#), and a presentation from the Departments of Revenue and Natural Resources on [Payment in Lieu of Taxation](#). Senator Rest expressed an interest in continuing the conversation on the gross operating revenues idea by having another committee hearing at some point to hear from representatives from the utility companies and local governments.

**Bill Introductions of Interest**

- [SF255](#) (Abeler) Property tax exemption establishment for certain property owned and operated by a congressionally chartered veterans service organization
- [SF339](#) (Weber) Establishing a licensed in-home child care provider property tax credit and reimbursing local governments for the lost revenue
- [SF375](#) (Rest) Authority and requirements modification for local sales and use taxes. This is the bill Senator Rest convened a working group over the interim to discuss. It would allow counties the authority to go directly to the voters without requiring legislative authorization for certain projects only.

- [SF419](#) (Eichhorn) Residential properties valuation increase limitation provision and tax rate modifications
- [SF420](#) (Eichhorn) Residential properties annual valuation increase limitation provision

## THIS WEEK

### Senate Tax Committee

In the Senate, Tax Committee will start to hear bills. Senator Weber will have the gavel.

#### Tuesday, January 21

- [SF49](#) (Weber) Exemption permission for certain leased land
- [SF105](#) (Draskowski) Exempting Roth style IRA accounts from income for the purposes of property tax refunds

#### Wednesday, January 22

- [SF245](#) (Weber) Qualified relatives expansion for special agricultural homestead

#### Thursday, January 23

- [SF255](#) (Abeler) Property tax exemption establishment for certain property owned and operated by a congressionally chartered veterans service organization
- [SF339](#) (Weber) Establishing a licensed in-home childcare provider property tax credit and reimbursing local governments for the lost revenue
- [SF132](#) (Putnam) Electric Cooperatives tax exemption, valuation, and distribution provisions modifications

### House Committee on Taxes

The House Committee on Taxes will hold its first hearings this week. Representative Greg Davids will have the gavel. Currently House DFLers are not attending these committee hearings, nor are executive branch staff.

#### Tuesday, January 21

- Opening remarks and introductions
- House Research and House Fiscal overview of taxes

#### Wednesday, January 22

- Continued overview from House Research and House Fiscal

## TRANSPORTATION

## LAST WEEK

### Walz's Proposed Transportation Budget

Governor Walz’s budget recommendations for transportation included no major new initiatives. With limited general fund dollars available next biennium, the governor’s transportation budget recommendations rely heavily on trunk highway funds to pay for buildings and other non-road investments, including:

- Over \$97 million for construction of a new Minnesota State Patrol Metro Headquarters building (page 22 of the [Department of Public Safety \(DPS\) budget pages](#))
- \$3 million in FY25 and \$5 million per year after that for the Department of Public Safety’s administrative expenses ([page 17](#));
- \$1 million per year for Minnesota State Patrol recruiting and hiring initiatives. Then, beginning in FY 27, \$10 million per year to host a second trooper academy ([page 25](#)).
- \$3.2 million for MnDOT facility modernization projects (page 37 of the [MnDOT budget pages](#))
- \$765,000 per year for recruitment and retention efforts “to make MnDOT a workplace of choice for Minnesotans” ([page 35](#))

With regard to actual highway improvements, the governor also directs \$3 million per year from the Trunk Highway Fund for statewide corridor planning ([page 33](#)). While the Minnesota Constitution dedicates the trunk highway fund “solely for highway purposes,” it has been accepted that some functions that support highway safety, such as the State Patrol, and MnDOT’s administrative costs, be funded from the Trunk Highway Fund. However, the significant appropriations the governor is recommending for buildings and workforce recruitment are likely to come under fire by legislators interested in tamping down trunk highway fund expenditures that aren’t directly related to construction, operations, and maintenance of Minnesota’s roads and bridges.

The governor allocated no funds for the Local Road Wetland Replacement Program in the Board of Water and Soil Resources budget. This means any new dollars directed to the program this session, if there are any, will be one-time in nature.

