

Aitkin County Board of Commissioners
Request for County Board Action/Agenda Item Cover Sheet



To: Chairperson, Aitkin County Board of Commissioners Date: 5-8-13

Via: Patrick Wussow, County Administrator

From: Patrick Wussow, County Administrator

Title of Item:

Legislative Update

Requested Meeting Date: 5-14-13 Estimated Presentation Time: _____

Presenter: Patrick Wussow, County Administrator

Type of Action Requested (check all that apply)

- For info only, no action requested Approve under Consent Agenda
- For discussion with possible action Adopt Ordinance Revision
- Let/Award Bid or Quote (attach copy of basic bid/quote specs or summary of complex specs, each bid/quote received & bid/quote comparison)
- Approve/adopt proposal by motion Approve/adopt proposal by resolution (attach draft resolution)
- Authorize filling vacant staff position
- Request to schedule public hearing or sale Other (please list) _____
- Request by member of the public to be heard
- Item should be addressed in closed session under MN Statute _____

Fiscal Impact (check all that apply)

- Is this item in the current approved budget? Yes _____ No _____ (attach explanation)
- What type of expenditure is this? Operating Capital Other (attach explanation)
- Revenue line account # that funds this item is: _____
- Expenditure line account # for this item is: _____

Staffing Impact (Any yes answer requires a review by Human Resources Manager before going to the board)

- Duties of a department employee(s) may be materially affected. Yes No
- Applicable job description(s) may require revision. Yes No
- Item may impact a bargaining unit agreement or county work policy. Yes No
- Item may change the department's authorized staffing level. Yes No



Supporting Attachment(s)

- Memorandum Summary of Item
- Copy of applicable county policy and/or ordinance (excerpts acceptable)
- Copy of applicable state/federal statute/regulation (excerpts acceptable)
- Copy of applicable contract and/or agreement
- Original bid spec or quote request (excluding complex construction projects)
- Bids/quotes received (excluding complex construction projects, provide comparison worksheet)
- Bid/quote comparison worksheet
- Draft County Board resolution
- Plat approval check-list and supporting documents
- Copy of previous minutes related to this issue
- Other supporting document(s) (please list) _____

Provide (1) copy of supporting documentation NO LATER THAN Wednesday at Noon to make the Board's agenda for the following Tuesday. (If your packet contains colored copies, please provide (4) paper copies of supporting documentation as we do not have a color printer or copier.) Items WILL NOT be placed on the Board agenda unless complete documentation is provided for the Board packets.

AITKIN COUNTY ADMINISTRATION

Aitkin County Courthouse
217 Second Street N.W. Room 130
Aitkin, MN 56431
218-927-7276
Fax: 218-927-7374

TO: Aitkin County Board
FROM: Patrick Wussow, County Administrator
RE: 2013 Legislative Update
DATE: May 8, 2013

The end of the Minnesota's 2013 State Legislative session is scheduled for May 20th. The Senate and House have both approved a substantial amount of legislation that is being discussed in conference committees. For example this week staff received a 114 page summary of the omnibus tax bill comparing what the House and Senate approved.

The County Board is scheduled to have a phone conference with Senator Ruud and Representative Radinovich at 10:00 a.m. on Tuesday. Prior to the phone conference it would be important for commissioners to identify legislation that they want our legislators to concentrate on during the final days of this legislative session.

For example we have included a portion of the Legislative comparison and it identifies additional training that would be required for all of our appraiser staff. In Mike Dangers' memo he identifies a \$15,000 added cost to the County. I have added Commissioner Niemi's comments.

Finally, an additional area of concern raised by the County Auditor is proposed modifications to the Workers Compensation legislation. A draft response is attached.

Patrick Wussow

From: Mike Dangers <mike.dangers@co.aitkin.mn.us>
Sent: Monday, May 06, 2013 8:54 AM
To: 'Patrick Wussow'
Subject: Senate tax bill

Hi Patrick,

Just wanted to make you aware of a part of the senate omnibus tax bill at the Legislature. Here is the section we are concerned about:

Sec. 8. [270C.9901] ASSESSOR ACCREDITATION.

