

STATE LEGISLATIVE 2018 SESSION WRAP UP

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MEDICAL ALLEY
ASSOCIATION

www.medicalalley.org

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LEADING UP TO THE 2018 SESSION

The 90th Minnesota legislature convened its second annual session on February 20th, 2018, capping off one of the busiest interims in recent memory. Like the relentless waves of the ocean, news and notable events just kept coming. From lawsuits, to legislator controversies, to special elections, the ground for the 2018 legislative session looked far different than how it was left in May of 2017.

The interim began with Governor Dayton line-item vetoing the appropriation for the legislature as retaliation for tying the Department of Revenue's funding to enactment of the 2017 special session omnibus tax bill (which he did sign into law). The legislature immediately filed a lawsuit claiming that "defunding" the legislature was unconstitutional. The Minnesota Supreme Court ultimately determined that since the legislature could cobble together enough money to stay afloat until the start of the 2018 session, that there was no constitutional issue for them to rule on.

Then, in early November, the first stories about improper sexual actions by legislators were published. Ultimately, Republican Representative Tony Cornish and Democrat Senator Dan Schoen agreed to resign due to accusations against them. This triggered two special elections for early February. Both races were hotly contested but did not result in any change in party makeup in either chamber, with Republican Jeremy Munson winning the House seat and Democrat Karla Bigham victorious in her Senate bid.

Prior to those special elections, U.S. Senator Al Franken was accused of sexual misconduct, resulting in his resignation on January 2, 2018. Governor Dayton appointed then Lt. Governor Tina Smith to fill that seat, creating an opening in that office, resulting in Senate President Michelle Fischbach becoming Lt. Governor. Rather than resign her Senate seat, Sen. Fischbach, leaning on historical precedent, announced her intention to hold both offices. A lawsuit was filed in January alleging the Minnesota Constitution prevented Sen. Fischbach from holding both offices, but this was dismissed in early February. Despite another lawsuit being filed in April, Sen. Fischbach successfully held both offices through the end of the 2018 legislative session. Sen. Fischbach announced on May 25th she would be taking the oath of office to be Lt. Governor and resigning her Senate seat. She also announced that she would not be running in the resulting special election.

All these things played into bills, committee hearings, and other legislation decision making during the 2018 legislative session. All these plus one other – the upcoming 2018 general election. With Governor Dayton retiring, Minnesota will elect a new governor for the first time since 2010. Additionally, the entire Minnesota House of Representatives is up for re-election, while the Senate is not on the ballot until 2020 (except for now Lt. Governor Michelle Fischbach's seat). This is the stage that was set when the curtain lifted on the 2018 legislative session.

THE 2018 LEGISLATIVE SESSION

The 90th Minnesota legislature adjourned sine die just before midnight on Sunday, May 20. Similar to recent legislative sessions, the final week or so was filled with action and drama. Early on in the final week of session, Governor Dayton vetoed the legislature's first attempt at an omnibus tax bill – doing so in a local school classroom to highlight his request (at that point unrecognized by

the legislature) to provide emergency education funding to prevent teacher layoffs in several school districts around the state. The legislature responded by passing another tax bill – this time with new education funding and other budget flexibility for schools included – on the final day of session. The Governor was unmoved by this effort and vetoed the omnibus school aid and tax bill on Wednesday, May 23.

The legislature also passed an omnibus supplemental finance bill in the closing days. Shortly before passage Governor Dayton produced a list of 131 items he wanted taken out of the bill in order to sign it. The legislature did not completely acquiesce, but did remove a number of these items in an attempt to get the bill in a form the Governor would sign. This attempt fell short and Governor Dayton vetoed the bill on Wednesday, May 23.

The legislature also passed a capital investment (bonding) bill and omnibus pension bill in the final hours of session. Governor Dayton signed all but one \$1M item in the \$825M bonding bill, line-item vetoing a new grant to review the scientific work of the Minnesota Pollution Control Agency (MPCA). The capital investment bill was signed on Wednesday, May 30 and the omnibus pension bill was signed on Thursday, May 31.

While these bills received most of the attention at the end of session, other than tax conformity efforts, individual bills and issues were the focus most of session. These included:

- Reforms to laws and regulations surrounding the care of vulnerable adults in Minnesota. This issue was brought to light through a series of articles in the Star Tribune
 - End of session result: vetoed as part of the supplemental finance bill
- Changes to State Government sexual harassment policies, as well as alterations to state law governing the topic, in response to the sexual misconduct by Minnesota legislators and others throughout the country
 - End of session result: no changes were made to state law; the House did significantly alter its sexual harassment and reporting policy
- Policies and programs to address the opioid epidemic including new taxes on opioids and opioid manufacturers. Ultimately no new taxes were instituted (more later in this document), but several items addressing addiction and targeting misuse of opioids were passed as part of the supplemental finance bill
 - End of session result: vetoed as part of the supplemental finance bill

Medical Alley Association (MAA) advocates with legislators and works with partners and other stakeholders to deliver results in the public policy arena. Our focus is on patient access and care, innovation, and economic growth. Our 2018 Health Technology Economy Agenda focused on making Minnesota the hub for health innovation startups – but our successful advocacy work stretched far beyond that including making it easier for patients to get the medicine they need and increasing access to alternative pain management techniques to help reduce opioid addiction. MAA will continue to work with MAA members, legislators, and other partners to identify and advocate for policies that will continue to ensure Minnesota remains the Global Epicenter of Health Innovation and Care.

1
**DESTINATION FOR
ENTREPRENEURS**



**Restore the Angel Investment Credit
and Make It Permanent.**

2
**INCREASE
COMPETITIVENESS**



**Return Refundability of the Research
and Development (R&D) Tax Credit
to the First Tier.**

3
**INNOVATIVE
JOB GROWTH**



**Establishment of the Net Operating
Loss Carryforward Marketplace.**

With your help last session, Minnesota took big strides toward solidifying its place as the Global Epicenter of Health Innovation and Care. By enhancing the Research & Development credit, funding MIF & JCF, and enabling the use of biosimilars you reasserted Minnesota's position as the place to come and create the next big development in health. **Thank you.** We look forward to working together this session and beyond on continuing to establish Medical Alley as the

Global Epicenter of Health Innovation and Care.

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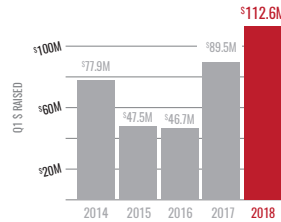
RECORD Q1 INVESTMENT SHOWCASES SHIFT TO CONSUMER-FOCUSED HEALTH

26 Medical Alley companies raised **\$112 MILLION** in capital,
TWO companies were acquired for **\$1.6 BILLION**

NOVEL SOLUTIONS TRANSFORM HEALTHCARE BY FOCUSING ON THE CONSUMER

Building on a record 2017, Medical Alley's leadership continued in a record Q1 that saw \$112 million raised by 26 companies.

Better than half of those companies are developing novel tools and technologies that put the consumer at the center of healthcare.



NOTABLE RAISES



founded: **2016**

<https://www.YOURBIND.com>

@**BIND_ODHI**

Changing the game with on-demand health insurance, investors fueled the company with **\$60 MILLION**, the largest investment of Q1. Using a model of core coverage for things like preventive health and add-ons for care that can be planned for, consumers pay for what they need, not what they don't.



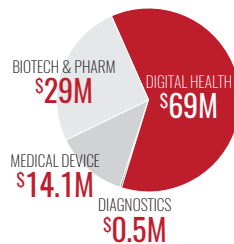
founded: **2012**

<https://www.LEARNTOLIVE.com>

@**LEARNTOLIVECBT**

Changing the way we address mental health, investors backed this digital health startup with **\$4.3 MILLION** to further develop their platform, which provides remote access to high-quality mental health services.

STRENGTH IN ALL SECTORS



DIGITAL HEALTH continues to drive investment growth in Medical Alley and topped all sectors with **\$69 MILLION** from eight companies, led by Bind's \$60 million.

BIOTECHNOLOGY is on a growth trajectory as well and delivered a record Q1, raising **\$29 MILLION** from six companies.

MEDICAL DEVICE companies raised a total of **\$14 MILLION** by 12 companies, showing strength in early-stage investments on the heels of large mid- and late-stage investments in 2017.

STRONG EXITS IN MEDICAL ALLEY ARE RETURNING CAPITAL

Medical Alley produced **\$1.6B** in two exits during Q1 2018: **ABILITY NETWORK** was acquired by Inovalon for **\$1.2 BILLION** and **NXTHERA** was acquired by Boston Scientific for up to **\$406 MILLION**. These exits highlight the diversity of Medical Alley companies creating value by bringing new digital health and medical technology solutions to improve outcomes and lower costs.

Medical Alley is leading the world in meaningful health innovation, driven by a focus on the largest disease states, creating real value throughout the healthcare community, and delivering better solutions and experiences for the healthcare consumer.

LEARN MORE AT THE NEWLY REVAMPED MEDICALALLEY.ORG



RESTORE THE AITC

the loss of the Angel Investment Tax Credit stifles innovation, hurts competitiveness

No matter how innovative your idea is, or how much elbow grease, blood, sweat, and tears are poured into making it a reality, accessing the capital you need to get your product to market is critical to a young company's survival.

since the Angel Investment Tax Credit was lost

INNOVATORS HAVE BEEN SHUT OUT OF EARLY STAGE INVESTMENTS

The median amount raised in Q1 2018 was over \$1.1M, compared to an average \$500k median of Q1's in which AITC was in place.

OTHER STATES ARE TAKING ACTION

As if that weren't a big enough challenge for Minnesota's early stage community, other states are constantly swooping in, trying to lure our best innovators - along with their ideas and products - away. This is why the Angel Investment Tax Credit is so important

MASSACHUSETTS IMPLEMENTED AN ANGEL INVESTMENT TAX CREDIT IN 2017



One of Fast Company's World's 50 Most Innovative Companies



Winner, 2017 Red Herring Top 100 North America award



Past Recipients of the Angel Investment Tax Credit



Microbiota Restoration Therapy

HEALTH INNOVATION DRIVES MINNESOTA

The Health Innovation industry is a key part of Minnesota's economy, and we need to ensure that today's innovators have the resources they need to keep investing in R&D so that they can power job and economic growth for the next generation of Minnesotans.

We are the Global Epicenter of Health Innovation and Care - and to stay there we need to keep our best ideas home and have the resources to grow.

THAT'S WHY MINNESOTA NEEDS THE ANGEL INVESTMENT TAX CREDIT



MAJOR FINANCE BILLS FROM THE 2018 LEGISLATIVE SESSION

OMNIBUS SCHOOL AID & TAX BILL

HF947 – Loon/Nelson

Final Language

Summary of Final Language

Final Spreadsheet (Appendix 9)

End of Session Status: Vetoed by Governor Dayton, 5/23/2018 (Chapter 205)

This was the second attempt by the legislature to get a tax bill signed into law. Typically, in an even-numbered year legislative session, there is a very small tax bill, if there is one at all. Due to the tax reform bill passed by Congress in late December, the need for a significant tax bill at the state level was heightened. This is because, absent making conforming changes to federal law, Minnesota's tax code would become very complex and tens of thousands of Minnesotans would pay higher taxes.

Governor Dayton announced his tax proposal in early March. The House & Senate put forward, and passed, their respective plans in late April. The legislature sent the first omnibus tax bill to the Governor on May 16; he promptly vetoed it on May 17. The final bill, presented to the Governor on May 21, had few changes from the previously passed, and vetoed, tax bill, but this time it also included additional dollars for school districts around the state.

Medical Alley Association was actively engaged in the omnibus tax bill throughout the legislative session. Below are a few of the provisions MAA was most closely involved with:

Article 3, Sections 1, 2: Funding the Angel Investment Tax Credit (Language – Appendix 10)

The Angel Investment Tax Credit (AITC) was funded at \$5 million for Calendar Year 2018. After receiving no funding for 2018 as part of the budget agreement last session, restoring funding for the AITC was the top agenda item for Medical Alley Association's advocacy efforts in 2018. We put together a robust lobbying effort featuring several MAA member companies that successfully used



Bobby Patrick, Senator Paul Anderson and Paul Hines, CEO of Dose Health testify in the Senate Tax Committee in support of the Angel Investor Tax Credit.



Patrick Yoder, Co-founder and CEO, of Logicstream, a leading healthcare software firm that supports hundreds of hospitals nationwide, speaks with Representative Joe Hoppe, Chair of the House Commerce and Regulatory Reform Committee, on Logicstream's success from the Angel Investor Tax Credit.



Senator Jeff Hayden meets with Clayton Weiby from OneOme, discuss their use of the Angel Investor Tax Credit. OneOme was ranked by Fast Company as one of the world's Top 50 most innovative companies in the world. OneOme's RightMed is a gene-based drug-matching test that can predict adverse reactions and eliminate trial and error in finding an antidepressant or cancer remedy that works for a particular patient.

the AITC. Thanks to POPS! Diabetes, Ambient Clinical Technologies, DOSE Health, LogicStream Health, and Recombinetics for taking the time to come to the Capitol and share with legislators the importance of restoring the AITC. Although we would have liked to see a higher dollar figure, or ongoing funding, we were pleased the legislature prioritized the AITC this year. Even though it wasn't signed into law, we will seek to build off this year's momentum and work with the new Governor and legislature to restore funding to the AITC.



Representative Matt Dean, Chair of the House Health and Human Services Finance committee discusses the AITC with Lonny Stormo, Co-founder and CEO of POPS! Diabetes—a digital health platform that frees people with diabetes to completely manage their condition through a mobile system, on their terms, in the palm of their hand.



Kris Huson, Communications Manager at Recombinetics speaks with Representative Rod Hamilton, Chair of the House Agricultural Finance Committee, on the Angel Investor Tax Credit which helped spur the company's growth. Recombinetics specializes in animal gene editing

Article 1, Section 17, 33: Full Conformity with Section 179 Expensing (Language – Appendix 11)

This bill would have permanently increased the amount that can be expensed for Minnesota income taxes under Section 179 to \$1 million (the 2017 limit was \$25,000) and the phase out threshold – \$2.5 million – as well (the 2017 limit was \$200,000). This change matched the current federal amount for each. The bill also eliminated the 80% add-back and 5-year recovery that had been in place – a quirk of Minnesota law that forced businesses to take this tax benefit over 5 years.

All these changes meant that a company could invest in up to \$3.5 million in new – or used – qualifying equipment and received an immediate tax benefit in Minnesota. Conforming to federal law, by increasing these thresholds, would prevent Minnesota from becoming an uncompetitive place for small and medium businesses to invest in new, or used, equipment. Medical Alley Association testified in support of this provision in the House Taxes committee.

Other provisions of note:

- Reduction in the Minnesota Corporate Income Tax Rate
 - This lowered the rate from 9.8% to 9.65% for Tax Years 2018 & 2019 and then to 9.1% beginning for Tax Year 2020
- Reduction in the Minnesota Income Tax Rates
 - The bottom rate was lowered from 5.35% to 5.3% in Tax Years 2018 & 2019 and then to 5.25% beginning in Tax Year 2020
 - The 3rd rate was lowered 7.0% to 6.95% in Tax Years 2018 & 2019 and then to 6.85% beginning in Tax Year 2020
- The base for the Minnesota Individual Income Tax was shifted from Federal Taxable Income (FTI) to Federal Adjusted Gross Income (FAGI), allowing standard and itemized deductions, as well as personal and dependent exemptions, to be determined by Minnesota and not the Federal Government

- Other issues related to Federal Conformity
 - The bill taxed the net amount of foreign repatriated income and qualified this income as a ‘dividend’ making it eligible for the Dividend Received Deduction; it also followed the 8-year payment election if made for federal purposes
 - The Governor proposed taxing the gross amount of foreign repatriated income, as well as including – with accompanying deductions – Global Intangible Low Tax Income (GILTI) and Foreign Derived Intangible Income (FDII)
 - Eliminated the Minnesota Corporate AMT
 - Conformed to Federal Bonus Depreciation, but retained 80% add-back and 5 year recovery
 - Conformed to Limitation on Net Interest Deduction to 30% of income with carryforward

OMNIBUS SUPPLEMENTAL BUDGET BILL

SF3656 (Rosen/Knoblach)

Final Language

Summary of Final Language

End of Session Status: Vetoed by Governor Dayton, 5/23/2018 (Chapter 201)

Rather than pass separate, stand-alone budget bills to the Governor, the legislature (as is recent custom) combined them all into one supplemental budget bill. During the mark-up process, Medical Alley Association was active in advocating for the inclusion – and exclusion – of several provisions. MAA was very successful with these efforts, as most we pushed to be included were, and none we sought to exclude were included.