### **Committee Activity**

The House Transportation Committee convened in the first week of the Legislature, and since DFLers are boycotting, only Republican committee members were in attendance. After introductions, members received an overview from House research and fiscal staff about transportation revenues and how they are allocated to roads and transit. Despite the lack of DFL participation, Chair Jon Koznick (R-Lakeville) noted in his opening remarks that he plans to work closely with his DFL counterpart, Representative Erin Koegel (DFL-Spring Lake Park) to pass a bipartisan transportation budget this year.

### **Bill Intros**

A couple dozen transportation-related bills were introduced in the first week of session, with Republicans looking to curb rail operations through spending prohibitions. Bills of interest to MICA include:

- [HF 5](#) (Joy): Imposition and allocation of certain taxes modified, tax analysis required, retail delivery fee repealed, cap on fuel tax indexing eliminated, unlimited Social Security subtraction provided, and report required. With the repeal of the retail delivery fee, the bill reallocates revenues in the TAA. See this week’s hearing notices for more details.
- [SF 41](#) (Rest): Exempts deliveries of clothing from being subject to the retail delivery fee.

- [SF 72](#) (Jasinski): Amends the new transportation greenhouse gas emissions (GHG) impact assessment requirement by eliminating the vehicle miles traveled (VMT) impacts and exempts transportation safety investments from the requirement. It also makes GHG improvements secondary to transportation improvements that minimize injuries and fatalities in the state’s overall transportation goals.

**THIS WEEK**

Committee activity picks up in both bodies with the following hearings of note scheduled.

**Senate Capital Investment Committee**

[Tuesday, January 21](#) – Senator Karin Housley (R-Stillwater) has the gavel

The committee will be receiving multiple presentations, including from the MMB on federal funds implementation, and an overview of the state’s report card on infrastructure from the American Society of Civil Engineers - MN.

**House Transportation Committee**

[Wednesday, January 22](#)

[HF 5](#) (Joy): This bill eliminates the retail delivery fee. With the elimination of the retail delivery fee, the proceeds of which were allocated to a new Transportation Advancement Account (TAA), the distribution of the TAA is modified. Funds from the TAA will no longer be directed to metropolitan counties, and the CSAH distribution is increased from 10% to 28%. To compensate for the loss of TAA funds to metro counties, the split of the seven-county regional sales tax for transportation is adjusted. The Met Council’s share is reduced from 83% to 74% and the metropolitan counties portion is increased from 17% to 26%. MICA is evaluating these shifts in the numbers and engaging with individual committee members at this time.

**PUBLIC HEALTH & HEALTH AND HUMAN SERVICES**

**LAST WEEK**

**Legislative Hearings of Interest:**

**Wednesday, January 15**

- **House Health Finance and Policy:** Issues discussed during a presentation by non-partisan staff included the state health budget, subsidized health care programs, MNsure, and health-related occupation regulations.
- **Senate Human Services:** The focus of the meeting was a budget overview, which detailed the allocation of funding across several agencies. Notably, members were brought up to date regarding changes at DHS. Specifically, Direct Care and Treatment (DCT) is now its own agency – separate from DHS. The committee was also presented with statistics from national evaluations that place Minnesota at 5th in overall health outcomes, 1st in services for older adults, and 5th in child well-being.



Thursday, January 16

- **House Human Services Finance and Policy:** Non-partisan staff from House Research and House Fiscal Analysis provided a broad overview of the \$57.2 billion Health and Human Services budget.

## Department of Human Services (DHS)

### [Human Services](#)

#### Investments:

- **Fraud Prevention:** The Governor's anti-fraud proposals include adding nine staff to the Attorney General's Medicaid Fraud unit, giving agencies expanded authority to stop payments going to people and entities suspected, charged, or convicted of fraud/financial crimes, and using artificial intelligence to detect/prevent fraud. \$48.9 million (FY25-27); \$38.9 million (FY28-29)
- Extend access to audio-only telehealth in public programs; \$16.9 million (FY25-27); \$1.6 million (FY28-29)
- Investments in Community First Services and Supports; \$68.3 million (FY25-27); \$50.5 million (FY28-29)

#### Reductions/Curbing Growth:

- **Reductions to MA Waivers:** The Governor's proposed budget would substantially reduce projected state spending on MA waivers that serve more than 70,000 low-income Minnesotans with disabilities. The waivers cover a wide range of services that help people survive and live more independently, including home health services, personal care and chores, transportation, and employment support.

