

2008 Bonding Bill

Karin Holt

The end of the last legislative session was disappointing for good-government fans. The state tax bill was not finished, the transportation finance bill went nowhere, and a bonding bill was not complete. Even though eleventh-hour efforts were made to finalize the tax bill, Governor Pawlenty vetoed it because a provision was inserted that required inflation to be factored into state budget forecasting. With this level of uncertainty, everyone knew there were some formidable challenges ahead for state government.

No one could have predicted the disasters that were in store. During the late spring and summer months, many Minnesotans were impacted by the devastating effects of the I-35W bridge collapse, the Ham Lake fire in northern Minnesota, and southeastern Minnesota flooding. It suddenly became clear that legislators from both sides of the political spectrum would have to cooperate with one another in order to help alleviate some of the financial burden these tragedies imposed.

During the summer months, Governor Pawlenty called a special session limited to flood relief. The Legislature passed a bill to assist flood victims in the seven hardest hit counties in southeastern Minnesota which were classified as federal disaster areas.

On January 14, 2008, Governor Pawlenty announced his recommendations for the 2008 bonding bill. About 40 percent of the \$965

million dollar package is dedicated to repairing approximately 600 local bridges and completing other transportation projects. Some of the largest ventures include rebuilding the I-35W bridge, repairing the Lowry Avenue bridge, the new Central Corridor light rail project, and a state contribution to receive federal funding for a MnPass congestion pricing lane on I-35W, south of Minneapolis.

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Other highlights of the Governor’s bonding recommendations include:

- \$258 million, or 24 percent, of the total capital investment figure for technology advancements, and building and/or renovations at state-funded universities.
- \$175 million, or 16 percent, of the Governor’s recommendations are dedicated to protecting the environment. He has included loans for improving drinking water and wastewater treatment facilities, cleaning up a contaminated landfill in Washington County, and preserving and

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EDITOR’S CORNER

Peter Coyle

Welcome to the 2008 edition of CapitolWatch, produced by the Government Relations team at Larkin Hoffman. This is our 13th year providing “on the ground” session coverage for the benefits of our clients and friends. We hope you enjoy this 2008 session preview – we always welcome your suggestions for improving our legislative session coverage.

This year’s session will be dominated by two policy issues: the state’s budget deficit amidst a struggling state and national economy; and transportation funding. And, of course, state politics will overshadow all of it. The primary policy and political flashpoint will occur over transportation funding. Governor Pawlenty has announced a \$965 million bonding package for 2008, with about 40 percent allocated to repairing and improving the state’s roads and bridges. The Legislature appears unwilling, for now, to follow the Governor’s lead on funding transportation and prefers to pay for needed projects with cash, funded in part by an increase in the gasoline sales tax (see budget discussion on page three). The major sideshow to this discussion could be an attempt by the Democratic leadership in the Senate to remove Lt. Governor Carol Molnau from her position as commissioner for the Department of Transportation. If a vote to

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Health Care Update

Marnie Moore-Lindman

Health care reform is a hot topic in our state and across the nation. With increasing media attention on the escalating costs of health care, and intense focus on each presidential candidate's plan to fix the current system, far be it from the Minnesota Legislature to sit quietly on the sidelines. Indeed, Minnesota has a long tradition of enacting bold measures to bring about needed changes to our health care system.

During the most recent legislative session, the Governor signed into law an Omnibus Health and Human Services Budget bill that included directives for two different groups to examine the current state of health care in Minnesota. The goal was for each group to bring forward proposals for legislative consideration in 2008.

The first group was an extension of the existing Legislative Commission on Health Care Access (Legislative Commission), already tasked with reducing the number of Minnesota residents who do not have health care coverage and ensuring universal access to affordable health care by January 1, 2011. To fulfill this duty, co-chairs Senator Linda Berglin (DFL-Minneapolis) and Representative Tom Huntley (DFL-Duluth) formed nine separate working groups to make recommendations on unique areas and aspects of the health care system, with each working group comprised of both legislators and public members.