Provisions Tracked by MAA

HEALTH & HUMAN SERVICES

Article 35, Section 11: Rare Diseases Advisory Council (Language – Appendix 12)

Standalone bill: HF2574 (Dean)/SF2786 (Hayden)

- The Rare Diseases Advisory Council would be housed at the University of Minnesota. It would be a valuable resource for families who have a member with a rare disease by providing information and connect them with others similarly impacted. This council would also serve as a catalyst for translational research resulting in better, more accessible treatments for rare diseases.
- Medical Alley Association was a strong advocate for the creation of this council and provided a letter of support (APPENDIX 3) in committee and an informational handout on the House floor (APPENDIX 13).

Article 36, Section 10: Provider Grants for administration of Peripheral Nerve Blocks (Language – Appendix 14)

- Last fall, Medical Alley Association sponsored a roundtable highlighting non-opioid alternative pain management devices as a way to help combat the opioid epidemic.
- MAA worked with members and staff in the House and Senate throughout session to identify the best way to increase the use of some of these devices as part of the legislature’s efforts around the opioid epidemic.
- This proposed program utilized existing dollars to provide grants to providers to purchase and use continuous peripheral nerve blocks (cPNBs) to treat, reduce, or prevent substance abuse disorder for medical assistance enrollees. The grant was scheduled to be available from July 1, 2018 to June 30, 2019. The DHS commissioner was required to submit a report – by September 1, 2019 – on the program’s impact, actual or perceived barriers to access and reimbursement for cPNBs, and develop recommendations for addressing these barriers.

Article 45, Section 3: Minnesota Biomedicine and Bioethics Innovation Grants (Language – Appendix 15)

- This program was originally established the 2018 HHS Omnibus bill. The supplemental budget bill appropriated an additional \$500,000 to the program in Fiscal Years 2019, 2020, and 2021.
- Grants under this program are awarded by a steering committee from the University of Minnesota and the Mayo Foundation, and are aimed at promoting research leading to new discoveries that make advancements to health and strengthen Minnesota’s innovation economy. Thus far one project has been funded, and seven more are currently in the review process, for a total of just over \$2 million in grants.
- Medical Alley Association issued a letter (APPENDIX 3) in support of additional funds for this program when it was included in the House HHS Supplemental Budget bill.

Programs addressing the opioid epidemic

- This bill dedicated \$16M over three years in spending on provisions to combat the opioid epidemic and addiction.
- The language included increasing PMP use, creation of an opioid-response account, increases for BCA scientists, opioid-supply limitations, a pilot program that would have community paramedics check-in on patients who had overdosed, and a grant for Project Echo.

ECONOMIC DEVELOPMENT

Reductions to the Minnesota Investment Fund (MIF) and Job Creation Fund (JCF)

- The supplemental budget bill did not contain reductions to either MIF or JCF.
- The House and Senate Jobs supplemental budget bills both contained provisions cutting the appropriation to MIF and JCF. Medical Alley Association sent a letter (APPENDIX 4) to the House Jobs committee outlining concerns with this approach.

HIGHER EDUCATION

Article 22, Section 28: Spinal Cord Injury/Traumatic Brain Injury Research Grant Program Special Revenue Account Creation (Language – Appendix 16)

- This language moved the general fund appropriation to this grant program to a special revenue account. This prevents any unused funds at the end of the 2018-19 budget from cancelling back to the General Fund.
- This would allow research to be done on a timeline more in-line with quality medical research without the arbitrary constraints of the state budget timeline. It also maintained the oversight of the SCI/TBI Research Council, ensuring high quality research is done with proper financial controls.
- Medical Alley Association submitted letters (APPENDIX 5 & 6) to both the House and Senate Higher Education committees in support of this change.

STANDALONE BILLS MAA ACTIVELY ENGAGED IN

STEP THERAPY OVERRIDE & PROTOCOL ESTABLISHED

HF3196 (Fenton/Utke)

Final Language (Language – Appendix 17)

Letters of support: House/Senate (Appendix 1 & 2)

Coalition Letter of Support (Appendix 18)

End of Session Status: Signed into law (Chapter 162)

Medical Alley Association joined several patient advocacy groups advocating for legislation establishing a step therapy override and protocol for prescription drugs. Step therapy protocols require patients to try – and fail – on a drug other than one prescribed by their provider when required by their insurer. This bill allows a patient and their provider to override step therapy protocols in certain situations. One of three conditions are required for an override: (1) the step therapy plan would hurt the patient; (2) the patient has followed the health plan's protocol but it failed; or (3) an alternative drug is prescribed and helping the patient, but he or she changes insurance plans. This legislation will help patients avoid serious adverse effects, potentially prevent multiple physician visits or hospital readmissions, and lowers overall system costs. This law goes into effect on January 1, 2019.

This bill was passed unanimously by the House and Senate and was signed by Governor Dayton on May 19. Medical Alley Association submitted letters of support on both the House and Senate floors. This language was also originally included in the House HHS supplemental budget bill and MAA included it in a letter of support to that committee as well.

UPDATING THE MINNESOTA HEALTH RECORDS ACT

HF3312 (Zerwas)/SF2975 (Pratt)

House Language (Senate language is identical) (Appendix 19)

End of Session status: Waiting hearing in House Civil Law and Senate HHS Finance & Policy

Medical Alley Association joined a coalition of organizations, including the Minnesota Hospital Association, Minnesota Business Partnership, and the Minnesota Brain Injury Alliance in an effort to update patient consent provisions of the Minnesota Health Records Act (MHRA). The bill, as introduced and passed through the House HHS Reform committee, would have brought the MHRA in line with HIPAA for purposes of receiving patient consent. Minnesota is one of only two states that is not in compliance with HIPAA for patient consent and this non-compliance will cost health consumers in Minnesota at least \$600 million over the next 10 years.

The bill was strongly opposed by legislators and groups concerned about data privacy. The coalition, in an attempt to alleviate concerns, proposed to only update patient consent provisions for purposes of treatment, payment and operations. This compromise did not receive a vote in the House or Senate.

Medical Alley Association will continue to work with other advocates and concerned legislators on bringing this forward in future legislative session.

NEW TAXES ON OPIOIDS AND OPIOID MANUFACTURERS

SF730 (Rosen/Baker)

Senate Language/House Language

Final Language in Supplemental Budget Bill SF3656

End of Session Status: Passed Senate Floor; on House General Register

Building off of efforts made last year, the legislature once again brought forward bills taxing every opioid pain relief pill sold in Minnesota as a way to fund efforts to combat the opioid epidemic. The House and Senate each took separate tracks (which are explained in detail below). Ultimately the legislature decided to use General Fund dollars – rather than increased taxes – to fund these efforts. All language related to opioids was part of the Supplemental Budget Bill (SF3656 Rosen/Knoblach).

Medical Alley Association raised concerns on this bill and worked with the bill authors and legislators to address them. The original proposal implementing a ‘penny-a-pill’ tax would have been the first of its kind in the country. Other concerns included cost and access issues for patients, as well as the administrative challenges of implementing the tracking system to determine the amount of new taxes. MAA also strongly advocated for the use of pain management alternatives – such as those brought forward at the Pain Management Roundtable MAA hosted in October 2017 – and urged legislators to not inadvertently make it more difficult to access these.

Medical Alley Association is strongly committed to working with health care stakeholders, policymakers and others to help address the current opioid crisis. We will continue to focus our efforts in this area and on being a strong leader in advocating for the development and use of non-opioid pain management and abuse prevention innovations.



Initially, Sen. Rosen proposed to tax each opioid sold in Minnesota at a rate of \$.01/pill. Each pill would have a multiplier applied to it that depended on its active ingredient. The result was that the minimum amount each opioid pill would be taxed was \$.15/pill. Additionally, each manufacturer would have faced an increased registration fee based on the number of pills it sold in Minnesota. These fees ranged from \$625 (for less than 100,000 pills) to \$125,000 (for more than 15,000,000). These new taxes would have raised approximately \$20 million/year for efforts to combat and deal with the opioid epidemic. The bill also limited prescriptions of opioids to seven-days without a physician override.

After a couple of weeks, Senator Rosen brought forward a different proposal to raise the desired dollars. This new language proposed a registration fee that would have set the amount to be raised – \$20 million/year – and divided it up according to market share. Opioid manufacturers would have been responsible for \$12 million and wholesale distributors for \$8 million. The ‘penny-a-pill’ and initial registration fee were removed from the bill. This bill passed the Senate floor 60-6.



The House proposal also began with the same ‘penny-a-pill’ tax, plus a multiplier, as the Senate – but without the increased registration fees. At its first committee hearing, however, the new taxes were removed and replaced with an appropriation from the General Fund. It would have transferred \$16.5M in FY19 from the general fund to an account that appropriates the money to the commissioner of Human Services. The commissioner would direct those funds to pay for opioid addiction programs, treatment and child protection. The new language transferred an additional \$3.5M from the

general fund to the Board of Pharmacy to integrate the prescription monitoring program database with electronic health records. This amendment would have provided money immediately, instead of the 18-24 months under the previously proposed tax structure.

The bill moved through several committees – including Ways & Means, where it was heavily amended – but no new taxes were added into the bill. Despite the Senate sending over its version, the House never brought up its language for consideration on the floor.

RIGHT TO REPAIR

SF15 (Osmek)/HF287 (Hertaus)

Senate Language (House language is identical)

Amendment to Senate Language: only offered in informational hearing, never officially adopted (Appendix 20)

MAA letter to Sen. Osmek (Appendix 8)

End of Session Status: Waiting a hearing in Senate Commerce and Consumer Protection Finance & Policy and House Commerce and Regulatory Reform

The Senate Commerce and Consumer Protection Finance and Policy Committee held an informational-only hearing on this bill on January 19. This bill would establish standards allowing authorized third parties to repair and service electronics. Manufacturers of digital products would be required to provide diagnostic and repair information, as well as updates so third parties would be able to service the electronics. As written, this bill would include medical devices.

Prior to the hearing, Medical Alley Association reached out to Senator Osmek's office with our concerns about how this bill would impact medical devices. His office let us know that it would be his intent to exclude medical devices from the requirements of this bill. We followed up with a letter thanking him for agreeing to do so. At the hearing, Senator Osmek proposed an amendment that would exempt medical devices from its requirements. The informational hearing ended without any further action on the bill and it did not have a committee hearing in either the Senate or House for the remainder of the legislative session.

CLOSING

The 91st legislative session begins on January 8, 2019. Although the outcome of this fall's election is far from certain, we do know that there will be a new Governor and several new legislators. Medical Alley Association will be very active in monitoring the elections and will be visiting with new candidates to ensure they understand the importance of Medical Alley and the health innovation industry.

LEGISLATIVE RETIREMENTS

Legislator Name	District Number	Party
Rep. Susan Allen	62B	DFL
Rep. Jon Applebaum	44B	DFL
Rep. David Bly	20B	DFL
Rep. Karen Clark	62A	DFL
Rep. Matt Dean	38B	GOP
Sen. Michelle Fischbach	13	GOP
Rep. Peggy Flanagan	46A	DFL
Rep. Clark Johnson	19A	DFL
Rep. Sheldon Johnson	67B	DFL
Rep. Jim Newberger	15B	GOP
Rep. Joyce Peppin	34A	GOP
Rep. Linda Slocum	50A	DFL
Rep. Paul Thissen	61B	DFL
Rep. Mark Uglem	36A	GOP
Rep. JoAnn Ward	53A	DFL
Rep. Abigail Whelan	35A	GOP

APPENDIX 1



May 7, 2018

Rep. Kelly Fenton
525 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
St. Paul, MN 55155

Rep. Fenton,

The Medical Alley Association thanks you for your leadership in reinforcing Minnesota's unique position as the global epicenter of health innovation and care. We are writing today in support of House File 3196, establishing a process for step therapy protocol and override for prescription drug coverage.

Minnesota is "The Great State of Health" and "Medical Alley" is enshrined in the Smithsonian as one of America's "Great Places of Invention." Medical Alley is home to the most densely concentrated health technology cluster in the world, ranks as the #1 region in the world for health technology and is leading the digital health revolution. Medical Alley Association represents over 650 members in the medical device, digital health, diagnostics, biopharmaceutical, health provider, and health insurance sectors. Our members employ more than 500,000 people with an economic impact of greater than \$60 billion.

Medical innovation saves and extends lives and improves patient outcomes. Medical Alley Association members are innovating every day to accomplish this in a variety of ways. From new medical devices, personalized medicine, and advances in digital health, our members are constantly working to cure disease and get patients better in less invasive ways.

Through this language the patient and their health care provider can override a step therapy protocol in certain circumstances. This allows the patient to take the drug originally prescribed by the health care provider who considers a host of factors when determining a course of treatment, including the patient's medical history and individual characteristics.

This can help achieve better outcomes for the patient by avoiding drugs the patient has already tried and failed or that could have serious adverse effects. It also aids in avoiding higher system costs, including expensive and avoidable physician visits, and multiple hospital readmissions. Furthermore, this provision will ensure a transparent and timely process for step therapy exception requests and appeals.

By keeping utilization management measures while still providing flexibility to adapt a course of treatment to a specific patient, outcomes can be improved without significantly increasing the cost of care.

Thank you again for your leadership on this important issue.

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association

APPENDIX 2



May 2018

Sen. Paul Utke
95 University Ave W
3403 Minnesota Senate Building
St. Paul, MN 55155

Sen. Utke,

The Medical Alley Association thanks you for your leadership in reinforcing Minnesota's unique position as the global epicenter of health innovation and care. We are writing today in support of House File 3196, establishing a process for step therapy protocol and override for prescription drug coverage.

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Thank you for your consideration.

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association

APPENDIX 3



April 19, 2018

Rep. Matt Dean
Chair, House Health & Human Services Finance Committee
501 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Dean and Esteemed Members of the House Health & Human Service Finance Committee:

The Medical Alley Association thanks the House HHS Finance Chair Matt Dean, and members of the House HHS Finance Committee, for their leadership in reinforcing Minnesota's unique position as the global epicenter of health innovation and care.

Minnesota is "The Great State of Health" and "Medical Alley" is enshrined in the Smithsonian as one of America's "Great Places of Invention." Medical Alley is home to the most densely concentrated health technology cluster in the world, ranks as the #1 region in the world for health technology and is leading the digital health revolution. Medical Alley Association represents over 650 members in the medical device, digital health, diagnostics, biopharmaceutical, health provider, and health insurance sectors. Our members employ more than 500,000 people with an economic impact of greater than \$60 billion.

Medical Alley Association thanks the Chair, and committee, for including the following provisions in the DE Amendment to HF3138:

Article 1, Section 11: Advisory Council on Rare Diseases

Minnesota is a global leader in health research. From the University of Minnesota – a world-class research institution – to the world-renowned Mayo Clinic, we are on the forefront of developing treatments and cures for the toughest diseases. Connecting the benefits of this research to people impacted by it is very important.

The Rare Diseases Advisory Council will be a resource for families who have a member with a rare disease. This Council will provide information about treatment, coverages and general material about the disease. While one-in-ten Minnesotans have a rare disease, nearly two million are impacted by rare diseases through family and friends. This Council will give a voice to those impacted by rare diseases and help give them hope – by connecting them with others impacted and with information. Further, this council will serve as a catalyst for translational research resulting in better, more accessible treatments and cures for rare diseases.

Article 11, Section 3, Subdivision 2(b): Minnesota Biomedicine and Bioethics Innovation Grants

Last session's omnibus Health & Human Services Finance bill created the biomedical and bioethics grants program, with grants awarded by the steering committee of the University of Minnesota and Mayo foundation. This grant program has resulted in the funding – or funding proposals – of projects

using translational science to bring findings from the research stage to patient bedside. Medical Alley Association supports the additional funding for this program contained in this bill.

