

Capitol

Notes



MN Independent Insurance
Agents & Brokers Association



THE LEGISLATIVE AND POLITICAL NEWSLETTER OF THE
MN INDEPENDENT INSURANCE AGENTS & BROKERS ASSOCIATION

2018 MIIAB Minnesota Legislative Session Report

Governor Mark Dayton's vetoes of this year's major tax and spending bills will mark this legislative session as one of least productive in many years. The Republican controlled legislature put together a very important tax conformity bill and a relatively modest supplemental budget bill totaling \$131 million in new state spending. However, they did so without the usual face-to-face private meetings with the governor that has been the norm during the waning days of the legislative session. In lieu of these high stakes meetings, Dayton consistently expressed his rejection of major provisions in these bills and probable vetoes through correspondence to legislators.

Passing these two major bills without "compromise" (a word that seems to be lost in our current political discourse) shouldn't surprise anyone who was paying attention to the Governor and the MN Legislature. Their vows of bipartisan cooperation dwindled almost immediately once the session began.

TAX CONFORMITY

The veto of the tax bill could mean a chaotic 2018 tax filing season. Minnesota state income taxes are currently based upon federal taxable income which, due to federal tax changes enacted in December, will no longer include several deductions used by Minnesotans. Without a "conforming" tax bill, tax accountants and filers would have use revenue rules in place before the major tax law passed by Congress. Without an updating of our tax codes, about 300,000 Minnesotans will face increased state taxes. This is the outcome that nearly all legislators and the governor vowed to avoid at the beginning of the session.

Some of the "conformity" was accomplished through tax rate reductions in Minnesota income tax brackets. The governor felt that the tax reductions for businesses and corporations in the bill he received were too great compared to tax reductions for lower and middle-income individuals. Last year remains in everyone's mind when Dayton signed into law a tax bill that contained objectionable provisions that he probably still regrets. It was very clear that he would not do that again.

SUPPLEMENTAL BUDGET BILL

The budget bill's bulky 985 pages was a problem for Dayton. The bill contained numerous policy proposals that had no impact on the budget. Some of these were bipartisan agreements but many were policy proposals not acceptable to the governor. Dayton provided to legislators a 19-page letter with a list of his objections days before its passage. Legislative leaders addressed some of his concerns but not enough to gain Dayton's signature. The governor was particularly upset that the legislature did not send him stand-alone bills where agreement existed but instead put everything into the budget bill in an attempt to force his signature.

The legislature also passed a significant bonding bill for building and road construction projects. An overdue reform of the state's pension programs was also sent to the governor. He is likely to sign both.

DISTRACTED DRIVING AND BOAT LIABILITY

Two issues of interest to the MIIA that received a great deal of public attention failed to make it to a floor vote in either the House or Senate. A prohibition on hand-held cell phone use while driving that was supported by the MIIA had considerable bipartisan support but was kept off the floor by legislative leaders. Why this occurred is still unclear. A related proposal to merely increase the penalties for driving while texting was contained in the budget bill that was vetoed by the governor and therefore will not become law.

Another highly visible issue relating to eliminating family member exclusions from liability under boat and umbrellas policies also failed to make it to a floor vote. The MIIA joined the PC industry in opposing this bill brought to the capitol by a young woman who lost a foot in a boating incident.

RESIDENTIAL CONTRACTOR REBATES

Under a new law, residential contractors will be required to provide notification to an insured that they are prohibited from paying, either directly or through a rebate, all or part of an insured's deductible. This notice must be included in the contractor's initial estimate. A property casualty insurer or adjuster must also provide this notification in their estimates relating to coverage of a claim.

SENIOR FINANCIAL PROTECTION

This proposal represents an agreement between the Department of Commerce and the financial services industry to create protections for seniors and vulnerable adults that has been three years in the making. The new law applies only to a broker dealer or investment advisor and authorizes them to notify the commissioner of commerce if they reasonably believe that financial exploitation of an eligible adult will or has occurred. A broker dealer may also delay or stop a transaction not to exceed 15 days after notification to the commerce department if financial exploitation is suspected. Most importantly, the act provides immunity from civil or administrative liability to a broker dealer or investment advisor who discloses information to a government agency, authorized third party, or a court.

HEALTH CARE

A new law will exempt up to \$25,000 in a health savings or medical savings account from attachment, or garnishment from creditors. Other health related proposals enacted this session include a new requirement that primary health care providers post their charges and average reimbursement rate for their 25 most provided services. The posting must include their charges for cash paying patients, reimbursements under Medicare and Medicaid and the average payment they receive from health plans. Within 10 days of a request, the provider must provide a patient with a good faith estimate of payments that the patient will be required to pay. Disclosure must include any applicable facility fee.

The legislature established a process for patients and physicians to override health plans' or pharmacy benefit managers' prescription restrictions commonly referred to as step therapy. A step therapy override request must be addressed within 5 days of submission. If the health plan fails to respond within the time limits the request is granted.



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