The second group, the Health Care Transformation Task Force (Task Force), was charged with developing a statewide action plan for transforming the health care system with the goal of improving affordability, quality, access, and health status. Comprised of 17 members, including four legislators and 13 public members appointed by the Governor, the Task Force ultimately produced six guiding transformation principles: improve health; increase quality; reform payment systems; reduce costs; insure everyone; and implement these principles rapidly and comprehensively.

Both groups met extensively during the legislative interim with meetings beginning in the summer of 2007 and concluding in January of 2008. Ideas generated by these two groups that could translate into legislation this session include:

- Providing funding to local initiatives that address preventable causes of chronic conditions such as physical inactivity and poor nutrition.

- Setting aggressive goals to reduce the number of Minnesotans who use tobacco or are overweight or obese.
- Increasing health care quality through development of minimum standards for outcomes of care.
- Streamlining the administrative requirements imposed on providers by health plans.
- Relying upon a non-regulatory body to review new technologies, services, and medications, including complementary and alternative medicine, to recommend whether these respective items should be covered by health insurance plans.
- Developing a mid-level dental practitioner license to work with a licensed dentist.
- Expanding funding for primary care provider and rural provider training initiatives.
- Creating a health care home model for state health care program enrollees.
- Requiring employers with a set minimum number of employees to offer pre-tax payment of insurance premiums.
- Establishing a health insurance exchange through which individual and small group insurance products would be sold.

Both the Legislative Commission and the Task Force are recommending affordability goals for health insurance, with a sliding scale based on the federal poverty guideline (FPG). Under these proposals Minnesotans at or below 400 percent of the FPG would not be expected to contribute more than a designated percentage of their gross income (likely 6 percent to 10 percent) for health care coverage. Subsidies could be utilized, if necessary, to meet these affordability limits. The subsidy program would be designed in a manner that does not encourage either employers or individuals to drop existing employer-based insurance.

With all of the time and energy spent developing these proposals, the legislative members of the Task Force and Legislative Commission should be strong advocates for real change this session. Although the transportation and bonding bills will capture the spotlight, health care reform will be waiting in the wings, and hopefully will get a chance to shine in 2008.

Marnie Moore-Lindman participated as a member of the "Cost Containment by Restructuring the Health Care System Through Identified Savings" working group as part of the Legislative Commission on Health Care Access. ■

Transportation Funding Options

Peter Coyle

Every Minnesotan is aware of the growing urgency to address transportation funding needs, be they for roads and bridges, bus transit or light rail. While the largest, obvious funding demands are present in the Twin Cities transportation corridors, urban centers and rural communities across the state also struggle to repair and maintain basic transportation infrastructure. The tragic disaster involving the collapse of the I-35W bridge last August brought the issue into sharp focus. With this backdrop, it is unfortunate that Governor Pawlenty and the legislative leadership in the House and Senate could not agree on a stable, long-term funding package. Partisan political positioning fairly quickly overran bipartisan consensus that a financial solution to the transportation funding problem must be found.

The Governor's 2008 bonding bill proposes to spend approximately \$400 million to improve and repair roads and bridges around the state. Specific targeted projects include the I-35W bridge, a light-rail line connecting Minneapolis and St. Paul and a toll-road system along the congested I-35W corridor south of Minneapolis.

The Minnesota Legislature will not

likely follow the Governor's plan; more likely, the Legislature will attempt to repass some version of the transportation funding bill passed in 2007, but vetoed by the Governor. This legislation prominently featured a 7.5 cent per gallon increase in the state's gasoline tax. It passed in the House last year, but only with the support of several Twin Cities-area Republicans. An eleventh-hour attempt to override the Governor's veto failed just prior to the conclusion of the 2007 session.

In late 2007, in the aftermath of severe flooding in southeastern Minnesota, the Legislature did convene briefly in special session to enact flood relief legislation. The \$157 million funding package included assistance to rebuild roads and bridges damaged by the flooding.