Medical Alley Association also supports the addition of the following amendment:

Amendment A19: Step Therapy Protocol override

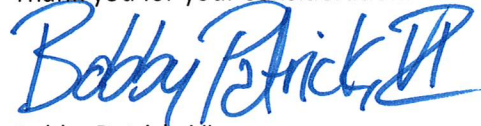
Medical innovation saves and extends lives and improves patient outcomes. Medical Alley Association members are innovating every day to accomplish this in a variety of ways. From new medical devices, personalized medicine, and advances in digital health, our members are constantly working to cure disease and get patients better in less invasive ways.

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By keeping utilization management measures while still providing flexibility to adapt a course of treatment to a specific patient, outcomes can be improved without significantly increasing the cost of care.

Thank you for your consideration.

A handwritten signature in blue ink that reads "Bobby Patrick, VI". The signature is fluid and cursive, with the first name "Bobby" being the most prominent part.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association

APPENDIX 4



April 19, 2018

Rep. Pat Garofalo
Chair, House Job Growth & Energy Affordability Policy and Finance Committee
485 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Garofalo and Esteemed Members of the House JGEA Policy and Finance Committee:

Medical Alley Association thanks you for the opportunity to share our thoughts on the DE amendment to HF4289.

Minnesota is “The Great State of Health” and “Medical Alley” is enshrined in the Smithsonian as one of America’s “Great Places of Invention.” Medical Alley is home to the most densely concentrated health technology cluster in the world, ranks as the #1 region in the world for health technology and is leading the digital health revolution. Medical Alley Association represents over 650 members in the medical device, digital health, diagnostics, biopharmaceutical, health provider, and health insurance sectors. Our members employ more than 500,000 people with an economic impact of greater than \$60 billion.

Medical Alley Association has concerns regarding the following provisions in the DE amendment to HF4289:

Article 1, Section 6: Reductions to the Minnesota Investment Fund (MIF) and Job Creation Fund (JCF)

The Minnesota Investment Fund (MIF) and Job Creation Fund (JCF) are important tools for the state in attracting and retaining business and innovation in Minnesota. Keeping our title as the global epicenter of health innovation and care requires us to compete as a state. These two economic development incentives are a key part of making Minnesota a top destination for business expansion and growth.

These programs have assisted with the creation of more than 10,000 jobs in Minnesota – many in the health technology industry. These incentives have helped make Medical Alley home to the headquarters of Smiths Medical, ABILITY, and Cardiovascular Systems. These programs also helped attract Heraeus Medical Components and the Olympus Surgical Innovation Center to Minnesota. The reduction to these programs will harm efforts to continue attracting companies and expansions like these – with the jobs and investment they bring – to Minnesota.

Medical Alley is the #1 health technology innovation cluster. Staying on top means staying competitive and programs like MIF and JCF are important to doing so.

Thank you for your consideration.

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association

APPENDIX 5



April 10, 2018

Representative Bud Nornes
Chair, Higher Education and Career Readiness Policy & Finance
471 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
St. Paul, MN 55155

Chair Nornes and Esteemed Committee Members:

On behalf of Medical Alley Association and its more than 650 members that make up Minnesota's health innovation and care industry, we are writing to support Governor Dayton's proposal to establish a special revenue fund for the Minnesota Spinal Cord Injury and Traumatic Brain Injury Research Grant Program.

This Grant Program funds research into new and innovative treatments and rehabilitation efforts for the functional improvement of people with spinal cord and traumatic brain injuries. It also helps keep the research and innovation in Minnesota, which is well-known for its health technology and care industry. This research is being done, for example, at world-renowned centers for research, such as Mayo Clinic and the University of Minnesota, among others.

Last session, the legislature funded the SCI/TBI Research Grant Program at \$3 million a year for FY2018 and 2019. At least twenty research proposals have been funded through this grant program since its inception in 2015 – including twelve in 2018. The proposed change by Governor Dayton enhances this already successful grant program.

Creating the special account may be a small, administrative change, but it makes several positive impacts on the industry. This account allows medical research to be done in a timeline typical for quality medical research, rather than the shorter state budget cycle. It also enables grant requests to be awarded based on their scientific merit, rather than timelines. Further, this change maintains the oversight of the SCI & TBI Research Council, ensuring that the high quality research done with the grants have appropriate fiscal control.

Medical Alley Association is committed to improving Minnesota's operating environment and supporting advancement in research and healthcare innovation for the benefits of patients around the globe.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association

APPENDIX 6



April 17, 2018

Senator Michelle Fischbach
Chair, Higher Education Finance & Policy
Minnesota Senate Building, Room 2113
95 University Avenue W.
St. Paul, MN 55155

Chair Fischbach and Esteemed Committee Members:

On behalf of Medical Alley Association and its more than 650 members that make up Minnesota's health innovation and care industry, we are writing to thank you for including the establishment of a special revenue fund for the Minnesota Spinal Cord Injury and Traumatic Brain Injury Research Grant Program in SF3671.

This Grant Program funds research into new and innovative treatments and rehabilitation efforts for the functional improvement of people with spinal cord and traumatic brain injuries. It also helps keep the research and innovation in Minnesota, which is well-known for its health technology and care industry. This research is being done, for example, at world-renowned centers for research, such as Mayo Clinic and the University of Minnesota, among others.

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Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association

APPENDIX 7

March 8, 2018

Representative Nick Zerwas
433 State Office Building
St. Paul, MN 55155

Senator Eric Pratt
3219 Minnesota Senate Bldg
St. Paul, MN 55155

Dear Representative Zerwas and Senator Pratt

We are writing today to provide our strong support for HF 3312/ SF 2975, and to thank you for your leadership on this important issue.

The Minnesota Health Records Act was passed in the 1980s, and has only had limited modifications since its initial passage. By contrast, health care and technology has changed dramatically since that time. Thirty years ago, virtually no one had a personal computer, medical records were paper charts, and patients remained with a primary care provider for the majority of their lifetime. Today, people have computers in their pockets, providers have adopted electronic medical records, patients change their providers more frequently, and they interact with a full complement of health professionals within primary care, specialty care, and community services.

Minnesota's health care system is now built upon a standard that presumes a patient's information cannot be shared. A consent to release information must be signed at the right location, at the right time, and for bi-directional exchange (for example, from primary care doctor to oncologist and back to primary care doctor). Unfortunately, this complexity means that patients often find that their information has not reached its intended destination in time. This results in anxiety, added stress, duplicative tests, rescheduled visits, and unnecessary delays to treatment. At best, this burden becomes a nuisance, but at worst, it can be life threatening.

Technology and information go hand in hand: together, they are the keys to quality, best practices, and efficiencies in care delivery. Minnesota's unique requirements under the MHRA ultimately prevent our state's providers from truly leveraging IT capabilities, because custom rules require customized and expensive technology solutions. In addition, increasing the utility of health IT enables providers to cross their silos of expertise to coordinate care, and connect patients to appropriate services across the care continuum.

We hold a sacrosanct responsibility to safeguard patients' health information; however we must not confuse confidentiality with secrecy. We are providers, patients, clients, payers, and constituents who know that Minnesota can do better. Updating the MHRA to allow for the release of clinically appropriate information like treatment, payment, and healthcare operations strikes a careful balance between safeguarding patient privacy and executing patient-centered care. Again, thank you for your support of this important legislation.

Sincerely,

Allina Health
Allina Aetna Insurance Company
ALS Association Minnesota/North Dakota/South Dakota Chapter
American Cancer Society Cancer Action Network
American Heart Association, Midwest Chapter
Avera Health
Blue Cross Blue Shield of Minnesota
Catholic Charities
CentraCare Health, Amy Porwoll, CIO & V.P. Information Services
Children's Hospitals and Clinics of Minnesota
ClearWay Minnesota
Emergency Physicians Professional Association
Fairview Health Services
Gillette Children's Specialty Healthcare
HealthEast Care System
HealthPartners
Hennepin County
Hennepin County Public Health
Hennepin County Medical Center
Institute for Clinical Systems Improvement
Lakeview Hospital
Local Public Health Association
Lutheran Social Service of Minnesota
Mayo Clinic
Medica
Medical Alley Association
Methodist Hospital
Metropolitan Health Plan
Midwest Association for Medical Equipment Services
Minnesota Academy of Family Physicians
Minnesota Ambulance Association
Minnesota Association of Community Health Centers
Minnesota Association of Community Mental Health Programs
Minnesota Business Partnership
Minnesota Brain Injury Alliance
Care Providers of Minnesota, Toby Pearson, Vice President of Advocacy
Minnesota Chamber of Commerce, Bentley Graves
Minnesota Chapter of the Academy of Emergency Physicians
Minnesota Consortium for Citizens with Disabilities
Minnesota Council of Health Plans
Minnesota Hospital Association

Minnesota Home Care Association
LeadingAge MN, Kari Thurlow, Senior Vice President of Advocacy
Minnesota Medical Association
Minnesota Medical Group Management Association
Minnesota Rural Health Association
North Memorial Health Care
Opportunity Partners
Pediatric Home Service
PreferredOne
Regions Hospital
Rural Health Care Association
Sanford Health
SEIU Healthcare
Southern Prairie Community Care, William Muenchow, Executive Director
Twin Cities Medical Society
UCare
University of Minnesota, Lori J. Ketola, Chief Health Information Compliance Officer, Academic Health
Center & Office of Health Sciences
University of Minnesota Physicians
Veteran Resilience Project
Volunteers of America, Minnesota & Wisconsin; Paula Hart, President & CEO
Wilder Foundation

APPENDIX 8



January 19, 2018

Senator David Osmeck
95 University Avenue West
Minnesota Senate Building, Room 2107
St. Paul, MN 55155

Senator Osmeck,

On behalf of the Medical Alley Association and its over 650 members, I want to thank you for your commitment to exclude medical devices from the requirements of S.F. 15.

Medical Alley Association's health technology members are delivering the world's most innovative medical products, improving and saving the lives of Minnesotans and people around the world. Here in Minnesota, this industry has an annual economic impact of more than \$23 billion. Our members include 3M, Medtronic, Boston Scientific, Smiths Medical, and Coloplast, as well as the most robust early stage ecosystem of companies that will deliver future breakthroughs.

Including medical devices in this bill would have been in direct conflict with many federal requirements for medical devices approved by the FDA and CMS. These federal requirements are designed to put patient and public safety first. Further, allowing a third party to have access to data stored on these devices, would jeopardize patient privacy and potentially violate HIPAA.

Thank you again for listening and addressing our concerns by committing to the exclusion of medical devices from the requirements of S.F. 15.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shaye Mandle'.

Shaye Mandle
President & CEO
The Medical Alley Association

APPENDIX 9

2018 LEGISLATIVE SESSION - HF 947 - CONFORMITY AND SUPPLEMENTAL TAX (with K-12 EDUCATION) PROVISIONS - AS REPORTED BY CONFERENCE

ALL FUNDS - Changes only

\$\$\$ in thousands | BOLD indicates rows included in total

May 20, 2018, 12:15 PM

PROPERTY TAX REFUNDS, AIDS, & CREDITS: Positive change indicates expenditure increase

LINE	ITEM	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE	
		FY 2018-19	FY 2020-21	FY 2018-19	FY 2020-21	FY 2018-19	FY 2020-21	FY 2018-19	FY 2020-21
	GENERAL FUND FORECAST:								
1	TAX POLICY (REVENUE)	42,963,853	46,830,377	42,963,853	46,830,377	42,963,853	46,830,377	42,963,853	46,830,377
2	PROPERTY TAX REFUNDS, AIDS, & CREDITS	3,655,702	3,652,469	3,655,702	3,652,469	3,655,702	3,652,469	3,655,702	3,652,469
	GENERAL FUND PROPOSED CHANGES:								
6	TAX POLICY	24,786	417,108	(104,229)	(41,879)	(171,405)	(94,525)	(85,780)	(42,099)
7	LESS PROPERTY TAX REFUNDS, AIDS, & CREDITS	12,564	7,441	5,370	(25,508)	(346)	76	53,960	465
8	SUBTOTAL: GENERAL FUND IMPACT	12,222	409,667	(109,599)	(16,371)	(171,059)	(94,601)	(139,740)	(42,564)
	GENERAL FUND BUDGET RESERVE:								
11	BUDGET RESERVE FORECAST, CURRENT LAW	1,608,364	1,608,364	1,608,364	1,608,364	1,608,364	1,608,364	1,608,364	1,608,364
12	LESS BUDGET RESERVE PROPOSED CHANGE							(50,000)	
13	SUBTOTAL: BUDGET RESERVE WITH PROPOSED CHANGE							1,558,364	1,558,364
	NON-GENERAL FUND PROPOSED CHANGES:								
16	LEGACY FUNDS	390	3,970	(465)	(820)	(30)	(60)	(50)	(70)
17	STATE AIRPORTS FUND			(15)	(30)				
18	HEALTH CARE ACCESS FUND			700	500				
19	MNSURE ACCOUNT					-	-		
20	SPECIAL REVENUE FUND			(3,411)	-				
21	TACONITE PROPERTY TAX RELIEF ACCOUNT			(3,211)	-	(3,211)	-	(3,211)	-
22	IRON RANGE RESOURCES AND REHABILITATION ACCOUNT			3,211	-	3,211	-	3,211	-
23	IRON RANGE SCHOOL CONSOLIDATION AND COOPERATIVELY OPERATED SCHOOL ACCOUNT			-	-	-	4,900	-	-
24	TACONITE ENVIRONMENTAL PROTECTION ACCOUNT			-	(121)	-	(4,068)	-	703
25	DOUGLAS J JOHNSON ECONOMIC PROTECTION FUND			-	(863)	-		-	(130)
26	TACONITE MUNICIPAL AID ACCOUNT			-	-	-		-	-
27	TACONITE ECONOMIC DEVELOPMENT FUND			-	(832)	-	(832)	-	(832)
30	SUBTOTAL: NON-GENERAL FUND IMPACT	390	3,970	(3,191)	(2,166)	(30)	(60)	(50)	(329)