22.6 Every individual that appraises or physically inspects real property for the purpose of
22.7 determining its valuation or classification for property tax purposes must obtain licensure
22.8 as an accredited assessor from the Minnesota State Board of Assessors by July 1, 2017,
or
22.9 by the time the individual is licensed as a certified assessor, whichever is later.
22.10 **EFFECTIVE DATE.** This section is effective beginning January 1, 2014.

While extra education can be a good thing, this provision will add a financial burden to counties. For us, we have 6 staff members that would need to be accredited to comply with this new law (provided they're still working here in 2017). I estimate this would cost Aitkin County about \$15,000 for courses and lodging plus the lost work time due to the narrative appraisal that they would have to write. This estimate is not counting the potential pay increase due to the higher license level which may or may not happen.

The assessor's organization MAAO is working on a compromise that may delay this requirement but the Senate tax chair apparently is not willing to change it much.

Thanks,
Mike

Patrick Wussow

From: Don Niemi <dcommish2011@hotmail.com>
Sent: Monday, May 06, 2013 9:45 PM
To: Patrick Wussow
Subject: Re: Senate tax bill

For your information accreditation was always necessary for valuing income producing property. We always had people myself and Tom Burman who valued these properties. This definitely looks like very unnecessary expense and burden for counties. Aitkin has Mike Dangers and Tom Burman presently who have met the requirement.

Sent from my iPad

On May 6, 2013, at 9:17 AM, "Patrick Wussow" <patrick.wussow@co.aitkin.mn.us> wrote:

Commissioner:

The attached email is a follow up to your comments at the April 23 County Board meeting relating to the legislature adding to Aitkin County levy. Commissioner Niemi has spoken against this also.

My plan is to have a legislative update/discussion prior to the conference call with our Legislators, this topic would be included in your discussion.

Let me know if you have questions/concerns or added information .

Patrick

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Thanks,

Mike

| HOUSE | | SENATE |
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| Sec. | Article 4: Property Taxes | Article 2: Property Tax |
| 25 | Study and report. Requires the commissioner of revenue to study the assessment of property used in the production of biofuels and other industries that use similar types of equipment, and report the findings of the study to the legislature by February 1, 2014. | Sec. 47. Similar –requires involvement of commissioners of agriculture and economic development and stakeholders. Language is more prescriptive of what must be studied. |
| 26 | Reimbursement for tax abatements. Provides for the commissioner of revenue to reimburse taxing jurisdictions for property tax abatements granted because of a tornado that damaged parts of Minneapolis and other parts of the northern metro area in 2011. The state authorized these abatements (with state reimbursements) in the 2011 tax bill, but Hennepin County’s request for reimbursements was submitted after the deadline in the legislation. | Sec. 42. Similar – slight difference in appropriation language. |
| | No comparable provision. | Sec. 49. Property tax savings report. Requires each county and each city with a population over 500 to include along with its certification of its proposed levy the amount of sales and use tax paid or estimated to be paid in 2012. At the time the TNT notice is mailed, the county shall also include a separate statement providing a list of sales and use taxes certified by the county and cities. At the TNT public hearing, the county and city must discuss the savings as a result of the sales tax exemption. |
| | No comparable provision. | Section 50. Metropolitan fiscal disparities working group. Requires the commissioner of revenue to convene a working group of interested parties to examine issues faced by local governments that are required to pay for services that are generally provided throughout the metropolitan area by the Met Council. |
| 27 | Iron Range Fiscal Disparities Study. Subd. 1. Study required. Requires the commissioner of revenue to conduct a study of the Iron Range fiscal disparities program. The study is to be completed by February 1, 2015. The charge of the study is identical to the language commissioning a study of the metro fiscal disparities program in 2010. It requires the study to analyze: <ul style="list-style-type: none"> • the extent to which benefits of economic growth in the region are shared throughout the region; • the program’s impact on the variability of tax rates across the region; • the program’s impact on the distribution of homestead tax burdens in the region; and • the relationship between program impacts and overburden. Subd. 2. Areawide levy. Requires \$75,000 to be added to the areawide levy for | Art. 10, sec. 9. Similar – requires study to be completed by Feb. 1, 2014. Requires the study to analyze: <ul style="list-style-type: none"> • trends in population, tax base, tax rates, and contribution and distribution tax capacities across the region; • volatility of the program’s distribution and causes of the volatility; • the impact of state policy changes on the program; and • the interaction between the program and the distribution of property tax aids and credits, taconite aid, and IRRR funding across the region. Does not require any addition to areawide levy. |