Governor Pawlenty has historically opposed any increase in the gas tax, though his position softened considerably in the aftermath of the I-35W bridge collapse. He reportedly remains open to increasing the gas tax as part of a total funding package, but only if certain tax and/or spending offsets are provided. This deadlock seems certain to continue well into the 2008 session and possibly beyond. ■

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- maintaining wetlands, local parks, and state forests.
- \$96 million, or 9 percent, is dedicated to promoting economic development projects. The largest recipients of this money include the Strategic Entrepreneurial Economic Development (SEED) initiative and the Minnesota Steel plant in Northern Minnesota.
- \$68 million, or 6 percent, is allocated for state building asset preservation including the Minnesota Department of Transportation building, the State Capitol building, the Department of Human Services building, the Minnesota Zoo, and several others.

Many DFL members had hoped for a different proposal with more local projects and will likely put up a fight during this legislative session. They feel that the bonding money the Governor has promised is not enough to adequately address the dire conditions across the State of Minnesota. Some DFL members favor a separate comprehensive transportation finance bill to cover local bridge and road projects, so that bonding money can be spent on other projects including higher education and health care.

The Governor, legislators and the general public have different opinions on what to include and how much to allocate in the bonding bill. It will be interesting to watch what happens during the 2008 legislative session. ■

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remove Molnau occurs, the outcome could put a political taint on the balance of the session.

Apart from the challenge of transportation funding, the Governor and Legislature will have to confront a likely budget deficit again. The last budget forecast projected a shortfall of several hundred million dollars; the February 2008 forecast may well reflect a significant increase in the projected shortfall. By law, the state must have a balanced budget; political and

policy conflicts regarding funding schools, health care, public safety (along with transportation) will be intense.

Larkin Hoffman's Government Relations team will be at the capitol from the opening bell until its conclusion some time in May. Our team is profiled on the back page – please feel free to call any of us with questions about legislative matters affecting you or your organization. Enjoy this preview edition of *CapitolWatch!* ■

Larkin Hoffman's Government Relations Department



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Peter's government relations regulatory practice encompasses local, state and federal administrative agencies and the Minnesota Legislature. He represents private developers, landowners and businesses before state agencies, the Metropolitan Council, county boards and city councils.

Peter previously served as Staff Director and Chief Counsel to United States Senator Rudy Boschwitz and on the U.S. Senate Committee on Small Business in Washington D.C. ■



GERALD L. SECK is a shareholder and member of the Government Relations practice group at Larkin Hoffman.

Jerry has been an active lobbyist at the Minnesota Legislature since 1971 and lobbies for a variety of clients and issues for governmental units and private concerns. His experience includes legal director of the Minnesota Public Interest Research Group, Executive Director of the Leech Lake Indian Reservation Legal Services Project, Director of the Truk Office of Micronesian Legal Service and a clerkship for Justice James C. Otis on the Minnesota Supreme Court. He also was recognized by the U.S. Environmental Protection Agency (EPA) for his environmental work. ■



KARIN HOLT is a staff attorney for Larkin Hoffman's Government Relations practice group. Prior to joining the firm, Karin spent two years as a judicial law clerk to the Hon. Susan R. Miles in the Tenth Judicial

District in Washington County. Karin received her J.D. from the University of Iowa College of Law, and was a member of the school's award-winning Jessup International Moot Court team and a Note & Comment Editor for *The Journal of Transnational Law & Contemporary Problems*.

She received a U.S. Fulbright Scholarship to study in Norway and obtained her master's degree in international business from the Norwegian School of Economics and Business Administration in Bergen, Norway. Karin received her B.A., *cum laude*, from St. Olaf College where she majored in political science. ■

MARNIE S. MOORE-LINDMAN is a paralegal with Larkin Hoffman and a member of the firm's Government Relations practice group. Before joining Larkin Hoffman, she was a manager of government affairs and prior to that spent several years with the Minnesota Wild Hockey Club as a corporate account manager.



Marnie is currently serving as a Governor's appointee on the Board of Dietetics and Nutrition Practice and the Council of Health Boards. She also volunteers with the Minnesota Rural Health Organization.

Marnie received her B.A. from the University of Minnesota, Twin Cities and is currently completing her J.D. at Hamline University. ■