2018 Legislative Session - HF 947 - TAX POLICY

GENERAL FUND, CHANGE ITEMS ONLY

\$ in thousands | BOLD indicates rows included in total

TAX POLICY: Positive amounts indicate revenue increase

AIDS, CREDITS, REFUND: Positive amounts indicate expenditure

LINE	ITEM	EFFECTIVE DATE	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
			A	B	C	D	E	F	H	I	J	K	L	M
			FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
TAX POLICY:														
TCJA CONFORMITY - NON-BUSINESS INDIVIDUAL INCOME TAX PROVISIONS														
1	Reverse Forecast Adjustment/Repeal Consistent Election Requirement	TY18	-26,500	-55,000	-26,500	-55,000	-26,500	-55,000	0	-26,500	-26,500	-27,100	-27,900	-55,000
2	Create a MN Standard Deduction , \$14,000, MJ Filers/\$7,000 Single & Married Separate	TY 18			-119,300	-153,000								
3	FAGI Starting Point/Adopt Chained CPI/Allow federal itemized deductions like TCJA deductions	TY 18			122,900	214,100								
4	FAGI Starting Point/Adopt Chained CPI/Allow prior law federal itemized deductions	TY18			0	0	-23,500	14,800	0	-23,200	-23,200	-2,700	13,000	10,300
5	Increased Limit for Property/Real Estate Deduction to \$30,000	TY 18			-23,900	-40,500								
6	Allow Exclusion of Discharged Student Loan Debt in Case of Death or Disability	TY18	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
7	Allow Section 529 Withdrawals of up to \$10,000	TY18					-800	-1,700						
8	Expand Eligibility for Medical Expense Deduction by Reducing FAGI Floor to 7.5% from 10%	TY17-18			-25,300	0	-26,400	0	0	-26,400	-26,400	0	0	0
9	Repeal Deduction for Alimony Payments and Corresponding Inclusion of Received Alimony	TY19			500	3,400	500	3,400	0	500	500	1,100	2,300	3,400
10	Subtraction for Qualified Moving Expenses	TY19					-5,000	-7,600	0	-5,000	-5,000	-3,700	-3,900	-7,600
11	Suspend Deduction for moving expenses other than service members	TY19			5,000	7,900	5,000	7,900	0	5,000	5,000	3,900	4,000	7,900
12	Suspend Exclusion of Qualified Moving Expenses				5,600	7,800								
13	Clarify Limit on Wagering Losses	TY18			150	180	150	180	0	150	150	90	90	180
14	Conform to Disallowing the Charitable Deduction for College Athletic Seating Payments	TY18	2,000	2,400	2,000	2,400	2,000	2,400	0	2,000	2,000	1,200	1,200	2,400
15	Repeal Exclusion for Certain Employer-Provided Bicycle Fringe Benefits	TY18			40	60	40	60	0	40	40	30	30	60
16	Allow Increased Contributions to ABLE Accounts	TY18			(Negl.)	(Negl.)	(Negl.)	(Negl.)	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
17	Extend Rollover Period for Certain Retirement Plan Loan Offsets	TY18			(Negl.)	(Negl.)	(Negl.)	(Negl.)	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
18	Repeal Special Rule Permitting Recharacterization of IRA Contributions	TY18			450	600	450	600	0	450	450	300	300	600
19	SUBTOTAL: TCJA CONFORMITY - NON-BUSINESS INDIVIDUAL INCOME TAX PROVISIONS		-24,500	-52,600	-58,360	-12,060	-74,060	-34,960	0	-72,960	-72,960	-26,880	-10,880	-37,760
TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS														
22	Full Conformity with Section 179 Expensing, Eliminate 80% Addback	TY18	-81,600	-85,200	-81,600	-85,200			-19,800	-61,800	-81,600	-48,600	-36,600	-85,200
23	Full Conformity with Section 179 Expensing, Eliminate 80% Addback	TY 19					-20,300	-113,700						
24	Conform to Bonus Depreciation, Maintain 80% MN Addback	TY18	400	19,400	400	19,400	400	19,400	-600	1,000	400	8,700	10,700	19,400
25	Disallow Certain Active Pass Through Losses, \$500,000 Married Joint Filers	TY18	58,000	98,500	58,000	98,500	58,000	98,500	0	58,000	58,000	52,200	46,300	98,500
26	Tax Gain on Sale of Partnership on a Look-Through Basis	TY18	1,100	3,700	1,100	3,700	1,100	3,700	0	1,100	1,100	1,800	1,900	3,700
27	Expand Definition of Built-in Loss for Purposes of Partnership Loss Transfers	TY18	400	600	400	600	400	600	0	400	400	300	300	600
28	Charitable Contributions & Foreign Taxes Accounted for in Determining Limit on Partner's Share of Loss	TY18	700	1,500	700	1,500	700	1,500	0	700	700	700	800	1,500
29	Repeal Rollover of Publicly Traded Securities Gain	TY18	300	600	300	600	300	600	0	300	300	300	300	600
30	Small Business Accounting Method Reform and Simplification	TY18	-67,000	-34,200	-67,000	-34,200	-67,000	-34,200	-4,300	-62,700	-67,000	-22,000	-12,200	-34,200
31	Conform to Limitation on Net Interest Deduction to 30% of Income with Carryforward	TY18	102,100	183,000	102,100	183,000	102,100	183,000	4,400	97,700	102,100	90,500	92,500	183,000
32	Conform to Modifications of Net Operating Loss Deduction	TY18	40,900	75,200	40,900	75,200	40,900	75,200	2,100	38,800	40,900	31,900	43,300	75,200
33	Repeal Deferred Gain on Like-Kind Exchanges	TY18	2,400	5,800	2,400	5,800	2,400	5,800	100	2,300	2,400	2,500	3,300	5,800
34	Reduce Recovery Period for Certain Real Property	TY18	-200	-1,000	-200	-1,000	-200	-1,000	0	-200	-200	-400	-600	-1,000
35	Repeal Deduction for Local Lobbying Expenses (Day following Enactment)	7/1/2018	200	200	200	200	200	200	0	200	200	100	100	200
36	Limit Deduction for Employer-Provided Meals and Entertainment Expenses	TY18	3,800	5,300	3,800	5,300	3,800	5,300	200	3,600	3,800	2,600	2,700	5,300
37	Limit Deduction for Certain Employer-Provided Transportation Benefits	TY18	2,900	4,000	2,900	4,000	2,900	4,000	200	2,700	2,900	2,000	2,000	4,000
38	Prohibit Deduction for Employee Achievement Awards	TY18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.

2018 Legislative Session - HF 947 - TAX POLICY

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LINE	ITEM	EFFECTIVE DATE	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
			A	B	C	D	E	F	H	I	J	K	L	M
			FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
39	Limit Deduction for FDIC Premiums	TY18	2,000	3,600	2,000	3,600	2,000	3,600	100	1,900	2,000	1,800	1,800	3,600
40	Conform to Disallowance of Deduction for Sexual Harassment Payments Made Subject to NDA (Day of Enac	7/1/2018	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
41	Revise Treatment of Contributions to Capital (Day of Enactment)	7/1/2018	300	1,100	300	1,100	300	1,100	0	300	300	400	700	1,100
42	Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY18-19	-1,600	-900	-1,600	-900	-1,600	-900	-100	-1,500	-1,600	-900	0	-900
43	Modify Limit on Excessive Compensation	TY18	500	1,200	500	1,200	500	1,200	0	500	500	600	600	1,200
44	Repeal Exclusion of Interest on Advance Refunding Bonds	TY18	3,600	8,700	3,600	8,700	3,600	8,700	100	3,500	3,600	3,900	4,800	8,700
45	Inclusion of Global Intangible Low Tax Income (GILTI) with deduction	TY18	6,600	12,700										
46	Inclusion of foreign derived intangible income(FDII) from domestic trade or business, with deduction	TY18	2,000	7,700										
47	SUBTOTAL: TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS		77,800	311,500	69,200	291,100	130,500	262,600	-17,600	86,800	69,200	128,400	162,700	291,100
	TCJA CONFORMITY - CORPORATE FRANCHISE TAX													
50	Full conformity with Section 179 Expensing, Eliminate 80% Addback		-30,900	-32,300	-30,900	-32,300			-7,500	-23,400	-30,900	-18,400	-13,900	-32,300
51	Full conformity with Section 179 Expensing, Eliminate 80% Addback	TY19	0	0	0	0	-7,700	-43,000						
52	Index Corporate Minimum Fee Using Chained CPI	TY18	0	0	0	200	0	200	0	0	0	100	100	200
53	Conform to Bonus Depreciation, Maintain 80% MN Addback	TY18	800	40,900	800	40,900	800	40,900	-1,300	2,100	800	18,300	22,600	40,900
54	Repeal Rollover of Publicly Traded Securities Gain	TY18	700	1,200	700	1,200	700	1,200	0	700	700	600	600	1,200
55	Small Business Accounting Method Reform and Simplification	TY18	-7,400	-3,700	-7,400	-3,700	-7,400	-3,700	-500	-6,900	-7,400	-2,400	-1,300	-3,700
56	Conform to Limitation on Net Interest Deduction to 30% of Income	TY18	17,300	31,100	17,300	31,100	17,300	31,100	700	16,600	17,300	15,400	15,700	31,100
57	Repeal Deferred Gain on Like-Kind Exchanges	TY18	3,000	7,300	3,000	7,300	3,000	7,300	100	2,900	3,000	3,100	4,200	7,300
58	Reduce Recovery Period for Certain Real Property	TY18	-500	-1,900	-500	-1,900	-500	-1,900	0	-500	-500	-800	-1,100	-1,900
59	Repeal Deduction for Local Lobbying Expenses (Day of Enactment)	7/1/2018	400	600	400	600	400	600	0	400	400	300	300	600
60	Limit Deduction for Employer-Provided Meals and Entertainment Expenses	TY18	10,400	14,300	10,400	14,300	10,400	14,300	600	9,800	10,400	7,000	7,300	14,300
61	Limit Deduction for Certain Employer-Provided Transportation Benefits	TY18	7,700	11,000	7,700	11,000	7,700	11,000	400	7,300	7,700	5,400	5,600	11,000
62	Prohibit Deduction for Employee Achievement Awards	TY18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
63	Limit Deduction for FDIC Premiums	TY18	5,200	9,800	5,200	9,800	5,200	9,800	200	5,000	5,200	4,900	4,900	9,800
64	Conform to Disallowance of Deduction for Sexual Harassment Payments Made Subject to NDA (Day of Enac	7/1/2018	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
65	Revise Treatment of Contributions to Capital (Day of Enactment)	7/1/2018	800	3,100	800	3,100	800	3,100	0	800	800	1,100	2,000	3,100
66	Conform to Modifications of Historic Rehabilitation Credit (TY 2018)	TY18	14,900	37,700	14,900	37,700	14,900	37,700	0	14,900	14,900	25,000	12,700	37,700
67	Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY18-19	-2,000	-1,100	-2,000	-1,100	-2,000	-1,100	-100	-1,900	-2,000	-1,100	0	-1,100
68	Modify Limit on Excessive Compensation	TY18	2,800	7,200	2,800	7,200	2,800	7,200	0	2,800	2,800	3,600	3,600	7,200
69	Repeal Exclusion of Interest on Advance Refunding Bonds	TY18	1,900	4,600	1,900	4,600	1,900	4,600	100	1,800	1,900	2,100	2,500	4,600
70	Deemed Repatriation of Foreign Income	TY18	172,800	210,600	0	0								
71	Deemed Repatriation of Foreign Income, Net Amount	TY 18			56,000	68,200			3,500	52,500	56,000	33,500	34,700	68,200
72	Inclusion of Global Intangible Low Tax Income (GILTI) with deduction	TY18	62,000	120,000										
73	Inclusion of Foreign Derived Intangible Income (FDII) from domestic trade or business, with deduction	TY18	12,300	47,000										
74	Other Modifications to Subpart F	TY 18			Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
75	SUBTOTAL: TCJA CONFORMITY - CORPORATE FRANCHISE TAX		272,200	507,400	81,100	198,200	48,300	119,300	-3,800	84,900	81,100	97,700	100,500	198,200
	TCJA CONFORMITY - PROPERTY TAX REFUND - INTERACTION													
78	Modifications to FAGI - Homestead Credit Refund				0	70								
79	Modifications to FAGI - Renters Property Tax Refund				0	30								

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			FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
80	Chained CPI-U - Homestead Credit Refund	Payable 19							0	0	0	700	1,500	2,200
81	Chained CPI-U - Renters Property Tax Refund	Payable 19							0	0	0	300	600	900
82	SUBTOTAL: TCJA CONFORMITY - PROPERTY TAX REFUND				0	100			0	0	0	1,000	2,100	3,100
UNRELATED BUSINESS INCOME TAX														
85	Unrelated Business Income of Charitable Organizations Separately Computed	TY18						3,100	4,400					
86	SUBTOTAL: UNRELATED BUSINESS INCOME TAX							3,100	4,400					
OTHER CONFORMITY														
89	Make Permanent Mortgage Insurance Premiums Deduction	TY18	-7,000	-16,800				-7,000	-16,800					
90	Make Permanent Tuition Expenses Deduction	TY18	-2,600	-5,300				-2,600	-5,300					
91	SUBTOTAL: OTHER CONFORMITY		-9,600	-22,100				-9,600	-22,100					
BIPARTISAN BUDGET ACT - INDIVIDUAL INCOME														
94	Exclusion of Discharge of Indebtedness on Principal Residence	TY 17	-6,700	0	-6,700	0	-6,700	0	-6,700	0	-6,700	0	0	0
95	Premium for Mortgage Insurance Deductible as Qualified Residence Interest	TY 17	-6,500	0	-6,500	0	-6,500	0	-6,500	0	-6,500	0	0	0
96	Deduction for Tuition & Related Expenses	TY 17	-2,500	0	-2,500	0	-2,500	0	-2,500	0	-2,500	0	0	0
97	Extend Limitation Period for Exclusion for Wrongfully Incarcerated Individuals	2/9/2018	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	0	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)
98	Expand the Deduction of Legal Fees for Whistleblowers	TY 18	-100	-200	-100	-200	-100	-200	0	-100	-100	-100	-100	-200
99	Expand Foreign Earned Income Exclusion, Individuals Supporting Armed Forces in Combat Zones	TY 18	-600	-800	-600	-800	-600	-800	0	-600	-600	-400	-400	-800
100	Classification of Certain Racehorses as 3-year Property	TY 17	-75	20	-75	20	-75	20	-50	-25	-75	10	10	20
101	Accelerated Depreciation for Business Property on an Indian Reservation	TY 17	-290	35	-290	35	-290	35	-230	-60	-290	10	25	35
102	Special Expensing Rules for Certain Films/TV/Theatrical Productions	TY 17	-1,600	700	-1,600	700	-1,600	700	-2,100	500	-1,600	400	300	700
103	Special Depreciation Allowance for Second Generation Biofuel Property	TY 17	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	0	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)
104	Energy Efficiency Commercial Deduction	TY 17	-140	5	-140	5	-140	5	-150	10	-140	5	Negli.	5
105	Modify Temporary Suspension of Limits on Charitable Contributions	TY 17-18	-100	45	-100	45	-100	45	-150	50	-100	25	20	45
106	Modify Special Rule for Qualified Casualty Losses	TY 17	-100	0	-100	0	-100	0	-100	0	-100	0	0	0
107	Modify Disaster Related Rules for Use of Retirement Funds		(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	0	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)
108	SUBTOTAL: BIPARTISAN BUDGET ACT - INDIVIDUAL INCOME TAX		-18,705	-195	-18,705	-195	-18,705	-195	-18,480	-225	-18,705	-50	-145	-195
BIPARTISAN BUDGET ACT - CORPORATE TAX														
111	Seven Year Period for Motor Sports Entertainment Complexes	TY 17	-35	-15	-35	-15	-35	-15	-20	-15	-35	-10	-5	-15
112	Accelerated Depreciation for Business Property on an Indian Reservation	TY 17	-270	25	-270	25	-270	25	-220	-50	-270	5	20	25
113	Election to Expense Mine Safety Equipment	TY 17	-10	Negli.	-10	Negli.	-10	0	-10	Negli.	-10	Negli.	Negli.	Negli.
114	Special Expensing Rules for Certain Films/TV/Theatrical Productions	TY 17	-1,450	600	-1,450	600	-1,450	600	-1,900	450	-1,450	350	250	600
115	Energy Efficiency Commercial Deduction	TY 17	-105	5	-105	5	-105	5	-110	5	-105	5	Negli.	5
116	Modify Temporary Suspension of Limits on Charitable Contributions	TY 17-18	-30	15	-30	15	-30	15	-50	20	-30	10	5	15
117	Modify Disaster Related Rules for Use of Retirement Funds		(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	0	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)
118	SUBTOTAL: BIPARTISAN BUDGET ACT - CORPORATE TAX		-1,900	630	-1,900	630	-1,900	630	-2,310	410	-1,900	360	270	630

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			FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
DISASTER RELIEF ACT & AIRPORTS & AIRWAYS EXTENSION ACT - INDIVIDUAL INCOME														
121	Modify Temporary Suspension of Limits on Charitable Contributions	TY 17	-1,900	900	-1,900	900	-1,900	900	-3,700	1,800	-1,900	600	300	900
122	Modify & Expand Casualty Loss Deduction for Damage in Disaster Areas	TY 17	-1,400	0	-1,400	0	-1,400	0	-1,400	0	-1,400	0	0	0
123	Special Rules for Qualified Early ITRA Distributions	TY 17	-50	20	-50	20	-50	20	-40	-10	-50	10	10	20
124	SUBTOTAL: DISASTER TAX RELIEF ACT - INDIVIDUAL INCOME TAX		-3,350	920	-3,350	920	-3,350	920	-5,140	1,790	-3,350	610	310	920
DISASTER RELIEF ACT & AIRPORTS & AIRWAYS EXTENSION ACT - CORPORATE TAX														
127	Modify Temporary Suspension of Limits on Charitable Contributions	TY 17	-200	100	-200	100	-200	100	-400	200	-200	100	0	100
128	SUBTOTAL: DISASTER TAX RELIEF ACT - CORPORATE TAX		-200	100	-200	100	-200	100	-400	200	-200	100	0	100
130	REFERENCE SUBTOTAL: NET EFFECT OF CONFORMITY-RELATED ITEMS		291,745	745,655	67,785	478,795	74,085	330,695	-47,730	100,915	53,185	201,240	254,855	456,095