Walz indicated that Minnesota's services for people with disabilities stands out nationally, with per person spending at more than \$50,000 a year. The proposal would not decrease the number of people getting waivers but would reduce the growth in how much money they get each year. According to MMB, the State's automatic increases for inflation in the waiver program have risen significantly and are projected to grow 6% annually in the years ahead. The Governor's proposal would cap it at around 2%.

- Reduce Disability Waiver Growth; state savings (\$348.4 million) (25-27); (\$982.3 million) (FY28-29)
  - Cap Inflationary Adjustments; state savings (\$160.1 million) (FY25-27); (\$482.3 million) (FY28-29)
  - Day and Unit-Based Services; state savings (\$48.9 million) (FY25-27); (\$79.8 million) (FY28-29)
  - DWRS Rate Exceptions: state savings (\$44.65 million) (FY25-27); (\$111 million) (FY28-29)
  - Residential Services; state savings (\$94.7 million) (FY25-27); (\$309.2 million) (FY28-29)

#### Other HHS Savings:

- SUD Treatment Service Changes; state savings (\$3.8 million) (FY25-27); (\$20.3 million) (FY28-29)
- NEMT: uniform administration; state savings (\$22.4 million) (FY25-27); (\$102.9 million) (FY28-29)

#### County Cost Shifts:

- Behavioral Health Fund Reforms; state savings (\$10.5 million) (FY25-27); (\$16.3 million) (FY28-29)
  - Removes outdated county SUD administrative allocations

- Reduces BHF eligibility period for SUD treatment to 60 days
- **Increases county share of the BHF costs for individuals living in the community from 22.95% to 50%**; county share for incarcerated remains at 22.95%
- **Disability Waivers:**
  - Limit billing for residential services to 351 days
  - Limit access to all CLS for people under 55
  - Conduct a residential overnight staffing reform study
  - **Creates a 5% county cost share for residential services in all provider-controlled settings (CRS, FRS, CLS, and ICS).**
- **Special Education Transportation:** The budget also cuts state funding to private schools and includes a **5% reduction in reimbursement costs to counties for special education transportation.**

### Non-Budget

- MA disability determination enhancements; streamlines SMRT determinations through access to electronic health records from MA providers
- **Transition AMHI from grant payments to direct payments** for both counties and Tribes.

### Direct Care and Treatment (DCT)

#### [Direct Care and Treatment](#)

- Increase county cost share for MSOP; state savings (\$39.6 million) (FY25-27); (\$39.6 million) (FY28-29)
- Cost of care for clients under Chapter 611 orders (competency attainment); state savings (\$8.38 million) (FY26; ongoing) (see page 13 of DCT agency budget)

### Department of Health (MDH)

#### [Health](#)

As the state nears the 5-year anniversary of the start of the COVID-19 pandemic, infectious disease prevention and control is a priority in the Walz budget plan. He proposes more than \$1 million in funding to hire more epidemiologists and lab staff at the Department of Health who will help investigate emerging disease threats and identify outbreak sources.

