

Subject: FW: AMC UPDATE: Legislature on Break Until Next Week, Budget Targets Released and More!



For the Week of Monday, March 25, 2013

Legislative Break Until April 2

The Legislature is on break until April 2, and it's a great time to connect with legislators while they are at home in their districts. AMC has updated our legislative priority fact sheet, and you can find it and other legislative facts sheets on our website here.

Budget Targets

The House and Senate released their budget targets for each finance committee last week, outlining the amount of funding each committee has to spend on initiatives. The House will raise \$2.6 billion in new revenue and the Senate proposes an increase of \$2 billion. With these increases, the House is committed to paying back the school shift and the Senate would like to reinstate the homestead credit.

This new revenue means that virtually every budget committee will have more money to spend than they did last biennium, with the notable exception of the Health and Human Services committee, which faces a reduction of approximately \$150 million in both the House and Senate. This means that the numerous groups with proposals for new programs or rate increases will likely be facing new reductions instead. **Counties will need to**

ACTION ALERTS!

Medical Assistance Reimbursement for Certain Correctional Health Costs

[S.F. 777](#) (Hayden)/ [H.F. 869](#) (Loeffler) is one of AMC's top priorities for the session. The bill has passed all policy committees and now awaits action as part of a larger Health and Human Services Omnibus Funding bill. Legislators need to hear from all AMC members about this priority. There are no opponents to the bill, but it is now in competition for funding with every other HHS issue.

- This bill represents one of AMC's top priorities for this legislative session, and is part of our overall property tax relief package.
- The bill would allow the state to draw down federal Medical Assistance dollars to cover the cost of inpatient hospitalizations for jail inmates.
- Currently, county property taxes pay for all jail inmate health care costs, which are an expensive and growing expenditure every year.
- The inpatient hospitalization costs are the only item that is federally reimbursable by Medical Assistance. This is small, but highly unpredictable portion of our overall jail health costs.

Human Services Technology Investment

The Association of Minnesota Counties (AMC) and the Minnesota Association of County Social Service Administrators (MACSSA) both believe Human Services Technology Modernization is a top priority for this legislative session. The Governor included \$29 million in his budget for this project, which would leverage even more federal funding. The House and Senate both set budget targets last week which include

reiterate our message that reductions in HHS spending at the state level has a direct impact on property taxes, as counties are often mandated to maintain service levels even when funding is cut.

Mayo Destination Medical Center

On March 15, the AMC Board heard a presentation about the Destination Medical Center legislation proposed by Mayo Health System. The board adopted the following statement: "In the spirit of redesign and recognition of our new economic environment and with enthusiasm for the development of public/private partnership investment models based on proof, not simply promise of growth, we the Board of Directors support the continued consideration of the DMC concept as advanced by the Mayo Clinic, the state's largest private employer, in partnership with our local and state entities."

reductions in the area of health and human services, which will put this county priority in stiff competition with other budget items. Please contact your legislators over the next two weeks to explain the importance of this item, and ask them to connect with the HHS Finance Committee chairperson (Rep. Huntley or Sen. Lourey). You can find a link to your legislators' contact information online here: [Senate](#) or [House](#).

Key Talking Points:

- Many state programs are running on antiquated DOS based systems developed in the 1980s.
- There is high risk of system failure if the state does not replace old systems. We can either invest now or spend significantly more money later.
- This is not just a State and County administrative problem. Clients will get better, more timely services if we have more efficient technology systems.
- We have a golden opportunity to leverage federal financial participation via the Affordable Care Act with a relatively small state investment. Failure to invest now will result in a significantly higher state investment later.
- Better systems needed because most counties won't be able to add staff, despite a growing workload from the Medical Assistance expansion.

Volunteers Needed for CSAH Distribution Formula Task Force

The Minnesota County Engineers Association (MCEA) will be facilitating a taskforce this summer/fall to look at the current County State Aid Highway (CSAH) distribution formula.

Due to concerns raised from some districts regarding the distribution of potential new transportation revenue, the goal will be to determine whether the current formula allocation is adequate to maintain system performance in all parts of the state. Many feel that this issue needs review in order to have full support from all Minnesota Counties for a new transportation funding package.