| HOUSE | | SENATE |
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| Sec. | Article 4: Property Taxes | Article 2: Property Tax |
| | <p>taxes payable in 2014 to pay for the study.</p> <p>Subd. 3. Appropriation. Appropriates money for the study to the commissioner of revenue. Provides that any unspent funds be returned to the areawide pool for taxes payable in 2016.</p> | <p>Does not provide for an appropriation for the study.</p> |
| 28 | <p>Repealer. Paragraph (a) repeals the expiration of cities' authority to establish new special service districts or housing improvement areas, thereby making the authorizations permanent.</p> <p>Paragraph (b) repeals the sunset on the Hennepin and Ramsey Counties' additional taxes on mortgage registrations and deed transfers.</p> <p>No comparable provision.</p> | <p>Secs. 31 and 32. Similar - extend the allowable period for the establishment of new special service districts or housing improvement areas without special authorization by five years.</p> <p>Art. 4, secs. 32 and 33. Extend sunset of Hennepin and Ramsey County additional mortgage registry and deed taxes by 10 years.</p> <p>Section 51. Repealer. Repeals language apportioning the state general levy between commercial-industrial property and seasonal-residential recreational property, which is no longer necessary since the commercial-industrial levy is set by tax rate in section 18.</p> |

| Sec. | Article 5: Special Taxes | Article 4: Special Taxes |
|------|--|---|
| | <p>No comparable provision</p> | <p>Section 5. Commissioner of Revenue; powers and duties. Authorizes the Commissioner of Revenue to participate in audits performed by the Multistate Tax Commission (MTC). (Section 50 repeals Minnesota's membership in the MTC.) Effective the day following final enactment.</p> |
| 1 | <p>Health impact fee. Eliminates a reference to health impact fee, which is repealed by section 19.</p> | <p>Section 6. Same</p> |
| 2 | <p>Sports memorabilia gross receipts tax. Imposes a new ten percent gross receipts tax at the wholesale level on sports memorabilia.</p> <p>Subd. 1. Definitions. Defines sports memorabilia as items sold under a license granted by a professional sports league or team or their affiliates or subsidiaries. It includes clothing as well as trading cards, photographs, sports equipment, and souvenirs.</p> <p>Subd. 2. Imposition. Imposes a ten percent tax on the gross receipts at the whole sale level.</p> <p>Subd. 3. Estimated payments; annual return. Requires the wholesaler to make estimated quarterly payments of the tax if the tax is over \$500 annually, with an annual return reconciling estimates with actual amounts due by March 15 of the following year. Provides for interest on significantly underestimated quarterly payments. Requires wholesalers with more than \$10,000 annual</p> | <p>Section 7 is similar, but differs from the House in the following ways:</p> <ul style="list-style-type: none"> • It includes memorabilia licensed by NCAA Division I programs, not just professional sports leagues. • It explicitly excludes from the tax, food and beverage items and sales made to other wholesalers. • The rate is 13 percent, rather than ten percent as under the House bill. • Collection is done quarterly, following an approach similar to that under the sales tax, rather an annual liability and return with quarterly estimated payments as under the House provision. • Five percent of the revenues are allocated to youth and amateur sports. |