- Infectious Disease Prevention: \$1.3 million (FY26; ongoing)
- Eliminate sunset of Early Hearing Detection and Intervention
- Reduce MDH appropriation for substance use treatment, recovery, and prevention grants by \$2.5 million annually **and increase by the same amount the appropriation for cannabis and substance misuse prevention grants for local and Tribal health departments**
- Food, Pools, and Lodging License Fees: Increase appropriation of \$5.48 million annually (starting in FY26) from the state government special revenue fund to MDH
- **Public Water Supply Fee:** Additional funding of \$7.8 million in FY26 and \$7.8 million in FY27; annual increase of \$8.1 million (FY28; ongoing)
- Well Management Fee Increase: Increase fees collected by MDH by \$772,000 (FY26; ongoing)

- Clean Water Legacy-Drinking Water Contaminants: \$5.925 million (FY26); \$5.925 million (FY27) from the Clean Water Fund to MDH to continue providing health risk guidance
- Clean Water Legacy-Groundwater and Restoration Protection: \$1.75 million (FY26); \$1.75 million (FY27) from the Clean Water Fund to MDH
- Clean Water Legacy-Private Well Initiative: \$3 million (FY26); \$3 million (FY27) from the Clean Water Fund to MDH to reduce health risks
- Clean Water Legacy-Source Water Protection: \$3.87 million (FY26); \$3.9 million (FY27) from the Clean Water Fund to MDH for source water protection activities

### **Department of Children, Youth and Families (DCYF)**

#### [Children, Youth and Families](#)

- Child Care Assistance Program: From federal funds, \$13.6 million (FY26-27) and \$20.1 million (FY28-29) to CCAP to address federal compliance
  - County impacts:
    - Increase the number of cases that need to be processed by counties, which could require more time on the part of counties
    - Simplify program policies, which could decrease burdens for CCAP agencies
- CCAP Electronic Statewide Attendance Tracking: \$3.8 million (FY26); \$1.1 million (FY27; ongoing)
- **\$10 million (FY26) to DCYF to modernize SSIS.**
- Supporting Relative Foster Care and Permanency Placements: **expanding authority for Public/Private Permanency Collaboration (PPPC) services to include kinship services**

**Senate and House Budget Process:** After the February budget forecast is released, the House and Senate will craft their own budgets. They will need to negotiate a deal that can pass both chambers of the Legislature and secure the Governor’s signature before July 1. If they fail to do so, all or parts of the state government could shut down with services curtailed.

#### **Bill Introductions of Interest**

- [SF141](#) (Baldon) Long-term services and supports eligibility and access denial review process establishment
- [HF1](#) (Anderson, Paul) Office of the Inspector General established, powers provided, duties specified, fraud reporting hotline required, agencies required to halt payments when fraud is suspected, agency-based offices of inspector general eliminated, report required, and money appropriated
- [HF2](#) (Davis) Mandatory fraud reporting required when a state agency employee has reason to suspect the existence of fraud, grant management requirements strengthened, and criminal penalty established
- [HF10](#) (Schultz) State-funded services to undocumented noncitizens prohibited, and undocumented noncitizens made ineligible for MinnesotaCare and North Star Promise scholarship program

<b>THIS WEEK</b>
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A number of state agency overviews are scheduled. On Tuesday, the Senate HHS Committee will hear from **MDH and will receive presentations on the Public Health System Development Report and H5N1.**

## [Combined Legislative Meeting Calendar](#)

### Hearings of Note:

#### Senate Health and Human Services Committee

Tuesday, January 21

Senator Melissa Wiklund has the gavel

- Agency Overview: MN Department of Health
- Presentation on the Public Health System Development Report
  - [2025-Public-Health-System-Development-Report.pdf](#)
- Status and Planning Update on H5N1- MDH
- Presentation on the 340B Covered Entity Report and Update on the MDH Center for Health Care Affordability
  - [340B-Covered-Entity-Report.pdf](#)

Thursday, January 23

Senator Paul Utke has the gavel

- Agency Update and Overview: MN Department of Human Services
- Agency Update and Overview: MN Department of Children, Youth, and Families (DCYF)
- Update from Nonpartisan Staff on Committee Process Related to the Creation of DCYF

#### Senate Human Services

Wednesday, January 22

- OLA Presentation: Program Integrity and Fraud Prevention
- DHS Presentation: Program Integrity and Fraud Prevention
- Provider Perspective and Community Impact Discussion: Program Integrity and Fraud Prevention
- Member Discussion