The taskforce findings will be presented to AMC to consider for approval.

Rich Sanders, Polk County Engineer and MCEA President, will lead the group, with county engineer representation from each MnDOT district as well as the MCEA executive board.

AMC will appoint four commissioners to participate in this workshop; one rural, one metro, one suburban, and one Greater MN population center. **If you are interested in being considered for service on this taskforce or if you have any questions, please contact [Abbey Bryduck](#), AMC Transportation & Infrastructure Policy Analyst, by Wednesday, April 3, by [email](#) or call 651-789-4339.**

A Message to AMC Members from MDA Commissioner Frederickson

The Minnesota Department of Agriculture (MDA) has had close relationships with counties and townships over the past 100 years to help educate communities and enforce noxious weed regulations. I cannot begin to explain the high level of appreciation I have for each county, township and city official who has assisted our agency. We also appreciate the hard work you provide for other MDA programs including seed sampling, pesticide applicator testing and the monitoring of invasive insect species.

We also understand that our partners, such as the County Agricultural Inspectors and township supervisors, wear many hats and

continue to do an excellent job finding the time to serve as critical links for county and state programs. In the age of limited resources and increasing threats from newly emerging noxious weeds and invasive pests, your assistance helps us stretch our already limited funds. Our success in controlling noxious weeds and invasive pests is directly dependent on your ability to continue the high level of service you provide your counties and municipalities. We are facing increasing threats from invasions of both plant and insect species, but we are optimistic your continued help and support will reduce these threats and efficiently manage noxious weeds and insect pests currently established in the state.

Before we begin another field season, I wanted to take the time to sincerely thank each and every one of you for your past and continued hard work.

Sincerely,
David J. Frederickson, Commissioner, Minnesota Department of Agriculture

Environment & Natural Resources

For more information, please contact: [Annalee Garletz, Policy Analyst](#)

Silica Sand

H.F. 906 (Hansen) was amended in the House Environment and Government Operations Committees last week. The bill author received many suggestions from local units of government and incorporated a number of these suggestions into the amendments. Rep. Hansen's Silica Sand Tax bill **H.F. 1336** was heard in House Tax Committee.

S.F. 796 (Schmit), the DNR Game and Fish Bill, was amended in the Senate Environment Committee with a provision that will be of interest to counties that contain silica sand. Sections 51 and 52 of the bill now indicate that "in the area of the state contained within the boundaries of the Department of Natural Resources Paleozoic Plateau Ecological Section, the excavation or mining of industrial silica sand by any means, including digging, excavating, mining, drilling, blasting, tunneling, dredging, stripping, or shafting is prohibited within one mile of any spring, groundwater seepage area, fen, designated trout stream, class 2a water as designated in the rules of the Pollution Control Agency, or any perennially flowing tributary of a designated trout stream or class 2a water." Further, it indicates that the DNR "may not issue water use permits of the appropriation of the groundwater in the area of the state contained within the boundaries of the DNR Paleozoic Plateau Ecological Section in connection with (1) the excavation or mining of industrial silica sand by any means, including digging, excavating, mining, drilling, blasting, tunneling, dredging, stripping, or shafting, or (2) the transporting, processing, washing, cleaning, screening, crushing, filtering, or sorting of industrial silica sand."

Please use this [link](#) to see the [report on Silica Sand](#) released by the Environmental Quality Board (EQB) last week.

Geospatial Data

S.F. 1298 (Eaton)/H.F. 1390 (Kahn) S.F. 1298 a bill about geospatial data was heard last week in the House Government Operations Committee. The bill now resides on the floors both the House and Senate. Since the bill's introduction several counties raised issue with Sections 3 and 4 of the bill. AMC informed MNIT about the concerns and an amendment was drafted to address some of the concerns. The most recent version of the amendment can be found in H.F.1390, however, MNIT will be working on another version of the amendment to address data that is considered trade secret data and data that is protected under existing contracts. The amendments made thus far by the MNIT should resolve the concerns about the non-public data, secure data issues, and the number of times an LGU is required to share data with the state. It also limits the sharing with schools and indicates that the government does not have to provide the data in alternate formats. AMC testified on the bill and indicated that we would work with the state and the bill author to further clarify the bill.