| HOUSE | | SENATE |
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| Sec. | Article 5: Special Taxes | Article 4: Special Taxes |
| | No comparable provision | Section 46. Taxes and fees paid by Indians and Indian tribes. Requires the commissioner of Revenue to recompute the cigarette tax refunds under the agreement authority in current law to refund sales or excise taxes paid by Indian tribes to the state, due to the repeal of the health impact fee in this article. The refund is calculated by taking the sum of average statewide per capita cigarette and tobacco products excise tax paid during an applicable state fiscal year, plus the statewide average health impact fee (HIF) paid on cigarette and tobacco products during the same fiscal year, plus an additional amount that equals the difference between what the tribe has already been paid under an agreement and what they would have received if the HIF was assessed as a tax. Prohibits the commissioner from entering into new HIF agreements for a period after December 21, 2009. Prohibits the commissioner from making HIF payments for any period after the HIF has been repealed. Requires the commissioner to adjust the excise tax per capita payment to \$95. Effective the day following final enactment, except for the provision prohibiting the commissioner from entering a new HIF agreement, which is effective January 2, 2014. |
| | No comparable provision | Section 47. Report. Requires the Commissioner of Transportation, in consultation with the Commissioner of Revenue, to report to the legislative transportation committees every four years beginning in 2016, concerning revenues to and expenditures/transfers from the state airports fund, as well as any recommended statutory changes to ensure the future adequacy of the state airports fund. Effective July 1, 2014 and applies to aircraft tax due on or after that date. |
| | No comparable provision | Section 48. ARMER grants. Appropriates a total of \$3 million in payments in fiscal years 2014 and 2015 from the state government special revenue fund for the commissioner of Public Safety to reimburse counties for the sales tax costs associated with upgrading public safety radio systems prior to January 1, 2013. |
| 18 | Tobacco tax collection report. Requires the commissioner of revenue to report to the 2014 legislature on the tobacco tax collection system, including recommendations to improve compliance of all tobacco tax programs. This report will be due by January 1, 2014. | Section 49. Same |
| 19 | Repealer. Repeals the health impact fee on cigarettes and tobacco products and health impact fund. The only moneys deposited in the fund are the revenues from the health impact fee. These revenues are transferred to the general fund after the certification of the amount of state health care costs. | Section 50. Same as House on repealing health impact fee and fund; also repeals the Multistate Tax Commission statutes. |

<County Name/Address>

Dear Representative <XXX>,

<County name> has some real concerns with H.F. 1359, the Workers' Compensation Policy Changes Act, and we would ask your support in amending the legislation. The proposed changes to Minnesota Statutes 2012, Section 176.011 subd. 15 could create a significant financial burden that, without the proposed amendments, we will struggle to meet without raising taxes.

We request that in subdivision 15(d), the language defining "post-traumatic stress disorder" (PTSD) be amended to include the phrase, "out of extraordinary and unusual conditions as compared to the normal conditions of the employment" to the second sentence of the paragraph. Without this clarification, <County Name> and the Minnesota Counties Intergovernmental Trust, which serves as the joint powers entity that covers our workers' compensation claims, will be unable to predict and prepare for potential PTSD claims. This would force us to pay increased contributions, which would have to be passed on to the taxpayers. It also would open us up to significant financial exposure from those claims, and protracted litigation, forcing us to also pass those costs on to taxpayers in the future.

The language, as it currently stands, is unclear and may also require us to be responsible for PTSD that does not stem from a traumatic event that is workplace related, but rather from a personal traumatic event which may be triggered by something normal in the workplace. Without this limitation, we may find ourselves responsible for every kind of trauma, whether work related or not.

Similarly, at the county level, we perform mandated functions under Minnesota law that private companies do not or cannot perform such as law enforcement, public health, and social services. These employees deal with events that, as part of their job, may seem traumatic to a lay person but are not to them. A sheriff's deputy, for example, will see bodily injury and death in their job. Under the currently language, anytime this happens in the normal course of duties, a deputy could claim potentially claim benefits. Under the proposed changes, the traumatic event would need to be unusual, like the Red Lake school shooting, rather than something expected in the line of duty.

Finally, the current language is ambiguous as to who would be entitled to benefits. This could cause significant delays or improper denials of benefits as everyone searches for guidance through the courts. By adopting our proposed amendment, the law would provide adequate clarity for those charged with providing coverage, and ensure those employees facing extraordinary traumatic events in the workplace are properly protected.

We have added a few other changes to the legislation and have prepared a full copy of our suggestions below. We appreciate your time and consideration in this matter.

Patrick Wussow

From: Dan Larson <dan27@frontiernet.net>
Sent: Thursday, May 09, 2013 7:48 AM
Subject: MRCC Update / Status at the stretch

MRCC Members and Friends:

With 10 days until the scheduled conclusion to the legislative session, the MRCC has its priority legislative issues in position for success. Here is a breakdown showing status and action needed.