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			FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21	
OTHER INDIVIDUAL INCOME TAX PROVISIONS															
133	New MN non-refundable Personal and Dependent Credit, phase out starts at \$90K and \$180K	TY18	-233,200	-475,600											
134	Expand the Working Family Tax Credit	TY18	-52,100	-101,600											
135	Rate Reduction on 2nd Bracket	TY18													
136	Rate Reduction on 1st Bracket (to 5.10% from 5.35%)	TY18						-237,800	-337,500						
137	Rate Reduction on 2nd Tier (from 7.05% to 6.95%, 6.90%, 6.75% in TY 18, TY19, TY 20 respectively)	TY18			-106,300	-336,100									
138	Rate Reductions: (1) 1st Tier from 5.35% to 5.30% in TY 18 & TY19, 5.25% in TY 20; (2) 2nd Tier from 7.05% to 6.95% in TY18 & TY 19, 6.85% in TY 20.	TY 18								0	-136,200	-136,200	-141,200	-197,400	-338,600
139	Interaction Impact with Full Section 179 Expensing, Rate Reductions, Pass through changes				-100	-1,700				0	-500	-500	-700	-1,200	-1,900
140	Angel Tax Credit	TY18	-10,000	0	-10,000	0	-5,000	0	0	-5,000	-5,000	0	0	0	
141	New Non Refundable Credit, Donation of Prepared Food	TY18			-300	-600									
142	New Non Refundable Credit, Railroad Crossing Improvement	10/2/2018			-80	-600									
143	Modify Credit, Master's Degree Credit	TY18			-80	-320									
144	DOR Tax Policy Bill - Partnership Audit Rules, Reporting Residency Information	TY18			-2,500	-7,100									
145	Stillbirth Credit Modification	Retro 1/1/2016			Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	
146	Tax Rate Reduction Contingent on Budget Surplus	7/1/2018			0	(Unkn.)	0	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	
147	Cannabis Expense Subtraction	TY18			(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	
148	Income Tax Interactions (See Appendix)	Various	0	-1,950	50	160	0	-80	0	0	0	0	0	0	
149	SUBTOTAL: OTHER INDIVIDUAL INCOME TAX PROVISIONS		-295,300	-579,150	-119,310	-346,260	-242,800	-337,580	0	-141,700	-141,700	-141,900	-198,600	-340,500	
OTHER CORPORATE FRANCHISE TAX PROVISIONS															
152	Apportionment Sales Factor-Exclude Derivatives	TY 18	0	0											
153	Dividend Received Deduction on Debt Financed Stock	TY 18	100	200											
154	Base Year %-R&D Credit	TY 18	-900	-1,800											
155	Establishing Economic Substance Requirement	TY 18	0	1,800											
156	Mutual Fund Manager Consistent Apportionment	TY 18	6,300	21,500											
157	Rate Reduction from 9.8% to 9.64% in TY 2018-19 and 9.06% in TY2020 and after	TY 18			-24,300	-129,700									
158	Rate Reduction from 9.8% to 9.65% in TY 2018-19 and 9.1% in TY2020 and after	TY 18							0	-22,900	-22,900	-37,600	-85,100	-122,700	
159	Repeal Corporate Alternative Minimum Tax "AMT"	TY 18			-23,000	-29,600			0	-23,000	-23,000	-15,400	-14,200	-29,600	
160	Captive Insurance Company Definition (Conference/A91 language)	Retro 2017			0	-400	0	-400	0	0	0	0	-300	-300	
161	Tax Rate Reduction Contingent on Budget Surplus	7/1/2018					0	(Unkn.)							
162	SUBTOTAL: OTHER CORPORATE TAX PROVISIONS		5,500	21,700	-47,300	-159,700	0	-400	0	-45,900	-45,900	-53,000	-99,600	-152,600	
SALES TAX															
165	Vapor Products - Excise Tax	7/1/2018	-120	-640											
166	Modify Data Center Exemption	7/1/2018	6,600	68,000											
167	Tobacco Indexing	7/1/2018	10	160											
168	Premium Cigars	7/1/2018	-30	-80											
169	Exemption: Construction of Minnetonka Public Safety Facility (Expires 1/1/21)	DFE			-110	-700	-110	-700	0	-110	-110	-520	-180	-700	
170	Exemption: Inver Grove Heights Fire Station (Expires 1/1/21)	DFE			-220	0	-220	0	0	-220	-220	0	0	0	

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171	Exemption: Game Release Fees	FY19					-160	-330						
172	Exemption: Extend Exemption of Construction Materials for City of Melrose (Expires 1/1/23)	Retro 9/30/16			0	0			100	-100	0	0	0	0
173	Exemption, Admissions - College Preferred Seating Based on Criteria	DFE			-810	-1,690								
174	Exemption, Conservation Clubs	7/1/2018			-10	-20			0	-10	-10	-10	-10	-20
175	Exemption, Invasive Aquatic Herbicides	7/1/2018			-130	-280								
176	Various exemptions, Medical Facilities in Underserved Areas	7/1/2018			-150	-390			0	-150	-150	-180	-210	-390
177	Construction Exemption by refund, Duluth School Property Redevelopment	7/1/2018 -12/31/19			-950	-3,800								
178	Construction Exemption, Virginia Fire station	DFE to 12/31/20			-200	-200			0	-200	-200	-200	0	-200
179	Construction Exemption by refund, Second Harvest	1/2/18 to 12/31/21			-400	-270								
180	Construction Exemption by refund, Mazeppa Property Affected by Fire	3/12/18 to 12/31/20			-10	0			0	-10	-10	0	0	0
181	Construction Exemption by refund, Elko New Market, Water Treatment. Facility	6/1/14 to 5/31/16			-240	0			0	-240	-240	0	0	0
182	Modify Exemption, Bullion Coins	7/1/2018			-260	-580								
183	Modify Exemption for Gambling Equipment/Prizes	7/1/2018			-2,200	-5,200								
184	Modify Exemption, Non Profit Ice Arena	7/1/2018			-10	-20			0	-10	-10	-10	-10	-20
185	Modify Exemption, Non Profit Snowmobile Clubs	7/1/2018			-15	-30			0	-15	-15	-15	-15	-30
186	Massage Therapy Services subject to Provider Tax	7/1/2018			-2,400	-1,500								
187	Collecting Sales Tax - Remote Sellers, Revenue Neutral Rate Reduction	DFE			0	0								
188	SUBTOTAL: SALES TAX		6,460	67,440	-8,115	-14,680	-490	-1,030	100	-1,065	-965	-935	-425	-1,360
	CIGARETTE/TOBACCO TAXES													
191	Tobacco Indexing - Excise Tax	7/1/2018												
192	Tobacco Indexing - In-Lieu of Sales Tax	7/1/2018	1,900	20,100										
193	Moist Snuff - Excise Tax	7/1/2018	-70	-430										
194	Premium Cigars - Excise Tax	7/1/2018	300	3,400										
195	Vapor Products - Excise Tax	7/1/2018	1,100	2,400										
196	Vapor Products - Excise Tax	7/1/2018	1,000	4,900										
196	Nicotine Definition Change	7/1/2018	Negli.	Negli.										
197	SUBTOTAL: CIGARETTE/TOBACCO TAXES		4,230	30,370										
	STATEWIDE PROPERTY TAX													
200	Statewide Property Tax - State General Levy Inflation Reinstated subtotal		12,140	91,560										
201	Property tax exemption Expansion to Indian Tribe-owned pharmacy	Payable 19						-10	0	0	0	0	0	0
202	Intrastate Natural Gas Transportation or Distribution Pipeline Exemption	Payable 20			0	-10	0	-10	0	0	(Negl.)	-10	-10	-10
203	Special Refund Authorized for Aitkin, Crow Wing, and Mille Lacs Counties	Payable 18			-300	0								
204	Medical facility property tax abatement	Payable 19			0	-24			0	(Negli.)	0	-9	-15	-24
205	Reclassification of "Ma and Pa" Resorts Property (Moved to Aids & Credits, line 10)													
206	Abatement, Non Profit Property Development/Operated as a Community Health Center (Duluth)	Payable 18			0	0								
207	SUBTOTAL: STATEWIDE PROPERTY TAX		12,140	91,560	-300	-34	0	-10	0	0	0	-9	-25	-34
	ESTATE TAX													
210	Freeze Estate Tax Exclusion at \$2.4 million subtotal	1/1/2019	0	38,600										
211	Increase Estate Tax Exclusion to \$5 million	1/1/2019						0	-82,500					

2018 Legislative Session - HF 947 - TAX POLICY

GENERAL FUND, CHANGE ITEMS ONLY

\$ in thousands | BOLD indicates rows included in total

TAX POLICY: Positive amounts indicate revenue increase

AIDS, CREDITS, REFUND: Positive amounts indicate expenditure

LINE	ITEM	EFFECTIVE DATE	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
			A	B	C	D	E	F	H	I	J	K	L	M
			FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18-19	FY 20-21	FY 18	FY 19	FY 18-19	FY 20	FY 21	FY 20-21
212	Modify Business/Farm Subtraction, Recapture Tax Changes (Retro for decedents dying after 12/31/11 to 12/31/2016)	Retro 1/1/2012			-400	0			0	-400	-400	0	0	0
213	Modification to Definition of Qualified Property	Retro 1/1/2018			(Unkn.)	(Unkn.)			(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)	(Unkn.)
214	SUBTOTAL: ESTATE TAX		0	38,600	-400	0	0	-82,500	0	-400	-400	0	0	0
	GROSS EARNINGS TAXES													
217	Insurance Tax Fairness - Insurance Gross Premiums		0	800										
218	SUBTOTAL: GROSS EARNINGS TAXES		0	800										
	OCCUPATION TAX													
221	Occupation Tax Refund	FY19	0	0				-2,200	-3,700					
222	Occupation Tax Refund	FY20	0	0						0	0	0	-1,900	-1,800
223	SUBTOTAL: OCCUPATION TAX		0	0				-2,200	-3,700	0	0	0	-1,900	-1,800
	OTHER TAX & NON TAX PROVISIONS													
226	DOR Tax Policy Bill - Modify Minimum DEED Transfer Tax Calculation	1/1/2019	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)
227	Special Revenue Fund - DOR Service and Recovery Transfer to General Fund, One-time	FY18			3,411	0								
228	Impose New Penalty, Cigarette & Tobacco Retailers/Sub jobbers	FY 19	0	109										
229	License Fee Increase, Cigarette & Tobacco Distributors/Sub jobbers	FY 19	11	24										
230	Transfer from the Budget Reserve									0	50,000	50,000	0	0
231	SUBTOTAL: OTHER TAX & NON TAX REVENUE PROVISIONS		11	133	3,411	0	0	0	0	0	50,000	50,000	0	0
233	TOTAL: TAX POLICY		24,786	417,108	-104,229	-41,879	(171,405)	(94,525)	(47,630)	(38,150)	(85,780)	3,496	(45,595)	(42,099)

* The Consolidated Appropriations Act of 2018 (3/23/18), a federal conformity act, was included in the Governor, House and Senate omnibus tax bills. Conformity to that act has a zero revenue impact.

**2018 LEGISLATIVE SESSION - HF 947- PROPERTY TAX, AIDS & CREDITS
GENERAL FUND Change items only**

\$\$\$ in thousands | BOLD indicates rows included in total | Positive change indicates expenditure increase

Note: Positive numbers are program expenditures; negative numbers are cost savings. Numbers in brackets [] are for information purposes only and are not reflected in spreadsheet totals.

	General Fund Expenditures	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
		FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
Property tax refunds¹													
Homeowners property tax refund													
1	GOV Change: Homestead Classification Allow ITIN	\$0	\$2,200										
2													
3	SENATE Change Item: Certain ground lease pymnts (Mfg Home Pk Coops) elig for Homestead Credit Refund- Pay 19		-			-	360	-	-	-	180	180	360
4	SENATE Change Item: Cloquet Area Fire & Ambulance Tax District Modifications, Effective Aug 1 2018		-			-	100	-	-	-	50	50	100
5	HOUSE Change Item: Residential property classification consolidation, class rates modified. B&B chg to 5+ units. Effective taxes payable in 2020		-										
6			-	0	1,510								
7			-	0	180								
8			-	0	4,550								
9	Subtotal - Residential Property Class Consolidation		-	0	6,240								
10	Modify Classifications, Change 4c(1) to 1c property, "Ma & Pa" Resort Qualifications		-	-	10			-	-	-	-	5	5
11	HOUSE Change Item: Agricultural homestead classification requirements for business "entities" (2a homestead) amended. Effective pay 2019		-										
12			-	0	200			-	-	-	100	100	200
13			-	0	460			-	-	-	<u>230</u>	<u>230</u>	460
14	Subtotal - Agricultural homestead class chgs		-	0	660			-	-	-	330	330	660
15													
16	Homestead MVE for spouses disabled veteran- applictn date chg'd from July 1 to Dec 15; transfer MVE to other property PTR interactions		-		(730)	-	(730)	-	-	-	(660)	(70)	(730)
17	Retroactive refund of taxes paid in 2017 and 2018 for veterans eligible for MVE		-					-	negligible	negligible	-	-	-
18													
19	HOUSE Change Item: Agricultural homestead rules modified for properties owned by trusts		-										
20			-	0	negligible			-	-	-	negligible	negligible	negligible
21	Subtotal - Agricultural homestead rules for trusts chgs		-	0	negligible			-	-	-	<u>negligible</u>	<u>negligible</u>	negligible

2018 LEGISLATIVE SESSION - HF 947- PROPERTY TAX, AIDS & CREDITS
GENERAL FUND Change items only
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Note: Positive numbers are program expenditures; negative numbers are cost savings. Numbers in brackets [] are for information purposes only and are not reflected in spreadsheet totals.

	General Fund Expenditures	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT						
		FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21	
22	HOUSE Change Item: Agricultural classification of land converted from agricultural use for environmental purposes -modified. Effective Assmt 2019.		-											
23	Property Tax Refund interaction		-	0	negligible			-	-	-		negligible	negligible	negligible
24	Ag Homestead Market Value Credit		-	0	negligible			-	-	-		negligible	negligible	negligible
25	Subtotal - Agricultural class to environmental use chg		-	0	negligible			-	-	-		negligible	negligible	negligible
26														
27	HOUSE: Acres exempt under the agricultural historical society property exemption increased to 40 acres			0	negligible									
28	SENATE: Property tax exemption Expansion to Indian Tribe-owned pharmacy					-	negligible	-	-	-	negligible	negligible	negligible	negligible
29	BOTH Facilities used as retreat houses or craft houses classification - modified to resort property status			0	negligible	-	negligible							
30	HOUSE Change Child care facilities property, owned/ operated as part of church mission, property tax expt		-	0	negligible									
31	HOUSE Change Item: Land used to provide environmental benefits allowed (buffers ponds, forest restore) to be defined as an agricultural purpose. Grtr 3 acres or 10%. Effect Assmt 2019		-											
32	Property Tax Refund interaction		-	0	negligible			-	-	-		negligible	negligible	negligible
33	Ag Homestead Market Value Credit		-	0	negligible			-	-	-		negligible	negligible	negligible
34	Subtotal - Environmental use as ag purpose		-	0	negligible			-	-	-		negligible	negligible	negligible
35														
36	HOUSE Change Item: Fractional homestead determined on percentage of ownership in county land records - modified		-											
37	Property Tax Refund interaction		-	0	unknown			-	-	-	unknown	unknown	unknown	unknown
38	Ag Homestead Market Value Credit		-	0	unknown			-	-	-	unknown	unknown	unknown	unknown
39	Subtotal - Fractional homestead determ'd percent ownership		-	0	unknown			-	-	-	unknown	unknown	unknown	unknown
40														
41	HOUSE Change Item: Standardized referendum dates			0	(unknown)									
42				0	(unknown)									
43	HOUSE Change Item: Reverse referendum approval for qualified leases		-											
43	HOUSE Change Item: Biennial notice + referendum if munny to use public utiity license/fees to raise revenue		-	0	unknown									
44	Subtotal: Homeowner PTR base + change items	\$0	\$2,200	0	6,170	-	(270)	-	-	-	(100)	495	395	395
45	Forest Land Credits (SFIA)	-	-	-	-	-	-	-	-	-	-	-	-	-
46	GOV Change: SFIA Timber Harvest Credits	\$8,000	\$0	-	-	-	-	-	-	-	-	-	-	-
47	Subtotal - All Property Tax Refund changes	8,000	2,200	-	6,170	-	(270)	-	-	-	(100)	495	395	395

**2018 LEGISLATIVE SESSION - HF 947- PROPERTY TAX, AIDS & CREDITS
GENERAL FUND Change items only**

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Note: Positive numbers are program expenditures; negative numbers are cost savings. Numbers in brackets [] are for information purposes only and are not reflected in spreadsheet totals.