General Government

For more information, please contact: [Beau Berentson, Policy Analyst](#)

Taxes

Property Tax Due Date for Military Members

The Senate Tax Committee discussed [S.F. 905](#) this week, a bill that would provide a 60-day "grace period" for payment of property taxes for members of the military who are on federal active service when their taxes become due. The bill was laid over for possible inclusion in an omnibus tax bill.

Property Tax Late Fees

The Senate Tax Committee last week heard a proposal ([S.F. 441](#)) that would lower the penalty for late payment of property taxes on non-homestead properties. The bill removes the separate penalty schedule for late payment of property taxes paid by non-homestead property so that they are subject to the same penalties as homestead property. AMC raised several concerns with the bill, including the fiscal impact this bill would have on counties and the state; the additional risk this bill would create for local governments to serve as the "lender of last resort" for property owners; and some tax administration concerns with the bill expressed by county auditors and treasurers. The bill was laid over for possible inclusion in a tax omnibus bill.

Conservation Land Valuation

Senate Tax Chair Rod Skoe presented legislation ([S.F. 1012](#)) to the Senate Tax Committee this week that would prohibit an assessor from reducing the value of real property based on the existence of a conservation easement on the land. This would essentially mean the assessor would be required to value lands with conservation easements based on their "highest and best use." The bill was laid over for possible inclusion in a tax omnibus bill. The House companion, [H.F. 1161](#), is also being considered for inclusion in an omnibus tax bill.

Valuation of low-income multi-family housing

The House Property and Local Tax Division this week heard [H.F. 1635](#), which would limit the taxable value for class 4d property (low-income multi-family housing) to \$100,000 per housing unit for taxes payable in 2014. In succeeding years, the limit is indexed to the average rate of change in value for all class 4a ("regular" apartments) and 4d property in the state. The bill's author acknowledged there may be some problems with this approach, and suggested that she may consider modifying the bill to instead change the class rate of these properties rather than setting a statutory valuation cap.

Elections

Early Voting and Elections Omnibus Bills

The Legislature continues to advance legislation that would establish early voting in Minnesota. The bill requires early voting to be available for all primary, general, and special elections for federal, state, or county office. The early voting period is 15 days prior to the election through 5:00 p.m. on the third day before the election. The proposal passed through two committees this week in the House ([H.F. 334](#)), and remains a part of the Senate's Omnibus Elections bill ([S.F. 677](#)). The House Omnibus Elections bill ([H.F. 894](#)) does not include early voting provisions, but does include language related to "no-excuse" absentee voting.

Poll Book Pilots

Proposals travelling in the House and Senate would allow several municipalities across the state to pilot test the use of electronic rosters (or electronic "poll books") during elections. Currently, the cities of Dilworth, Minnetonka, Moorhead, Saint Anthony, and Saint Paul would be allowed to test the use of the equipment during 2013 city elections. The provision is traveling as a standalone bill in the Senate ([S.F. 1232](#)) and as part of the House Elections omnibus bill ([H.F. 894](#)).

County Governance

Military Employee Leave

Current state law requires public employers in the state to grant 15 days of paid leave to employees who are members of the National Guard or the reserves while on active service or in training. Legislation under consideration in the House and Senate would allow those employees to choose when to take that leave, including dividing up those 15 days between different times of the year. The measure was approved this week by the House State Government Finance Committee ([H.F.](#)

[1178](#)).

In addition, legislation traveling separately in the House and Senate would create a state grant program to reimburse local governments for costs incurred in replacing a public safety employee on authorized military leave. The bill authorizes \$1.1 million a year for these grants to cities and counties. The measure ([H.F. 699](#)) is being considered for inclusion in the House State Government budget bill.

Keeping Citizens' E-mail Addresses Private

The Senate Judiciary Committee this week approved an omnibus data practices bill, which includes language ensuring that citizen e-mail address and telephone numbers are kept private when provided to a government entity for notification or informational purposes. The Omnibus bill ([S.F. 745](#)) was sent to the Senate floor. A similar provision is also included in a House omnibus data practices bill ([H.F. 695](#)), which is also awaiting a floor vote.

