

**GAVEL-TO-GAVEL COVERAGE OF THE 2004 MINNESOTA LEGISLATIVE SESSION**

**EDITOR'S CORNER**

Minnesota Governor Tim Pawlenty has announced his plan to balance the state's books and wipe out the current-year projected budget deficit of \$160 million. The plan eliminates the deficit by reducing state spending by \$96 million, transferring \$76 million from other state funds into the general fund and generating \$50 million through revenue adjustments. The plan does not call for higher state taxes, the use of revenue raised through the creation of state-sponsored gaming or use of any of the state's \$631 million budget reserve. Perhaps the biggest hit taken in Governor Pawlenty's supplemental budget proposal is the \$40 million reduction in the reimbursement payments provided to the state's hospitals, doctors and nursing homes for health care services given to the poor. The proposal also requires state agencies to trim their budgets by an additional 3%. The Pawlenty supplemental budget proposal now goes to House and Senate members for their review. Expect the Senate DFL caucus to come out four-square against more health and human service cuts. Many Senate DFLers had already planned to attempt to restore some of the HHS cuts made last year.

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**Issues to Watch:**

**Pickle Bill Not Kosher:**

The House Agriculture Committee passed the so-called "Pickle Bill" and sent it to the House Health and Human Services Committee. The Pickle Bill, authored by State Representative Al Juhnke (DFL-Willmar), exempts the sale of some home-canned pickles, vegetables and fruits from the licensing and inspection standards required for commercial food producers. The bill makes it easier for home-canners to sell their goods at church bazaars, county fairs and similar venues. Concerns were raised at the committee hearing regarding the potential risk home-canned goods pose to consumers. John Exner of the Midwest Food Processors Association testified that licensing and inspection standards protect consumers by requiring the training and equipment beyond the skills of most home-canners. Despite the objections, the committee passed the bill. Some Jewish members of the committee raised concerns that kosher products were not exempted in the bill. Rep. Juhnke pledged to amend the legislation later in the process to cover kosher home-canned products.

**Long-term Care Insurance Tax Credit Advances in House:**

State Representative Paul Kohls (R-Victoria) saw his tax-break initiative for individuals who purchase long-term care insurance pass out of the House Taxes Committee last week. The bill will be held over by the committee for possible inclusion in the House's Omnibus Tax Bill to be released later in the session. Under current law, a long-term care insurance purchaser is eligible for an income tax credit equal to 25% of the monthly premiums paid - exclusive of deductions allowed for medical care - up to a maximum of \$100 per person or \$200 per married couple. The bill would raise the limit to \$500 per person and \$1,000 per married couple beginning in tax year 2004. Kohls and other long-term care insurance proponents believe a higher tax credit will encourage more Minnesotans to plan for their future health care needs instead of waiting to burden the public health system when illness or disease sets in. The Minnesota Department of Revenue forecast that the Kohls legislation would cost the state between \$12 million and \$14 million over the next three fiscal years.

**Gaming Hits Center Stage at State Capitol:**

Last week saw the beginnings of a new debate on whether to expand gaming in the State of Minnesota beyond the state's 19 tribal casinos. The perennial issue took on greater emphasis with the introduction of a bill by two Republican legislators to outlaw the slot machines currently operating in tribal casinos, unless the state's 11 Indian tribes renegotiate the gaming compacts in force between them and the state. Leaders of the Minnesota Indian Gaming Association quickly labeled the bill a racist and cynical attempt at extortion. In addition, the House Government Operations Committee late Friday afternoon passed a bill to create a State-Tribal casino to benefit the state and the Red Lake and White Earth Indian nations. The legislation would create a casino in the Twin Cities metropolitan area to compete with the four most successful Indian casinos: Mystic Lake, Treasure Island, Grand Casino Mille Lacs and Grand Casino Hinckley. House Republicans and Governor Pawlenty seem poised to take the gaming debate to the session's final hours this year.

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