	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
	General Fund Expenditures											
48	OTHER REFUNDS											
49	Political Contribution Refund											
50			(5,500)	(10,000)								
51	<i>HOUSE Change Item: Repeal Political Contrib Refund</i>											
51	Subtotal: Political Contrib Refund base + change items											
53			(5,500)	(10,000)								
	Subtotal - Other Refund changes											
54	LOCAL AIDS											
55	Local Government Aid (LGA)											
56												
56	<i>HOUSE Change Item: Special property tax abatement aid authorized for Aitkin, Crow Wing and Mille Lacs</i>											
57			1,100	-								
58			150	-			-	-	-	-	-	-
59	<i>HOUSE Change Item: Lilydale one-time LGA adjustment (\$150K within LGA FY 2019 only)</i>											
59	<i>HOUSE Change Item: Hermantown aid adjustment for previously reduced LGA (\$97K within LGA FY 2019 only)</i>											
60			5	-			-	5	5	-	-	-
61	<i>HOUSE Change Item: Mazeppa fire remediation aid - money appropriated.</i>											
61	<i>BOTH Chg Item: Melrose Fire Recov grant 3-yr exten</i>											
62			(346)	346	(346)	346						
62	<i>BOTH Change Item: Melrose Fire Recovery grant 1-yr extension</i>											
63			1,006	346	-	-	-	5	5	-	-	-
64	Subtotal LGA Changes -											
64	Subtotal- Local Government Aid (LGA)											
65	0	0										
66	Senior Deferral Reimbursement loans											
67	Senior Deferral Reimbursement loan repayments											
68												
69												
69		420										
69	<i>GOV Change: Lower occupancy reqmt from 15 yr to 5 yrs, chg application date from July 1 to Nov 1</i>											
69	<i>HOUSE Change Item: Due dates related to property tax modified, effective pay 2021 (include Senior Deferral with impact in FY 2022)</i>											
70												
70	<i>HOUSE Change Item: Senior citizens' property tax deferral - 60 day reconsideration following denial. Effective Pay 2020</i>											
71										70		70
71	<i>Application due date changed from July 1 to Nov 1, early notification, notice by DOR reasons for denial . Effective pay 2019</i>											
72		420										
72	Subtotal: Senior Deferral Reimbursement base + change items											
73		420	1,006	346	-	-	-	5	5	70	-	70
	Subtotal - All Aid Changes											

**2018 LEGISLATIVE SESSION - HF 947- PROPERTY TAX, AIDS & CREDITS
GENERAL FUND Change items only**

\$\$\$ in thousands | BOLD indicates rows included in total | Positive change indicates expenditure increase

Note: Positive numbers are program expenditures; negative numbers are cost savings. Numbers in brackets [] are for information purposes only and are not reflected in spreadsheet totals.

	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
	General Fund Expenditures											
74	Other Aids and One-Time Appropriations, and Transfers											
75	-	-	-	-	-	-	-	-	-	-	-	-
76			(4,120)	(8,240)	-	-	-	-	-	-	-	-
77			-	200	-	-	-	-	-	-	-	-
78			(4,120)	(8,040)	-	-	-	-	-	-	-	-
82			13,984	(13,984)	-	-	-	-	-	-	-	-
83					-	-	-	50,000	50,000	-	-	-
85	DOR Administration											
86	3,151	3,078	-	-	-	-	-	-	-	-	-	-
87	417	887	-	-	-	-	-	-	-	-	-	-
88	276	856	-	-	-	-	-	-	-	-	-	-
89			0	0	-	-	-	-	-	-	-	-
90							1,977	1,978	3,955	-	-	-
91	4,564	4,821	-	-	-	-	1,977	1,978	3,955	-	-	-
92												
	Subtotal - All Other Aids, One-Time Changes, and Transfers											
	4,564	4,821	9,864	(22,024)	-	-	1,977	51,978	53,955	-	-	-
93	TOTAL Property Tax Aids and Credits, GF Revenues + Spending Changes											
	\$12,564	\$7,441	\$5,370	(\$25,508)	(346)	76	1,977	51,983	53,960	(30)	495	465

¹ Additional general fund property tax refund impacts (Homestead Credit State Refund and Renters Property Tax Refund) can be found on page 3, lines 78-82, attributable to income tax interactions with federal TCJA conformity changes.

2018 LEGISLATIVE SESSION - HF 947 - NON-GENERAL FUND TAX CHANGE ITEMS

NON-GENERAL FUND CHANGES

\$\$\$ in thousands | BOLD indicates rows included in total | Negative change indicates revenue decrease

Line	Non General Fund Tax Revenues	GOV		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
		FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
7	Total - Changes, Non-General Funds	390	3,970	(3,191)	(2,166)	(30)	(60)	5	(55)	(50)	(50)	(279)	(329)
	Legacy Funds												
10	Exemption modified, qualifying data centers	400	4,000										
11	Vapor Product Excise Tax Modifications (including June Acceleration)	(10)	(40)										
12	Premium Cigars, Restore Maximum Rate of \$3.50 per	(negli.)	(negli.)										
13	Restore Indexing, Moist Snuff	negli.	10										
14	Exemption: Construction of Minnetonka Public Safety Facility (Expires 1/1/21)			(10)	(40)	(10)	(40)	-	(10)	(10)	(30)	(10)	(40)
15	Exemption: Inver Grove Heights Fire Station (Expires 1/1/21)			(10)	-	(10)	-	-	(10)	(10)	-	-	-
16	Exemption: Extend Exemption of Construction Materials for City of Melrose (Expires 1/1/23)			-				5	(5)	-			
17	Exemption: Game Release Fees					(10)	(20)						
18	Exemption, Admissions - College Preferred Seating Based on Criteria (DFE)			(50)	(100)								
19	Exemption, Conservation Clubs (7/1/2018)			(negli.)	(negli.)			-	(negli.)	(negli.)	(negli.)	(negli.)	(negli.)
20	Exemption, Invasive Aquatic Herbicides (7/1/2018)			(10)	(20)								
21	Various exemptions, Medical Facilities in Underserved Areas (7/1/2018)			(10)	(20)			-	(10)	(10)	(10)	(10)	(20)
22	Construction Exemption by refund, Duluth School Property Redvlpmnt. (7/1/2018 to 12/31/19)			(50)	(200)								
23	Construction Exemption, Virginia Fire station (DFE to 12/31/20)			(10)	(10)			-	(10)	(10)	(10)	-	(10)
24	Construction Exemption by refund, Second Harvest (1/1/18 to 12/31/21)			(20)	(20)								
25	Construction Exemption by refund, Mazeppa Property Affected by Fire (Retro 3/11/18 to 12/31/20)			(negli.)	-			-	(negli.)	(negli.)	-	-	-
26	Construction Exemption by refund, Elko New Market, Water Trtmnt. Facility (Retro 6/1/14 to 5/31/16)			(10)	-			-	(10)	(10)	-	-	-
27	Modify Exemption, Bullion Coins (7/1/2018)			(15)	(30)								
28	Modify Exemption for Gambling Equipment/Prizes (7/1/2018)			(130)	(290)								
29	Modify Exemption, Non Profit Ice Arena (7/1/2018)			(negli.)	(negli.)			-	(negli.)	(negli.)	(negli.)	(negli.)	(negli.)
30	Modify Exemption, Non Profit Snowmobile Clubs (7/1/2018)			(negli.)	(negli.)			-	(negli.)	(negli.)	(negli.)	(negli.)	(negli.)
31	Massage Therapy Services subject to Provider Tax (7/1/2018)			(140)	(90)								
32	Collecting Sales Tax - Remote Sellers, Revenue Neutral Rate Reduction (DFE)			-	-			-	-	-	-	-	-
33	Legacy Fund Changes - Subtotal	390	3,970	(465)	(820)	(30)	(60)	5	(55)	(50)	(50)	(20)	(70)
35	State Airports Fund												
36	HF 858 - Modifies Aircraft Registration Tax , Unmanned Aircraft Changes			(15)	(30)								
37	State Airports Fund Changes - Subtotal			(15)	(30)								
39	Health Care Access Fund												
40	Massage Therapy Services subject to Provider Tax (not sales tax)			700	500								
41	Health Care Access Fund Changes - Subtotal			700	500								
43	MNSURE ACCOUNT												
44	Revenue reduction					(4,676)	(18,253)						
45	Expenditure reduction					4,676	18,253						
46	MNsure Account - Subtotal					-	-						

2018 LEGISLATIVE SESSION - HF 947 - NON-GENERAL FUND TAX CHANGE ITEMS

NON-GENERAL FUND CHANGES

\$\$\$ in thousands | BOLD indicates rows included in total | Negative change indicates revenue decrease

Line	Non General Fund Tax Revenues	GOV		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
		FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
48	Special Revenue Fund												
49	DOR Service and Recovery - one-time transfer to General Fund			(3,411)	-								
50	Special Revenue Fund - Subtotal			(3,411)	-								
52	TACONITE PROPERTY TAX RELIEF ACCOUNT												
53	10 cents/ton transfer from Taconite Property Tax Relief to IRRRB - 2018 distribution only*			(3,211)	-	(3,211)	-	-	(3,211)	(3,211)	-	-	-
54	Taconite Property Tax Relief - Subtotal			(3,211)	-	(3,211)	-	-	(3,211)	(3,211)	-	-	-
56	IRON RANGE RESOURCES AND REHABILITATION (IRRRB) ACCOUNT												
57	Transfer 10 cents/ton to IRRRB from Taconite Property Tax Relief -2018 distribution only*			3,211	-	3,211	-	-	3,211	3,211	-	-	-
58	Iron Range Resources and Rehabilitation Account - Subtotal			3,211	-	3,211	-	-	3,211	3,211	-	-	-
60	IRON RANGE SCHOOL CONSOLIDATION AND COOPERATIVELY OPERATED SCHOOL ACCT												
61	Increased Allocation of Production Tax Revenues*					-	4,900						
62	Iron Range School Consolidation Coop School Account - Subtotal					-	4,900						
64	TACONITE ENVIRONMENTAL PROTECTION FUND												
65	Taconite Municipal Aid distribution (100% max guarantee)			-	(953)	-	-	-	-	-	-	(129)	(129)
66	Modify Pellet Chips and Fines TEDF Credit*			-	832	-	832	-	-	-	413	419	832
67	Decreased Allocation of Production Tax Revenues*					-	(4,900)						
68	Taconite Environmental Protection Fund - Subtotal			-	(121)	-	(4,068)	-	-	-	413	290	703
70	DOUGLAS J JOHNSON ECONOMIC PROTECTION FUND												
71	Taconite Municipal Aid distribution modification			-	(863)	-	-	-	-	-	-	(130)	(130)
72	Douglas J Johnson Economic Protection Fund- Subtotal			-	(863)	-		-	-	-	-	(130)	(130)
74	TACONITE MUNICIPAL AID ACCOUNT												
75	Taconite Municipal Aid distribution (100% max guarantee)			-	1,816	-	-	-	-	-	-	259	259
76	Distributions to Municipalities			-	(1,816)	-	-	-	-	-	-	(259)	(259)
77	Taconite Municipal Aid Account- Subtotal			-	-	-		-	-	-	-	-	-
79	TACONITE ECONOMIC DEVELOPMENT FUND												
80	Modify Pellet Chips and Fines TEDF Credit*			-	(832)	-	(832)	-	-	-	(413)	(419)	(832)
81	Taconite Economic Development Fund - Subtotal			-	(832)	-	(832)	-	-	-	(413)	(419)	(832)

*These provisions are also included in HF3763 & HF3763-1UE

APPENDIX A: TAX ITEMS WITHOUT STATE FUNDS IMPACTS

All Numbers in Thousands

Note: Positive numbers are program expenditures; negative numbers are cost savings. Numbers in brackets [] are for information purposes only and are not reflected in spreadsheet totals.

Line	General Fund Expenditures	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
		FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
1	Property tax changes (no state fund impact)												
2	<i>Metro Agri preserve early termination for purchase by state or local government</i>		-	-	-	-	-	-	-	-	-	-	-
3	<i>Local governments prohibited from imposing excise tax or fee on food or food containers</i>			-	-	-	-	-	-	-	-	-	-
4	<i>Sustainable Forest Incentive Act (SFIA) Effective Date clarification "for applications and certifications"</i>			-	-	-	-	-	-	-	-	-	-
5	<i>County veterans service officer allowed disclose data for MVE</i>			-	-	-	-	-	-	-	-	-	-
6	<i>City and town expenditures for historical societies permitted.</i>			-	-	-	-	-	-	-	-	-	-
7	<i>Rail project expenditures and other powers restricted and project insurance required (ZIP RAIL)</i>			-	-								
8	<i>Standardizing referendum dates</i>			-	-								
9	<i>Hennepin County; cities (Plymouth, Maple Grove) authorized to receive a portion of transportation, sales and use tax to spend on roads and bridges within city limits</i>			-	-								
10	<i>Tax-forfeited land sale documentation - state deed issuance</i>			-	-			-	-	-	-	-	-
11	<i>Border City Enterprise zones clarifying language for restrictions on a retail food or beverage facility</i>			-	-			-	-	-	-	-	-
12	<i>School Property Tax Reform (HG+1) Working Group</i>			-	-			-	-	-	-	-	-
13	<i>Pipeline and Utilities Property Valuation Study and Report</i>					-	-						
14	Property tax changes for Local Taxes (no state fund impact)												
15	<i>St Cloud; local tax increase allowed, 1% liquor, food, bev to 1.5% and 0.5% to 1.0% lodging- MODIFIED no operating costs</i>			-	-	-	-	-	-	-	-	-	-
16	<i>Excelsior; local option sales tax 0.5% for Commons MODIFIED</i>					-	-	-	-	-	-	-	-

Prepared by:

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APPENDIX A: TAX ITEMS WITHOUT STATE FUNDS IMPACTS

All Numbers in Thousands

Note: Positive numbers are program expenditures; negative numbers are cost savings. Numbers in brackets [] are for information purposes only and are not reflected in spreadsheet totals.