American Steel Requirement

The House Capital Investment Committee this week heard legislation ([H.F. 548](#)) that would require contracts for public works financed by state or local tax revenue to require that American steel products be used in performance of the contract and any related subcontracts. This requirement does not apply if the public agency entering into the contract determines that American steel products are not available or that the cost of using American steel products would exceed 15 percent of the cost of other steel products. The bill could be included in a future bonding bill.

Data Security

The House Civil Law Committee this week approved legislation ([H.F. 183](#)) that would expand disclosure requirements and modify penalties related to unauthorized access to non-public government data. One of the key elements of the bill would require local governments to send notification to citizens impacted by a breach in data security and subsequently create and post an investigative report of the data breach on the local governments' website. In addition, the bill also includes a provision that would permit an individual to request the name of any persons who have obtained access to their private data, unless the data would identify an undercover law enforcement officer or are active investigative data. Local government groups have raised concerns over this provision, as it may allow citizens to learn the names of government employees working on sensitive issues such as child support collection. The bill is now awaiting a vote on the House floor. Companion legislation in the Senate is also awaiting a floor vote.

Increased Disclosure Requirements for County Commissioners

Legislation that would subject county commissioners in the state to new public disclosure requirements and conflict of interest and "gift ban" prohibitions was approved by the Senate Elections subcommittee this week. The bill, [S.F. 1397](#), would add both county commissioners as well as district court judges, appeals court judges, and supreme court justices to the definition of "public officials" under Chapter 10A (Campaign Finance and Public Disclosure) of Minnesota statute. The bill was referred to the Senate Rules Committee. The House Companion is being considered for inclusion in the State Government omnibus budget bill.

Pension Surcharge

Legislation ([H.F. 857](#)) that would impose a \$5 surcharge on auto and homeowner insurance policies to provide additional funding for the existing police and fire pension state aid programs to reduce employee and employer costs was heard by the House Property and Local Tax Division this week, and laid over for possible inclusion in the division report. The bill is part of a broader effort to stabilize the PERA Police and Fire Plan. The Senate companion ([S.F. 935](#)) was modified to remove the surcharge, and instead provide a \$23 million General Fund appropriation for these same purposes.

Health & Human Services

For more information, please contact: [Julie Ring, Legislative Coordinator/Policy Analyst](#)

The House and Senate budget targets for the HHS Committees will require additional cuts to base funding. The committees have to reduce spending by approximately \$150 million from the last biennium. This reduction came as a surprise to many, as

nearly every other budget committee received an increase in spending levels.

These reductions will make it challenging to pass any new spending initiatives in HHS. It's more important than ever that county officials reach out to legislators to explain how HHS costs drive property taxes at the local level. AMC has two priority spending issues identified that will need additional support, because they are in stiff competition with other budget items. Please contact your legislators over the next two weeks to explain the importance of these items, and ask them to connect with the HHS Finance Committee chairmen (Rep. Huntley or Sen. Lourey).

AMC Priority Issue: Medical Assistance Reimbursement for Certain Correctional Health Costs

[S.F. 777](#) (Hayden)/ [H.F. 869](#) (Loeffler) is one of AMC's top priorities for the session. The bill has passed all policy committees and now awaits action as part of a larger Health and Human Services Omnibus Funding bill. There are no opponents to the bill, but it is now in competition for funding with every other HHS issue.

- This bill represents one of AMC's top priorities for this legislative session, and is part of our overall property tax relief package.
- The bill would allow the state to draw down federal Medical Assistance dollars to cover the cost of inpatient hospitalizations for jail inmates.
- Currently, county property taxes pay for all jail inmate health care costs, which are an expensive and growing expenditure every year.
- The inpatient hospitalization costs are the only item that is federally reimbursable by Medical Assistance. This is small, but highly unpredictable portion of our overall jail health costs.

AMC Priority Issue: Health and Human Service Technology Modernization

The Governor's budget allocates \$29 million for the biennium to update DHS data systems. This new spending will draw down additional federal funding for this effort. County social services staff use these outdated systems every day and updating them will improve our efficiency and result in better service to clients.