#### House Children and Families Finance and Policy

Tuesday, January 21

- Walkthrough of the Committee by Nonpartisan Staff
  - Doug Berg, House Fiscal
  - Sarah Sunderman, House Research
  - Danyell Punelli, House Research
  - Annie Mach, House Research

Wednesday, January 22

- Expert input on costly **childcare regulations**

#### House Health Finance and Policy

Wednesday, January 22

- Updates from the Minnesota Hospital Association

## ENVIRONMENT

### LAST WEEK

The Governor’s proposed spending (or cuts) to environmental initiatives were a mixed bag for MICA’s legislative priorities. Relevant budget proposals can be found across several state agency budgets, including the Minnesota Pollution Control Agency (MPCA), Department of Natural Resources (DNR), Board of Water and Soil Resources (BWSR), Department of Agriculture (MDA) and tax aids, credits, and refunds. Full budget overviews for each agency are linked below. We have also provided a chart detailing the proposals of most interest.

At a high level, the Governor’s proposed budget would make promising investments in managing solid waste by establishing a producer responsibility organization (PRO) for e-waste and battery product stewardship, as well as increase staffing to support improved food waste management efforts. There are also significant investments in programs that would protect water quality across Minnesota.

Of most concern is the 50% reduction in aquatic invasive species (AIS) prevention aid starting in FY27, which would decrease funding available to counties by \$4.81 million per year. Based on our 2025 policy agenda, MICA will support both solid waste proposals in the MPCA budget and oppose the reduction in AIS prevention aid. We will monitor the Clean Water Fund conversation in the Legacy committee in the House and the Environment, Climate and Legacy committee in the Senate to see which of the Governor’s many clean water funding proposals gain traction and how they align with the Clean Water Council’s and other stakeholders’ recommendations.

- [MPCA budget](#)
- [DNR budget](#)
- [BWSR budget](#)
- [MDA budget](#)
- [Public Facilities Authority budget](#)
- [Tax aids, credits, and refunds budget](#)

Notable environment proposals	FY26-27	FY28-29	Budget page
<b>SOLID WASTE</b>			
Food waste management	\$750,000	\$750,000	MPCA, pg. 32
E-waste and battery product stewardship	\$0 <i>\$1.488 million in spending, offset by PRO fees</i>	\$0 <i>\$1.4 million in spending, offset by PRO fees</i>	MPCA, pg. 39
Revolving loan funds, including the waste prevention and	\$0 (policy change only)	\$0	MPCA, pg. 68

reduction grants and loan program			
Closed Landfill Investment Fund continuing appropriation	\$13 million	\$0	MPCA, pg. 74
<b>AQUATIC INVASIVE SPECIES</b>			
Prevent and manage spread of aquatic invasive species	(\$1.410 million) <i>\$5.7 million in spending, offset by increased watercraft registration AIS surcharge</i>	(\$3.560 million) <i>\$5.7 million in spending, offset by increased watercraft registration AIS surcharge</i>	DNR, pg. 60
Reduce aquatic invasive species prevention aid	(\$4.81 million)	(\$9.62 million)	Tax aids, pg. 36
<b>CLEAN WATER</b>			
Clean Water Council operations	\$922,000	\$0	MPCA, pg. 44
Enhanced Subsurface Sewage Treatment System program support	\$7.082 million	\$0	MPCA, pg. 46
Groundwater assessment	\$2 million	\$0	MPCA, pg. 50
River and lake monitoring and assessment	\$18.9 million	\$0	MPCA, pg. 54
Accessing federal funds for PFAS wastewater projects	\$0 (policy change only)	\$0	MPCA, pg. 66
Surface and drinking water protection	\$6 million	\$0	BWSR, pg. 31
Targeted wellhead drinking water protection	\$5 million	\$0	BWSR, pg. 34
Protecting and managing groundwater	(\$2.102 million) <i>\$4.35 million in spending, offset by increased groundwater permit application fees</i>	(\$3.89 million) <i>\$5.34 million in spending, offset by increased groundwater permit application fees</i>	DNR, pg. 63
Aquifer monitoring for water supply planning	\$4.7 million	\$0	DNR, pg. 70
County geologic atlas, Part B (groundwater)	\$200,000	\$0	DNR, pg. 73
Agriculture Best Management Practices (AgBMP) program updates	\$0 (technical changes that give counties more flexibility)	\$0 (technical changes that give counties more flexibility)	MDA, pg. 43

