

2016 Legislature: Some progress, and more work to do

By Doug Loon

The Minnesota Legislature convened in March in what many observers expected to be a challenging session – only 10 weeks long and framed by divided government and the looming November elections. Lawmakers adjourned with mixed results for the statewide business community.

The Minnesota Chamber's top priorities were meaningful business tax relief, comprehensive transportation funding and no additional workplace mandates. We made good, incremental progress on tax relief and workplace regulations. Most disappointing, however, was the failure to pass a comprehensive transportation package. We remain hopeful that a special session will be convened to attempt to resolve outstanding issues – especially a comprehensive transportation bill.

Our local chamber partners play a key role in advocating for our priorities. Thank you for all of your help – calls, letters, e-mails, text messages, tweets. You've answered the bell each and every time. Your voices do make a difference with your legislators.

Here's how our priorities fared:

Tax relief

Our No. 1 priority was to reduce the cost of the statewide business property tax. We succeeded in exempting the first \$100,000 of market value from the levy. Businesses will see immediate relief on their bottom lines, especially those in lower market value properties – many of which are located in Greater Minnesota.

The inflator index on the statewide property tax was unfortunately not repealed, and it will be on our radar for 2017. Other early agenda items for next year are conforming the state estate tax to the federal threshold, federal conformity to Section 179 depreciation provisions and enhancing the research-and-development tax credit.

Workplace regulations

Labor/management issues kept us especially busy this session. We defeated the proposed paid family leave that would be financed by a new payroll tax on employers and employees and administered by a new state bureaucracy.

A bill providing preemption of local ordinances did not pass. The legislation sought to prevent local governments from enacting wage and benefit laws that conflict with state laws. A patchwork of local regulations would create significant administrative challenges for employers. We are seeing such problems firsthand with the proposed leave ordinances advancing in Minneapolis and St. Paul. Now we see advocates in Duluth are advancing similar measures. We will continue to advocate for explicit

preemption at the Legislature and assist our local chamber partners in combatting local ordinance proposals.

All businesses will see relief through significant reform in the unemployment insurance system. Employers will receive a one-time credit in 2016 on their unemployment insurance premiums and future credits whenever the Unemployment Insurance Trust Fund balance reaches 104% of the federally-recommended solvency level.

More and more small businesses have become the target of lawsuits for alleged violations of the Americans with Disabilities Act. We made progress in helping to mitigate these suits. Businesses are now provided clear affirmative defenses when noncompliance is alleged, and, in addition, the burden of proof shifts to complainants for businesses that have buildings audited by accessibility specialists. We will continue to advocate for mandatory notice – a requirement that businesses first be given notice and an opportunity to fix the problem prior to litigation.

Transportation

The failure to pass a comprehensive transportation package created disappointment across Minnesota. There's no more important 'unfinished business' from the regular session than adopting a comprehensive package for sustained and strategic funding of roads, bridges and transit. We remain hopeful that something will be accomplished yet this year.

Though no bill passed yet, we moved the needle in transportation funding discussions. We have spent the last two years advocating for a new approach to transportation funding – broadening the base of support for the system through the general fund. The bonding bill, which came so close to passage in the Legislature, included roughly \$700 million in bonding and one-time general fund money for transportation – firsthand evidence of the serious headway we made with policymakers.

We are encouraged by discussions to have transportation funding included in the agenda for a special session. The Minnesota Chamber remains committed to sustained and strategic funding of roads, bridges and transit.

As always, thanks for your support. Local chambers across the state are integral to advancing the statewide voice of business at the Capitol. Together, we will help make Minnesota ready for the future – ready for change and ready to grow.

Doug Loon is president of the Minnesota Chamber of Commerce – www.mnchamber.com.