- Many state programs are running on antiquated DOS based systems developed in the 1980s.
- There is high risk of system failure if the state does not replace old systems. We can either invest now or spend significantly more money later.
- This is not just a State and County administrative problem. Clients will get better, more timely services if we have more efficient technology systems.
- We have a golden opportunity to leverage federal financial participation via the Affordable Care Act with a relatively small state investment. Failure to invest now will result in a significantly higher state investment later.
- Better systems needed because most counties won't be able to add staff, despite a growing workload from the Medical Assistance expansion.

AMC Priority Issue: No New Cost Shifts or Cost Shares

Costs shifts and cost shares within the HHS budget have driven up property taxes for the last decade. The Governor's budget includes two new cost shifts to counties for patients living in the Anoka Regional Treatment Center and the St. Peter Minnesota Security Hospital. AMC is concerned that these cost shares will be included in the final budget because the HHS Finance Committee chairs will need to reduce state spending wherever they can. The details of this cost shift are listed below.

- The county share for ARTC will rise from 50% to 75% and the share for the Minnesota Security Hospital will rise from 10% to 50%.
- These cost shares are applied to patients who have been living in the facilities more than 60 days and who have been medically cleared for release.
- DHS estimates about 15% of the ARTC population and about 25% of the St. Peter population fits this criteria.
- DHS estimates the total statewide cost shift to counties is \$8.14 million.

The three issues listed above are identified as AMC priorities for the year. There are many other bills that we have been tracking this year that impact counties. The bills listed below had hearings last week and met the policy deadline, which means that they may eventually be included in the Health and Human Services Omnibus Funding bill.

Child Sex Trafficking Prevention

[H.F. 485](#) (Allen)/ [S.F. 384](#) (Pappas) creates a new child sex trafficking prevention program at the Minnesota Department of Health, enacts "safe harbor" provisions protecting sexually exploited youth from prosecution, changes child protection requirements for these youth, and provides funding to the state for these activities.

Healthy Homes

[H.F. 1445](#) (Clark)/ [S.F. 1272](#) (Hayden) creates a healthy housing grant program for local public health departments, appropriates funding for education and outreach, and provides funding for lead surveillance activities at the Minnesota Department of Health.

Family Reunification Act of 2013

[H.F. 704](#) (Hilstrom) / [S.F. 422](#) (Sheran) would allow court reversal of termination of parental rights (TPR) in very limited circumstances.

Maternal Depression

[H.F. 1047](#) (Loeffler)/ [S.F. 582](#) (Sheran) would make significant investments in maternal and child health programs, including home visiting.

MinneMinds

[H.F. 1058](#) ([Winkler](#))/ [S.F. 481](#) (Wiger) would appropriate funding for early learning scholarships.

Return on Taxpayer's Investment in Human Services

[H.F. 404](#) (Mack)/ [S.F. 112](#) (Benson) would appropriate \$100,000 to implement a return on taxpayer investment methodology and practice related to human services and corrections programs administered and funded by state and county government.

DHS and MDH Policy Bills

Policy bills drafted by the Departments of Health and Human Services are moving rapidly through the committee process. A short overview of these bills, including current status, is available on the AMC website [here](#).

NEW HHS LAWS

Health Care Exchange

The health care exchange bill was signed into law as [Chapter 9](#) on March 20. At the bill signing, the state unveiled the new name and logo for the exchange, which will be called MNsure. Also last week, state and county staff provided an overview of the exchange and the Medical Assistance expansion bill, which was signed into law as [Chapter 1](#). You can review the conference presentations on the AMC website [here](#).

Public Safety

For more information, please contact: [Ryan Erdmann, Policy Analyst](#)

Sex Offender Supervision

Bills ([S.F. 1014/H.F. 1139](#)) are travelling in both bodies to remake the civil commitment process for sex offenders. These bills, authored by Sen. Sheran (D-Mankato) and Rep. Liebling (D-Rochester), are an effort to follow through on the recommendation of the [DHS Task Force on civil commitment](#) that has been ordered by the Federal Court. The bills create a

new type of placement called Strict and Intensive Supervision and Treatment (SIST) for those that are civilly committed. This would be a community based placement that could be used in lieu of confine at the Minnesota Sex Offender Program (MSOP) in Moose Lake.