Monitoring for pesticides in surface water and groundwater	\$740,000	\$0	MDA, pg. 55
Nitrate in groundwater	\$6.2 million	\$0	MDA, pg. 58
Pesticide testing of private wells	\$1 million	\$0	MDA, pg. 63
Technical assistance for clean water programming	\$3.2 million	\$0	MDA, pg. 66
AgBMP loan program	\$4 million	\$0	MDA, pg. 73
Minnesota Agricultural Water Quality Certification program	\$7 million	\$0	MDA, pg. 83
Municipal clean water infrastructure	\$16.6 million	\$0	Public Facilities Authority, pg. 10
Drinking water contaminants of emerging concern	\$11.85 million	\$0	MDH, pg. 82
Groundwater and restoration protection strategies	\$3.5 million	\$0	MDH, pg. 91
Private well initiative	\$6 million	\$0	MDH, pg. 95
Source water protection	\$7.79 million	\$0	MDH, pg. 100

**Bill introductions of interest:**

- [SF106](#) (Drazkowski) Outdoor heritage fund or clean water fund appropriation recipient additional requirements.
- [HF8](#) (Heintzeman) Efficiency of Wetland Conservation Act determinations improved, efficiency of environmental and resource management permit application process improved, Pollution Control Agency permit process modified, reports required, and money appropriated.
- [SF107](#) (Drazkowski) Shotgun zone for taking deer elimination and firearm and ammunition type used for taking deer regulated by the county provision.
- [SF279](#) (Lang) Public water inventory revision process amendment provision.
- [SF283](#) (Lang) Public water inventory modifications temporary prohibition.

You can track all relevant environment bills [here](#) as they are introduced. If the bill has had a hearing, our team’s notes on testimony and member discussion will be included.

**THIS WEEK**

This week will be relatively quiet in the Environment committees, with nonpartisan staff and relevant agencies providing overviews of their budgets and programs to members. HF 8, which appears to be Republican legislators’ permitting reform bill, will be heard in the House Environment committee on Thursday.

**House Environment and Natural Resources Finance and Policy**

Tuesday, January 21

Walk-through of committee budget and policy areas by nonpartisan staff.

Thursday, January 23

[HF8](#) (Heintzeman) – Efficiency of Wetland Conservation Act determinations improved, efficiency of environmental and resource management permit application process improved, Pollution Control Agency permit process modified, reports required and money appropriated.

**Senate Environment, Climate and Legacy**

Tuesday, January 21 - Senator Foug Hawj (DFL-Saint Paul) has the gavel

- Overview of committee jurisdiction and budget
- DNR overview
- MPCA overview
- BWSR overview

Thursday, January 23- Senator Justin Eichorn (R-Grand Rapids) has the gavel

Agenda TBD

**CORRECTIONS & PUBLIC SAFETY**

**LAST WEEK**

The Governor’s budget recommendations were released with some notable recommendations to agency budgets for Corrections and Public Safety. Both agencies received one-time operating adjustments to cover the cost of operations. There were minimal recommended cuts to programming provided by both agencies with the only significant cut surrounding the Department of Corrections Sentencing to Service (STS) Program.

**Notable Corrections Recommendations**

- Elimination of Sentencing to Service (STS) program.
- No funding for community supervision.

**Notable Public Safety Recommendations**

- Expansion of Crime Victim Services (\$5 million).
- Intensive Comprehensive Peace Officer Education and Training Grant Program investment (\$2 million).
- Hazardous Materials Response Teams equipment dollars.
- No funding to address statewide EMS issues.