Line	General Fund Expenditures	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
		FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018-19	FY2020-21	FY2018	FY2019	FY2018-19	FY2020	FY2021	FY2020-21
17	Fire Protection Special taxing District					-	-						
18	Watershed District Levy Authority modified					-	-						
19	Increase City of Mpls Max allowable lodging tax cap from 13% to 13.875%					-	-	-	-	-	-	-	-
20	Authority for St. Paul lodging tax increase from 3% to 4%					-	-	-	-	-	-	-	-
21	Wind Energy Production Tax modification					-	-						
22	Property tax changes for Tax Increment Financing (TIF)												
23	Levy authority for NW MN multicounty housing and redevelopment authorities extended 5 yrs to Pay 2024					-	-	-	-	-	-	-	-
24	Champlin; tax increment financing authority modified (Mississippi Crossings).					-	-	-	-	-	-	-	-
25	Minneapolis; special tax increment financing rules authorized (Upper Harbor Terminal).					-	-	-	-	-	-	-	-
26	Cloquet; local sales tax authority -uses of proceeds modified, orig proj total \$16.5M unchgd.					-	-	-	-	-	-	-	-
27	Bloomington TIF modifications (Central Station)- Extends current 5 yr rule exemption of 15 years to 20 years for project phase-in					-	-	-	-	-	-	-	-
28	Public Finance												
29	Bond Allocation Act definition of a public facilities project modified					-	-	-	-	-	-	-	-
30	Drainage lien principal interest rate modification					-	-	-	-	-	-	-	-
31	Miscellaneous												
32	Department of Revenue Technical Bill - with modifications					-	-	-	-	-	-	-	-
33	Department of Revenue Policy Bill - with modifications					-	-	-	-	-	-	-	-
34	Minnesota Housing Tax Credit Program study					-	-	-	-	-	-	-	-
35	Report on Heat and Power Processing Plants					-	-	-	-	-	-	-	-

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APPENDIX B: INTERACTIONS WITH TAX POLICY

GENERAL FUND Change Items only

\$\$\$ in thousands | BOLD indicates rows included in total | Negative change indicates revenue decrease

Line	ITEM	GOVERNOR		HOUSE		SENATE		HF 947 CONFERENCE AGREEMENT					
		FY 2018-19	FY 2020-21	FY 2018-19	FY 2020-21	FY 2018-19	FY 2020-21	FY 2018	FY 2019	FY 2018-19	FY 2020	FY 2021	FY 2020-21
	INDIVIDUAL INCOME TAX INTERACTIONS												
1	Senate Change Item: Cloquet Area Fire and Ambulance Taxing District					-	(80)	0	0	-	-40	-40	(80)
2	Senate Change Item: Intrastate Natural Gas Transportation or Distribution Pipeline Exemption from state general levy. Max 12 yr. Effective pay 2020			-	negligible	-	-	0	0	-	0	negligible	negligible
3	House Change Item: Special State General Levy Refund aid authorized for Aitkin, Crow wing and Mille Lacs Counties			50	-								
4	House Change: Medical facility tax abatement			-	(negligible)			0	0	-	(negligible)	(negligible)	(negligible)
5	House Change: Property tax abatement for nonprofit Mental Health Center (Duluth)			negligible	-								
6	House Change: Repeal Mpls Library debt service - Income tax interactions			-	160					-			-
7	Gov Change: State General levy inflation	-	(1,950)										
8	TOTAL: INDIVIDUAL INCOME TAX INTERACTIONS	-	(1,950)	50	160	-	(80)	-	-	-	(40)	(40)	(80)

APPENDIX 10

APPENDIX X: Angel Investment Tax Credit Language (#F947)

ARTICLE 3 INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

67.23 Section 1. Minnesota Statutes 2016, section 116J.8737, subdivision 5, is amended to read:
67.24 Subd. 5. **Credit allowed.** (a)(1) A qualified investor or qualified fund is eligible for a
67.25 credit equal to 25 percent of the qualified investment in a qualified small business.
67.26 Investments made by a pass-through entity qualify for a credit only if the entity is a qualified
67.27 fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$5,000,000 in credits to
67.28 qualified investors or qualified funds for taxable years beginning after December 31, ~~2013~~
67.29 2017, and before January 1, ~~2017~~, and ~~must not allocate more than \$10,000,000 in credits~~
67.30 ~~to qualified investors or qualified funds for taxable years beginning after December 31,~~
67.31 ~~2016, and before January 1, 2018~~ 2019; and
68.1 (2) ~~for taxable years beginning after December 31, 2014, and before January 1, 2018,~~
68.2 50 percent must be allocated to credits for qualifying investments in qualified greater
68.3 Minnesota businesses and minority- or women-owned qualified small businesses in
68.4 Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments
68.5 in greater Minnesota businesses and minority- or women-owned qualified small businesses
68.6 in Minnesota that is not allocated by September 30 of the taxable year is available for
68.7 allocation to other credit applications beginning on October 1. Any portion of a taxable
68.8 year's credits that is not allocated by the commissioner does not cancel and may be carried
68.9 forward to subsequent taxable years until all credits have been allocated.
68.10 (b) The commissioner may not allocate more than a total maximum amount in credits
68.11 for a taxable year to a qualified investor for the investor's cumulative qualified investments
68.12 as an individual qualified investor and as an investor in a qualified fund; for married couples
68.13 filing joint returns the maximum is \$250,000, and for all other filers the maximum is
68.14 \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits
68.15 over all taxable years for qualified investments in any one qualified small business.
68.16 (c) The commissioner may not allocate a credit to a qualified investor either as an
68.17 individual qualified investor or as an investor in a qualified fund if, at the time the investment
68.18 is proposed:
68.19 (1) the investor is an officer or principal of the qualified small business; or
68.20 (2) the investor, either individually or in combination with one or more members of the
68.21 investor's family, owns, controls, or holds the power to vote 20 percent or more of the
68.22 outstanding securities of the qualified small business.
68.23 A member of the family of an individual disqualified by this paragraph is not eligible for a
68.24 credit under this section. For a married couple filing a joint return, the limitations in this
68.25 paragraph apply collectively to the investor and spouse. For purposes of determining the
68.26 ownership interest of an investor under this paragraph, the rules under section 267(c) and
68.27 267(e) of the Internal Revenue Code apply.
68.28 (d) Applications for tax credits ~~for 2010~~ must be made available on the department's
68.29 Web site by ~~September 1, 2010, and the department must begin accepting applications by~~
68.30 ~~September 1, 2010. Applications for subsequent years must be made available by~~ November
68.31 1 of the preceding year.
68.32 (e) Qualified investors and qualified funds must apply to the commissioner for tax credits.
68.33 Tax credits must be allocated to qualified investors or qualified funds in the order that the
68.34 tax credit request applications are filed with the department. The commissioner must approve
69.1 or reject tax credit request applications within 15 days of receiving the application. The
69.2 investment specified in the application must be made within 60 days of the allocation of
69.3 the credits. If the investment is not made within 60 days, the credit allocation is canceled
69.4 and available for reallocation. A qualified investor or qualified fund that fails to invest as
69.5 specified in the application, within 60 days of allocation of the credits, must notify the
69.6 commissioner of the failure to invest within five business days of the expiration of the
69.7 ~~qualified funds filing period.~~ credit request applications on the same day, and the aggregate amount
69.8 (f) All tax credit request applications filed with the department on the same day must
69.9 be treated as having been filed contemporaneously. If two or more qualified investors or

69.11 of credit allocation claims exceeds the aggregate limit of credits under this section or the
69.12 lesser amount of credits that remain unallocated on that day, then the credits must be allocated
69.13 among the qualified investors or qualified funds who filed on that day on a pro rata basis
69.14 with respect to the amounts claimed. The pro rata allocation for any one qualified investor
69.15 or qualified fund is the product obtained by multiplying a fraction, the numerator of which
69.16 is the amount of the credit allocation claim filed on behalf of a qualified investor and the
69.17 denominator of which is the total of all credit allocation claims filed on behalf of all
69.18 applicants on that day, by the amount of credits that remain unallocated on that day for the
69.19 taxable year.

69.20 (g) A qualified investor or qualified fund, or a qualified small business acting on their
69.21 behalf, must notify the commissioner when an investment for which credits were allocated
69.22 has been made, and the taxable year in which the investment was made. A qualified fund
69.23 must also provide the commissioner with a statement indicating the amount invested by
69.24 each investor in the qualified fund based on each investor's share of the assets of the qualified
69.25 fund at the time of the qualified investment. After receiving notification that the investment
69.26 was made, the commissioner must issue credit certificates for the taxable year in which the
69.27 investment was made to the qualified investor or, for an investment made by a qualified
69.28 fund, to each qualified investor who is an investor in the fund. The certificate must state
69.29 that the credit is subject to revocation if the qualified investor or qualified fund does not
69.30 hold the investment in the qualified small business for at least three years, consisting of the
69.31 calendar year in which the investment was made and the two following years. The three-year
69.32 holding period does not apply if:

69.33 (1) the investment by the qualified investor or qualified fund becomes worthless before
69.34 the end of the three-year period;

70.1 (2) 80 percent or more of the assets of the qualified small business is sold before the end
70.2 of the three-year period;

70.3 (3) the qualified small business is sold before the end of the three-year period;

70.4 (4) the qualified small business's common stock begins trading on a public exchange
70.5 before the end of the three-year period; or

70.6 (5) the qualified investor dies before the end of the three-year period.

70.7 (h) The commissioner must notify the commissioner of revenue of credit certificates
70.8 issued under this section.

70.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
70.10 31, 2017.

70.11 Sec. 2. Minnesota Statutes 2016, section 116J.8737, subdivision 12, is amended to read:

70.12 Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31,
70.13 ~~2017~~ 2018, except that reporting requirements under subdivision 6 and revocation of credits
70.14 under subdivision 7 remain in effect through ~~2019~~ 2020 for qualified investors and qualified
70.15 funds, and through ~~2021~~ 2022 for qualified small businesses, reporting requirements under
70.16 subdivision 9 remain in effect through ~~2022~~ 2023, and the appropriation in subdivision 11
70.17 remains in effect through ~~2021~~ 2022.

70.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
70.19 31, 2017.

APPENDIX 11

APPENDIX X:Section 179 Expensing Language (HF947)

ARTICLE 2 FEDERAL TAX CONFORMITY

15.12 Sec. 17. Minnesota Statutes 2017 Supplement, section 290.0131, subdivision 10, is amended
15.13 to read:

15.14 Subd. 10. **Section 179 expensing.** Effective for property placed in service in taxable
15.15 years beginning before January 1, 2018, 80 percent of the amount by which the deduction
15.16 allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the
15.17 deduction allowable by section 179 of the Internal Revenue Code, as amended through
15.18 December 31, 2003, is an addition.

22.1 Sec. 33. Minnesota Statutes 2017 Supplement, section 290.0133, subdivision 12, is amended
22.2 to read:

22.3 Subd. 12. **Section 179 expensing.** Effective for property placed in service in taxable
22.4 years beginning before January 1, 2018, 80 percent of the amount by which the deduction
22.5 allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the
22.6 deduction allowable by section 179 of the Internal Revenue Code, as amended through
22.7 December 31, 2003, is an addition.

APPENDIX 12

APPENDIX X: Rare Diseases Advisory Council (SF3656)

ARTICLE 35 HEALTH DEPARTMENT

- 507.15 Sec. 11. [137.68] ADVISORY COUNCIL ON RARE DISEASES.
- 507.16 Subdivision 1. Establishment. The Board of Regents of the University of Minnesota is
- 507.17 requested to establish an advisory council on rare diseases to provide advice on research,
- 507.18 diagnosis, treatment, and education related to rare diseases. For purposes of this section,
- 507.19 "rare disease" has the meaning given in United States Code, title 21, section 360bb. The
- 507.20 council shall be called the Chloe Barnes Advisory Council on Rare Diseases.
- 507.21 Subd. 2. Membership. (a) The advisory council may consist of public members appointed
- 507.22 by the Board of Regents or a designee according to paragraph (b) and four members of the
- 507.23 legislature appointed according to paragraph (c).
- 507.24 (b) The Board of Regents or a designee is requested to appoint the following public
- 507.25 members:
- 507.26 (1) three physicians licensed and practicing in the state with experience researching,
- 507.27 diagnosing, or treating rare diseases;
- 507.28 (2) one registered nurse or advanced practice registered nurse licensed and practicing
- 507.29 in the state with experience treating rare diseases;
- 507.30 (3) at least two hospital administrators, or their designees, from hospitals in the state
- 507.31 that provide care to persons diagnosed with a rare disease. One administrator or designee
- 507.32 appointed under this clause must represent a hospital in which the scope of service focuses
- 507.33 on rare diseases of pediatric patients;
- 508.1 (4) three persons age 18 or older who either have a rare disease or are a caregiver of a
- 508.2 person with a rare disease;
- 508.3 (5) a representative of a rare disease patient organization that operates in the state;
- 508.4 (6) a social worker with experience providing services to persons diagnosed with a rare
- 508.5 disease;
- 508.6 (7) a pharmacist with experience with drugs used to treat rare diseases;
- 508.7 (8) a dentist licensed and practicing in the state with experience treating rare diseases;
- 508.8 (9) a representative of the biotechnology industry;
- 508.9 (10) a representative of health plan companies;
- 508.10 (11) a medical researcher with experience conducting research on rare diseases;
- 508.11 (12) a genetic counselor with experience providing services to persons diagnosed with
- 508.12 a rare disease or caregivers of those persons; and
- 508.13 (13) other public members, who may serve on an ad hoc basis.
- 508.14 (c) The advisory council shall include two members of the senate, one appointed by the
- 508.15 majority leader and one appointed by the minority leader; and two members of the house
- 508.16 of representatives, one appointed by the speaker of the house and one appointed by the
- 508.17 minority leader.
- 508.18 (d) The commissioner of health or a designee, a representative of Mayo Medical School,
- 508.19 and a representative of the University of Minnesota Medical School, shall serve as ex officio,
- 508.20 nonvoting members of the advisory council.
- 508.21 (e) Initial appointments to the advisory council shall be made no later than July 1, 2018.
- 508.22 Members appointed according to paragraph (b) shall serve for a term of three years, except
- 508.23 that the initial members appointed according to paragraph (b) shall have an initial term of
- 508.24 two, three, or four years determined by lot by the chairperson. Members appointed according
- 508.25 to paragraph (b) shall serve until their successors have been appointed.
- 508.26 Subd. 3. Meetings. The Board of Regents or a designee is requested to convene the first
- 508.27 meeting of the advisory council no later than September 1, 2018. The advisory council shall
- 508.28 meet at the call of the chairperson or at the request of a majority of advisory council members.
- 508.29 Subd. 4. Duties. (a) The advisory council's duties may include, but are not limited to:
- 508.30 (1) in conjunction with the state's medical schools, the state's schools of public health,
- 508.31 and hospitals in the state that provide care to persons diagnosed with a rare disease,
- 509.1 developing resources or recommendations relating to quality of and access to treatment and
- 509.2 services in the state for persons with a rare disease, including but not limited to:
- 509.3 (i) a list of existing, publicly accessible resources on research, diagnosis, treatment, and

509.4 education relating to rare diseases;
509.5 (ii) identifying best practices for rare disease care implemented in other states, at the
509.6 national level, and at the international level, that will improve rare disease care in the state
509.7 and seeking opportunities to partner with similar organizations in other states and countries;
509.8 (iii) identifying problems faced by patients with a rare disease when changing health
509.9 plans, including recommendations on how to remove obstacles faced by these patients to
509.10 finding a new health plan and how to improve the ease and speed of finding a new health
509.11 plan that meets the needs of patients with a rare disease; and
509.12 (iv) identifying best practices to ensure health care providers are adequately informed
509.13 of the most effective strategies for recognizing and treating rare diseases; and
509.14 (2) advising, consulting, and cooperating with the Department of Health, the Advisory
509.15 Committee on Heritable and Congenital Disorders, and other agencies of state government
509.16 in developing information and programs for the public and the health care community
509.17 relating to diagnosis, treatment, and awareness of rare diseases.
509.18 (b) The advisory council shall collect additional topic areas for study and evaluation
509.19 from the general public. In order for the advisory council to study and evaluate a topic, the
509.20 topic must be approved for study and evaluation by the advisory council.
509.21 Subd. 5. **Conflict of interest.** Advisory council members are subject to the Board of
509.22 Regents policy on conflicts of interest.
509.23 Subd. 6. **Annual report.** By January 1 of each year, beginning January 1, 2019, the
509.24 advisory council shall report to the chairs and ranking minority members of the legislative
509.25 committees with jurisdiction over higher education and health care policy on the advisory
509.26 council's activities under subdivision 4 and other issues on which the advisory council may
509.27 choose to report.

APPENDIX 13

RARE DISEASE ADVISORY COUNCIL

QUICK FACTS

RARE DISEASE

ANY DISORDER THAT AFFECTS FEWER THAN
200,000 AMERICANS AT ANY GIVEN TIME



7,000 RARE DISEASES AFFECT
10% OF ALL AMERICANS

50% OF THE PEOPLE AFFECTED BY A RARE DISEASE ARE CHILDREN

80% OF RARE DISEASES ARE PRESENT THROUGHOUT A PERSON'S LIFE



95% OF RARE DISEASES
DON'T HAVE AN FDA APPROVED TREATMENT

POWERS AND DUTIES OF THE RARE DISEASE COUNCIL

Will help develop protocols for health providers to use to diagnose Minnesotans with rare diseases, advise the legislature on public policy and strategies to raise public awareness.

Will advise on coordinating statewide efforts for the study of the incidence of rare diseases within the State and the status of the rare disease community.

Will recommend policies that will help overcome some of this and make research on rare disease easier and more accessible, improving the treatment of patients in Minnesota.

Will bring members of council together in collaborative effort to discuss the best strategies to improve understanding of the diagnosis, treatment and impact of rare diseases - first for Minnesotans, then the nation.

THE UNIVERSITY OF MINNESOTA WILL LEAD THIS EFFORT

The University of Minnesota is given oversight of the council, as they have the resources and ability to administer the council.