Vulnerable Children and Adults Act: Counties were surprised to learn the act had been amended as a condition of concluding the state budget shutdown of 2011, creating wide disparities between winners and losers – without benefit of public review or testimony – over a four year roll-out period.

MRCC is working with HHS committee chairs and was successful in getting language into the Senate HHS finance bill capping the roll-out at one year (2013), and ordering further discussions over the interim to find a plan that reduces the disparities between winners and losers.

MRCC Action: None necessary at this time.

Transportation Funding: MRCC is working to build balance into any transportation funding plan coming out of the legislature this year. Our greatest concern is a “transit only” plan that relieves metro transit pressures without addressing Greater MN highway funding needs – and thereby eliminating any future support for road funds we may otherwise have had from metro legislators.

The Senate Tax Committee held a hearing yesterday that resulted essentially in a “lights-on,” bill and an intent to continue to find a solution.

MRCC Action: Metro is getting very serious about getting something out of this session. Please reinforce the message with your legislators that there is no support in Greater MN for a metro-only transportation funding bill. Any plan must address both metro transit and Greater MN highway needs.

Parks and Trails Legacy: After a rough start to the session, we seem to have righted the ship and look to be on calmer seas... The House bill will be heard on the floor tomorrow. We will be testifying before the Senate Subcommittee on Legacy this morning about needs. There is no senate bill as yet, but we have submitted our suggested language and expect the bill to be released later today.

Key components of the bill are 20% designated funding to Greater MN needs, and adoption of the language creating the Greater MN Regional Parks and Trails Commission.

The commission will vet and administer project plans based on the criteria and protocols developed in the Greater MN Parks and Trails Strategic Plan.

MRCC Action: Please contact your House members to let them know the plan before them on the floor tomorrow is structurally sound and that our key concerns are the 20% dedicated funding (it's in there), and creation of the commission.

Land Use: MRCC is working closely with Sen. Skoe and Sen. Bakk to address Payment in Lieu of Taxes. The senate tax bill contains an increase in PILT payments to counties.

MRCC Action: Please contact your House and Senate members, as well as the members of the Conference Committee on Taxes to express your support for the senate position on PILT.

Sen. Skoe is senate lead. Rep. Anzelc is house lead. Feel free to include an anecdote on why this increase is important. As you see, a good percentage of members are metro and may benefit from the insights.

Contacts for Tax Conference Committee members:

Sen. Rod Skoe – Chairman, Clearbrook / sen.rod.skoe@senate.mn

Sen. Kari Dziejczak – NE Mpls. / http://www.senate.leg.state.mn.us/members/member_emailform.php?mem_id=1193&ls=

Sen. Lyle Koenen – Clara City / sen.lyle.koenen@senate.mn

Sen. Ann Rest – New Hope / http://www.senate.leg.state.mn.us/members/member_emailform.php?mem_id=1051&ls=

Sen. David Senjem – Rochester / sen.david.senjem@senate.mn

Rep. Ann Lenxewski, Chairwomen – Bloomington / <http://www.house.leg.state.mn.us/sendmail/mailtomember.aspx?id=10369>

Rep. Tom Anzelc – Balsam Twp. / <http://www.house.leg.state.mn.us/sendmail/mailtomember.aspx?id=15251>

Rep. Kim Norton – Rochester / <http://www.house.leg.state.mn.us/sendmail/mailtomember.aspx?id=15263>

Rep. John Benson – Minnetonka / <http://www.house.leg.state.mn.us/sendmail/mailtomember.aspx?id=15270>

Rep. Jim Davnie – SE Mpls. / <http://www.house.leg.state.mn.us/sendmail/mailtomember.aspx?id=10126>

Aitkin / Clay / Clearwater / Cook / Douglas / Grant / Itasca / Kittson / Koochiching / Lake of the Woods / Mahanomen

Marshall / McLeod / Mille Lacs / Norman / Otter Tail / Polk / Pennington / Pope / Red Lake / Roseau / Stevens / Todd /
Traverse