**THIS WEEK**

**Senate Judiciary and Public Safety Committee**

[Wednesday, January 22, 2025](#)

The Senate Judiciary and Public Safety Committee is planning to utilize this week by hearing presentations from the Judicial Branch, Board of Public Defense, and Civil Legal Services.



There are currently no bills scheduled to be heard in the Judiciary and Public Safety Committee for this week.

### House Public Safety Finance & Policy Committee

[Tuesday, January 21, 2025](#)

The House Public Safety Finance & Policy Committee will be hearing presentations this week from Minnesota Sheriffs Association, Minnesota Chiefs of Police Association, and Minnesota Police and Peace Officers Association.

[Wednesday, January 22, 2025](#)

As bills begin to be introduced, House GOP members introduced House File 7 ([HF7](#)), which proposes several public safety reforms aimed at increasing transparency and accountability within the criminal justice system. The bill, as introduced, would require law enforcement agencies to make data on individuals or entities posting bail publicly accessible and mandates that agencies notify custodial agencies when bail or bonds are posted. It establishes mandatory minimum sentences for certain sex trafficking offenses and requires individuals subject to stays of adjudication in criminal sexual conduct cases to register as predatory offenders. The bill also directs the Minnesota Sentencing Guidelines Commission to maintain a publicly searchable database and requires legislative approval for proposed changes to the Sentencing Guidelines. Additionally, it obligates county attorneys to document and publicly share the reasons for dismissing charges and mandates annual reporting on dismissals to the legislature. The bill is set to be heard in the House Public Safety Finance & Policy Committee this week.

## GENERAL GOVERNMENT & OTHER

### LAST WEEK

**House Workforce, Labor and Economic Development Finance and Policy meets to discuss impacts of paid leave and earned sick and safe time :** Representative Baker (GOP-Willmar) chaired the committee hearing that included an in-depth discussion of the new labor mandates that became law in 2023. In addition to speakers from the business community, representatives from statewide local government associations spoke about some of the challenges the new laws created and the changes that are being proposed this legislative session. [Scott County submitted a letter](#) detailing some of those issues as well as concerns over the draft rulemaking. Representative Baker noted that this discussion would continue throughout the legislative session. As has been the case with all House meetings at the Capitol, DFL members were not present for the discussion.

Bill introductions of interest:

- [SF310](#) (Dornink) Employee definition modified for the purposes of earned sick and safe time, exempting certain small farmer businesses

### THIS WEEK

Many committees are running limited agendas at the start of session or focusing on overviews of particular issues.

### **House State Government Finance and Policy**

Representative Jim Nash has the gavel

[Tuesday, January 21](#)

- [HF3](#) (Nash) Legislative auditor required to submit a report to the legislature related to an agency's implementation of internal control or fiscal management recommendations.
- Presentation by the Legislative Coordinating Commission

### **House Workforce, Labor, and Economic Development Finance and Policy**

Representative Dave Baker has the gavel

[Tuesday, January 21](#)

- Department of Employment and Economic Development, Department of Labor, and Governor's Office overview of Governor's proposed budget and recommendations

[Thursday, January 23](#)

- Impacts of Earned Sick and Safe Time and Paid Family and Medical Leave policies on school districts and educators.

### **House Elections Finance and Government Operations**

Representative Duane Quam has the gavel

[Wednesday, January 22](#)

- Overview of entities and stakeholders within jurisdiction of the committee

### **Senate Labor**

Senator Jennifer McEwen and Senator Gene Dornink will share the gavel

[Tuesday, January 21](#)

- Members and staff introductions
- Non-partisan overview of committee jurisdiction
- Commissioner Blissenbach presentation on overview of the Department of Labor & Industry

[Thursday, January 23](#)

- [SF310](#) (Dornink) Employee definition modified for the purposes of earned sick and safe time, exempting certain small farmer businesses

## COMBINED HEARING SCHEDULES

[Next 7 Days Combined Hearing Schedule](#)

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