THE UNIVERSITY OF MINNESOTA HAS THE OPPORTUNITY TO LEAD THE
COUNTRY & WORLD IN FINDING TREATMENTS AND CURES FOR RARE DISEASES

APPENDIX 14

APPENDIX X: Peripheral Nerve Blocks (SF3656)

ARTICLE 36 HEALTH COVERAGE

558.19 Sec. 10. **PROVIDER GRANTS FOR ADMINISTRATION OF PERIPHERAL**
558.20 **NERVE BLOCKS.**
558.21 (a) The commissioner of human services, within the limits of funding provided for the
558.22 substance use disorder provider capacity grant program under Laws 2017 First Special
558.23 Session chapter 6, article 12, section 4, may design and implement a grant program to assist
558.24 providers in purchasing devices for administering continuous peripheral nerve blocks to
558.25 treat, reduce, or prevent substance use disorder for medical assistance enrollees.
558.26 (b) If the commissioner implements the grant program, grants shall be distributed between
558.27 July 1, 2018, and June 30, 2019. The commissioner shall conduct outreach to providers
558.28 regarding the availability of this grant and ensure a simplified grant application process.
558.29 The commissioner shall provide technical assistance to assist providers in building operational
558.30 capacity to treat, reduce, or prevent substance use disorders with devices for administering
558.31 continuous peripheral nerve blocks. The commissioner, in collaboration with stakeholders,
558.32 shall: (1) analyze the impact of the grant program; (2) identify actual or perceived barriers
558.33 to providers accessing and obtaining reimbursement for devices for administering continuous
559.1 peripheral nerve blocks; and (3) develop recommendations for addressing identified barriers.
559.2 The commissioner shall provide a report to the chairs and ranking minority members of the
559.3 legislative committees with jurisdiction over health and human services policy and finance
559.4 by September 1, 2019.

APPENDIX 16

APPENDIX X:SCI/TBI Research Grants (SF3656)

ARTICLE 22 HIGHER EDUCATION

249.21 Sec. 28. Minnesota Statutes 2016, section 136A.901, subdivision 1, is amended to read:
249.22 Subdivision 1. **Grant program.** (a) The commissioner shall establish a grant program
249.23 to award grants to institutions in Minnesota for research into spinal cord injuries and traumatic
249.24 brain injuries. Grants shall be awarded to conduct research into new and innovative treatments
249.25 and rehabilitative efforts for the functional improvement of people with spinal cord and
249.26 traumatic brain injuries. Research topics may include, but are not limited to, pharmaceutical,
249.27 medical device, brain stimulus, and rehabilitative approaches and techniques. The
249.28 commissioner, in consultation with the advisory council established under section 136A.902,
249.29 shall award 50 percent of the grant funds for research involving spinal cord injuries and 50
249.30 percent to research involving traumatic brain injuries. In addition to the amounts appropriated
249.31 by law, the commissioner may accept additional funds from private and public sources.
250.1 Amounts received from these sources are appropriated to the commissioner for the purposes
250.2 of issuing grants under this section.
250.3 (b) A spinal cord and traumatic brain injury grant account is established in the special
250.4 revenue fund. Money in the account is appropriated to the commissioner to make grants
250.5 and to administer the grant program under this section. Appropriations to the commissioner
250.6 for the program are for transfer to the account. Appropriations from the account do not
250.7 cancel and are available until expended.

APPENDIX 17

APPENDIX X: Step Therapy Protocol & Override for Prescription Drug Coverage Established

- 1.1 A bill for an act
1.2 relating to health insurance; establishing a step therapy protocol and override for
1.3 prescription drug coverage; proposing coding for new law in Minnesota Statutes,
1.4 chapter 62Q.
1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. **[62Q.184] STEP THERAPY OVERRIDE.**
1.7 Subdivision 1. Definitions. (a) For the purposes of this section, the terms in this
1.8 subdivision have the meanings given them.
1.9 (b) "Clinical practice guideline" means a systematically developed statement to assist
1.10 health care providers and enrollees in making decisions about appropriate health care services
1.11 for specific clinical circumstances and conditions developed independently of a health plan
1.12 company, pharmaceutical manufacturer, or any entity with a conflict of interest.
1.13 (c) "Clinical review criteria" means the written screening procedures, decision abstracts,
1.14 clinical protocols, and clinical practice guidelines used by a health plan company to determine
1.15 the medical necessity and appropriateness of health care services.
1.16 (d) "Health plan company" has the meaning given in section 62Q.01, subdivision 4, but
1.17 does not include a managed care organization or county-based purchasing plan participating
1.18 in a public program under chapters 256B or 256L, or an integrated health partnership under
1.19 section 256B.0755.
1.20 (e) "Step therapy protocol" means a protocol or program that establishes the specific
1.21 sequence in which prescription drugs for a specified medical condition, including
1.22 self-administered and physician-administered drugs, are medically appropriate for a particular
1.23 enrollee and are covered under a health plan.
2.1 (f) "Step therapy override" means that the step therapy protocol is overridden in favor
2.2 of coverage of the selected prescription drug of the prescribing health care provider because
2.3 at least one of the conditions of subdivision 3, paragraph (a), exists.
2.4 Subd. 2. Establishment of a step therapy protocol. A health plan company shall
2.5 consider available recognized evidence-based and peer-reviewed clinical practice guidelines
2.6 when establishing a step therapy protocol. Upon written request of an enrollee, a health plan
2.7 company shall provide any clinical review criteria applicable to a specific prescription drug
2.8 covered by the health plan.
2.9 Subd. 3. Step therapy override process; transparency. (a) When coverage of a
2.10 prescription drug for the treatment of a medical condition is restricted for use by a health
2.11 plan company through the use of a step therapy protocol, enrollees and prescribing health
2.12 care providers shall have access to a clear, readily accessible, and convenient process to
2.13 request a step therapy override. The process shall be made easily accessible on the health
2.14 plan company's Web site. A health plan company may use its existing medical exceptions
2.15 process to satisfy this requirement. A health plan company shall grant an override to the
2.16 step therapy protocol if at least one of the following conditions exist:
2.17 (1) the prescription drug required under the step therapy protocol is contraindicated
2.18 pursuant to the pharmaceutical manufacturer's prescribing information for the drug or, due
2.19 to a documented adverse event with a previous use or a documented medical condition,
2.20 including a comorbid condition, is likely to do any of the following:
2.21 (i) cause an adverse reaction to the enrollee;
2.22 (ii) decrease the ability of the enrollee to achieve or maintain reasonable functional
2.23 ability in performing daily activities; or
2.24 (iii) cause physical or mental harm to the enrollee;
2.25 (2) the enrollee has had a trial of the required prescription drug covered by their current
2.26 or previous health plan, or another prescription drug in the same pharmacologic class or
2.27 with the same mechanism of action, and was adherent during such trial for a period of time
2.28 sufficient to allow for a positive treatment outcome, and the prescription drug was
2.29 discontinued by the enrollee's health care provider due to lack of effectiveness, or an adverse
2.30 event. This clause does not prohibit a health plan company from requiring an enrollee to
2.31 try another drug in the same pharmacologic class or with the same mechanism of action if
2.32 that therapy sequence is supported by the evidence-based and peer-reviewed clinical practice

2.33 guideline, Food and Drug Administration label, or pharmaceutical manufacturer's prescribing
2.34 information; or

3.1 (3) the enrollee is currently receiving a positive therapeutic outcome on a prescription
3.2 drug for the medical condition under consideration if, while on their current health plan or
3.3 the immediately preceding health plan, the enrollee received coverage for the prescription
3.4 drug and the enrollee's prescribing health care provider gives documentation to the health
3.5 plan company that the change in prescription drug required by the step therapy protocol is
3.6 expected to be ineffective or cause harm to the enrollee based on the known characteristics
3.7 of the specific enrollee and the known characteristics of the required prescription drug.

3.8 (b) Upon granting a step therapy override, a health plan company shall authorize coverage
3.9 for the prescription drug if the prescription drug is a covered prescription drug under the
3.10 enrollee's health plan.

3.11 (c) The enrollee, or the prescribing health care provider if designated by the enrollee,
3.12 may appeal the denial of a step therapy override by a health plan company using the
3.13 complaint procedure under sections 62Q.68 to 62Q.73.

3.14 (d) In a denial of an override request and any subsequent appeal, a health plan company's
3.15 decision must specifically state why the step therapy override request did not meet the
3.16 condition under paragraph (a) cited by the prescribing health care provider in requesting
3.17 the step therapy override and information regarding the procedure to request external review
3.18 of the denial pursuant to section 62Q.73. A denial of a request for a step therapy override
3.19 that is upheld on appeal is a final adverse determination for purposes of section 62Q.73 and
3.20 is eligible for a request for external review by an enrollee pursuant to section 62Q.73.

3.21 (e) A health plan company shall respond to a step therapy override request or an appeal
3.22 within five days of receipt of a complete request. In cases where exigent circumstances
3.23 exist, a health plan company shall respond within 72 hours of receipt of a complete request.
3.24 If a health plan company does not send a response to the enrollee or prescribing health care
3.25 provider if designated by the enrollee within the time allotted, the override request or appeal
3.26 is granted and binding on the health plan company.

3.27 (f) Step therapy override requests must be accessible to and submitted by health care
3.28 providers, and accepted by group purchasers electronically through secure electronic
3.29 transmission, as described under section 62J.497, subdivision 5.

3.30 (g) Nothing in this section prohibits a health plan company from:

3.31 (1) requesting relevant documentation from an enrollee's medical record in support of
3.32 a step therapy override request; or

4.1 (2) requiring an enrollee to try a generic equivalent drug pursuant to section 151.21, or
4.2 a biosimilar, as defined under United States Code, chapter 42, section 262(i)(2), prior to
4.3 providing coverage for the equivalent branded prescription drug.

4.4 (h) This section shall not be construed to allow the use of a pharmaceutical sample for
4.5 the primary purpose of meeting the requirements for a step therapy override.

4.6 **EFFECTIVE DATE.** This section is effective January 1, 2019, and applies to health
4.7 plans offered, issued, or sold on or after that date.

APPENDIX 18



May 9, 2018

Re: HF 3196 – Putting common sense guardrails on step therapy protocols

To the Honorable Members of the Senate:

On behalf of the Minnesota Step Therapy Coalition, a coalition representing thousands of providers and patients throughout Minnesota, we encourage your support and passage of HF 3196, the companion to SF 2897. This bill provides patient protections and guardrails on a practice known as step therapy.

Step therapy is a policy requiring a patient to try and fail first on other medications before receiving their doctor prescribed medication. The practice has grown increasingly difficult, causing many with chronic diseases to suffer lengthy delays in access to the right treatment, which could result in possible irreversible progression of disease and adverse effects. This may ultimately lead to increases in unnecessary healthcare costs associated with additional provider visits, ER visits, hospitalizations and other costs.

HF 3196 will create appropriate exceptions to step therapy to improve patient care, reduce unnecessary treatments, and ultimately reduce health care costs by returning prescription decision-making back to health care providers and their patients.

We want to thank Senator Utke for his hard work in bringing all stakeholders together to work on this important legislation.

We also want to praise the bill's co-sponsors, Senators Abeler, Hayden, Housley, and Franzen.

We encourage you to pass HF 3196 and thank you for your support.

Sincerely,

Members of the Minnesota Step Therapy Coalition

APPENDIX 19

APPENDIX X: Updating the Minnesota Health Records Act

- 1.1 A bill for an act
- 1.2 relating to health; modifying a provision governing patient consent to release of
- 1.3 health records; amending Minnesota Statutes 2016, section 144.293, subdivision
- 1.4 2.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

- 1.6 Section 1. Minnesota Statutes 2016, section 144.293, subdivision 2, is amended to read:
- 1.7 Subd. 2. **Patient consent to release of records.** A provider, or a person who receives
- 1.8 health records from a provider, may not release a patient's health records to a person without:
- 1.9 (1) a signed and dated consent from the patient or the patient's legally authorized
- 1.10 representative authorizing the release;
- 1.11 (2) specific authorization in law, which includes Code of Federal Regulations, title 45,
- 1.12 part 164, subpart E, for those entities and individuals subject to Code of Federal Regulations, title 45, part
- 1.13 164, subpart E; or
- 1.14 (3) a representation from a provider that holds a signed and dated consent from the
- 1.15 patient authorizing the release.

APPENDIX 20

1.1 Senator moves to amend S.F. No. 15 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2016, section 115A.1318, subdivision 1, is amended to
1.4 read:

1.5 Subdivision 1. **Manufacturer's responsibilities.** (a) In addition to fulfilling the
1.6 requirements of sections 115A.1310 to 115A.1330, a manufacturer must comply with
1.7 paragraphs (b) to ~~(f)~~ (g).

1.8 (b) A manufacturer must annually recycle or arrange for the collection and recycling of
1.9 an amount of video display devices as determined by the agency in section 115A.1320,
1.10 subdivision 1. A manufacturer must assume all financial responsibility associated with
1.11 transporting and recycling covered electronic devices that are used to meet the manufacturer's
1.12 recycling obligation determined under section 115A.1320 or that are counted as phase I or
1.13 II recycling credits, including any necessary supplies. This excludes costs that are associated
1.14 with receiving and aggregating covered electronic devices from households and all the
1.15 activities up to the time that covered electronic devices are loaded for transport to a recycler
1.16 or arranged for transportation to a recycler.

1.17 (c) The obligations of a manufacturer apply only to video display devices received from
1.18 households and do not apply to video display devices received from sources other than
1.19 households.

1.20 (d) A manufacturer must conduct and document due diligence assessments of collectors
1.21 and recyclers it contracts with, including an assessment of items specified under subdivision
1.22 2. A manufacturer is responsible for maintaining, for a period of three years, documentation
1.23 that all covered electronic devices recycled, partially recycled, or sent to downstream
1.24 recycling operations comply with the requirements of subdivision 2.

1.25 (e) A manufacturer must provide the agency with contact information for a person who
1.26 can be contacted regarding the manufacturer's activities under sections 115A.1310 to
1.27 115A.1320.

1.28 (f) Only the covered electronic devices that are recycled by a registered recycler that is
1.29 certified by an ANSI-ASQ National Accreditation Board-accredited third-party certification
1.30 body to an environmentally sound management standard are eligible to meet the
1.31 manufacturer's obligation.

1.32 (g) A manufacturer must provide sufficient disassembly documentation, schematics,
1.33 diagnostic tools, firmware corrections, and access to service parts to enable a recycler to

2.1 restore useful covered electronic devices that are out of warranty to full function for the
2.2 devices' reuse. The information must be in the same format and terms as provided to the
2.3 manufacturer's authorized repair or refurbishment facilities. The manufacturer must provide
2.4 access to service parts for a minimum of five years following the end of production of the
2.5 covered electronic device. Fully or partially reused devices under this paragraph are exempt
2.6 from the requirements of subdivision 2. The requirements of this paragraph do not apply to
2.7 any covered electronic device or embedded software in a motor vehicle, as defined in section
2.8 168.002, that was installed by the manufacturer. The requirements of this paragraph do not
2.9 apply to a medical device as defined in the federal Food, Drug, and Cosmetic Act, United
2.10 States Code, title 21, section 321(h), or a covered electronic device or embedded software
2.11 found in a medical setting, including diagnostic, monitoring, or control equipment. For the
2.12 purposes of this paragraph:

2.13 (1) "covered electronic device" means a cell phone, computer, laptop, tablet, e-reader,
2.14 server, computer peripheral, external storage device, computer accessory such as a pointing
2.15 device, data entry device, or keyboard, external power supply, portable battery, printer, or
2.16 other media-handling device, including a multifunction device, networking or switching
2.17 device, display device, or media capture or playback device, sold or used by a consumer in
2.18 the state, but does not mean an electronic device, other than a cell phone, with a video
2.19 display smaller than nine inches; and

2.20 (2) "reuse" means to restore covered electronic devices to full function as originally
2.21 intended by the manufacturer, inclusive of any necessary repairs, replacement parts, or
2.22 improvements needed to be desirable in the secondary market such that devices are not
2.23 recycled and are diverted from the waste stream."

2.24 Delete the title and insert:

2.25 "A bill for an act
2.26 relating to environment; imposing requirements on manufacturers with respect to
2.27 restoring specified electronic devices for reuse; amending Minnesota Statutes
2.28 2016, section 115A.1318, subdivision 1."