The proposals direct DHS to put the resources in place to get SIST up and running. The court would then have a two part hearing for commitment. In the first phase they would determine if the offender met the criteria for civil commitment and for those that do, there would be a phase two that determined the placement in SIST or at Moose Lake. The MSOP would be involved in the evaluation for the court to help make the decision in phase two.

As of now, the bills put the onus on DHS to make this work. The key issue for counties is watching to be sure that DHS (or the Legislature) doesn't decide that county cost shares or county staff doing supervision is the means to make it happen.

Probation Pass Through Funding

Now that the Legislature has completed their policy work, they will turn their attention to the budget. The major funding issue for counties in the public safety area is funding for probation pass through funds. MACCAC and MACPO, the county probation professional organizations have brought forward legislation ([H.F. 1048/S.F. 932](#)) that would increase funds for county probation offices. Counties are receiving less funding now than they were a decade ago and increasing the funds as the bills would suggest will be a good start to reversing that trend. This increase would not bring back all that was lost, much less account for inflation, but it reduces the need for additional county levy dollars to keep our probation system running effectively.

Public Safety Radio Sales Tax Exemption

When the Legislature returns, they will also begin forming their omnibus tax bill in earnest. Encourage your legislators to support the inclusion of a sales tax exemption for public safety radio equipment as outlined in [H.F. 428](#) and [S.F. 472](#). This bill would bring equity to the state by adding all counties to the current tax exemption that applies currently to 25 counties.

Transportation & Infrastructure

For more information, please contact: [Abbey Bryduck, Policy Analyst](#)

County Transportation Governance Bill

The County Transportation Governance Bill, [H.F.709](#) (Sawatzky), was heard in the House Transportation Finance Committee last Thursday.

The bill would extend the authority to levy a wheelage fee to all 87 counties at an amount up to \$20, and would the Greater MN local option sales tax for transportation to be implemented by county board approval. Currently, only the metro counties have these authorities.

Because of outdated DVS technology, the "up to \$20 amount" for the wheelage tax may have to be delayed until January 2017, with a flat fee for all counties of \$10 as the only option until that time.

This weekend, the *Star Tribune* published a feature on the wheelage tax and AMC's efforts to pass enabling legislation. The article can be seen [here](#).

Transportation Finance Bill

The AMC backed Transportation Finance package, now [H.F.1449](#) (Erhardt), was last heard last Wednesday evening in the House Transportation Finance Committee. The bill would invest over \$3 billion for needed highway and transit improvements over the next 4 years of which \$315M annually would go to counties. For more details on the provisions in this bill, please refer to the description found [here](#).

AMC Secretary/Treasurer Commissioner Vance Stuehrenberg (Blue Earth County) and Minnesota County Engineers Association President Rich Sanders (Polk County Engineer) both testified in support of the bill on behalf of Minnesota counties.

Last Friday morning, the Progress In Motion group, of which AMC is an active participant, sponsored a legislative breakfast to talk about efforts to pass new transportation funding this year. Several legislators were in attendance along with the House Transportation Finance Chair, Representative Frank Hornstein. Small businesses, the construction industry, labor, local

governments, transportation engineers, both road and transit advocates, and legislators, all engaged in a discussion on how to work toward a transportation finance bill that could pass this year.

Rep. Hornstein especially mentioned the importance of seeing counties at the Capitol in the upcoming weeks to reinforce transportation needs to legislators. There have also been requests from legislators to see county board resolutions on transportation finance. AMC will be contacting counties very soon to aid with this request. We should see a new transportation finance proposal the week after the Legislative Break.

If you do not want to receive the UPDATE, please reply to this email with the word "REMOVE" in the subject line. Thank you.

Association of Minnesota Counties | 125 Charles Avenue, St. Paul, Minnesota 55103-2108 | Main Line: 651-224-3344, Fax: 651-224-6540
www.mncounties.org