



March 20, 2015

Friends and Neighbors,

What a week at your state Capitol! This week we heard from Governor Dayton that he now believes MNsure needs to have a study to determine if it should continue. Please read more about that in the "Hot Button Issue" section of my newsletter. Have a great weekend!

#### **Ideas that work**

Now that we're about half way through session, you'll start to hear more about agreements being made on budget proposals. After two years of tax increases, Senate Republicans have offered a comprehensive agenda to finally provide you with some relief and fix the things that aren't working. We're seeing encouraging signs that some of these bills are gaining traction.

- ["Retire in Minnesota Act"](#) – Our retirees are an asset to our communities, but we risk losing them with our unfriendly tax policies. The "Retire in Minnesota Act" encourages our retirees to stay in Minnesota by eliminating the state tax on social security income.
- ["Saluting Service"](#) – Our veterans selflessly put their lives on the line for us. This bill lays out the welcome mat for them once they return home by exempting their military pension from the state income tax and provides targeted tax credits to give them better job opportunities.
- ["Toddler Tax Credit"](#) – Parents know first-hand how expensive it is to raise a child and make sacrifices for their families. The toddler tax credit provides tax relief to all young families by offering a \$1,000 tax break for every qualifying child, adding up to \$500 million in relief over the next two years.
- ["Your School, Your Needs"](#) -- This bold plan puts parents back in the driver's seat of their kids' education, frees our schools of burdensome mandates, and expects results. The plan increases school funding, gives schools more flexibility, doubles the education tax credit and allows it to be used for tuition, provides tools to retain the best teachers, and requires that students are proficient in reading before entering fourth grade and proficient in both reading and math before graduating high school.
- [Fixing MNsure](#) – For nearly three years, Republicans have tried to get a seat at the table to fix the MNsure health insurance exchange. This week, the governor finally admitted we might have

to scrap the program, but he wants to spend another year studying the issue. On both sides of the aisle, my colleagues and I have already proposed several potential solutions. We can't continue to watch as Minnesotans struggle to get timely and affordable health insurance – it's time to act.

### **Stark differences appear in budget priorities**

This week Governor Dayton proposed a supplemental budget to account for the rest of the state surplus. His budget now includes a \$3.7 billion increase in spending, which amounts to a \$43 billion budget for fiscal years 2016-17. To put that in perspective, when Gov. Dayton took office in 2011, the state budget was \$34 billion. Minnesotans have already seen an explosion in taxes and spending, and adopting this plan would propel that spending even further – a 25% increase in just five years.

Gov. Dayton sees a \$2 billion surplus and wants everything, but he's not considering the consequences. Almost all of the governor's proposed spending is for long-term programs, which could cause severe budget deficits if we were to encounter another downturn in the economy. Even a decent-sized budget reserve will not be able to pull us out of a hole created by his proposed long-term spending.

Additionally, there is almost no meaningful tax relief for Minnesota families in Gov. Dayton's plan. When Minnesota was facing a budget deficit a few years ago, he raised taxes by \$2 billion. Now that we've collected too much from taxpayers, it's still not enough, and he wants to increase the gas tax by 50%. Gov. Dayton's spending and taxation plans only go one way – up.

So far this session Republicans have introduced several common sense tax cuts to help seniors, military retirees, families with children, and more. Soon, we will announce a transportation plan that prioritizes roads and bridges without adding new taxes. My goal is to be a responsible steward of your money and plan for the long-term, as you would with your own family budget.

### **Estate tax proposals aim to end double-taxation**

This week, the Senate Taxes committee heard a series of bills dealing with the estate tax. Also known as the "death tax," this controversial tax applies to individuals' property when they die, provided that property is over a certain value. It affects about two percent of estates in a given year, and accounts for roughly one percent our state taxes. Most other states have done away with the estate tax all together; we're one of only fourteen states that still has it.

One of the primary concerns is that the estate tax causes people to flee to friendlier states, like Wisconsin or the Dakotas. Another concern is fairness – these individuals pay taxes on their property when they're alive; is it right to tax their relatives for inheriting that property once they die?

The law has been adjusted in recent years in an attempt to protect family farms, and various new proposals would bump the threshold amount to better align with federal tax laws. It remains to be seen what new changes there will be at the end of this session, but this is an important subject to keep an eye on. While it only impacts a small number of Minnesotans right now, without adjustments more and

more Minnesota families will be hit by the tax in the near future as incomes and property values increase.

**Hot Button Issues:**

As I touched on earlier, Governor Dayton would now like to study MNsure to see if it's feasible. After such a horrible rollout and administrative problems, to study the program seems unnecessary. We all across Minnesota hear the horror stories about MNsure, the failed rollout, people losing coverage, people not knowing if they're covered, and just this week, the unthinkable story of a Jackson woman losing her life due to a botched form by MNsure. Read the story [here](#). We do not need a panel of experts to spend a year to tell us that MNsure isn't working. The results are clear and we need to make changes, not study MNsure.

This week we also heard the Governor's transportation plan. His plan, which calls for a massive tax increase addresses our aging roads and bridges. The Republican plan, of investing part of the state's surplus into our roads and bridges, accomplishes the same goal. The question that we need to answer is which plan is more beneficial to Minnesota.

Also this week, I should note, we discussed the recent decision by the Minnesota State High School League (MSHSL) regarding the use of locker rooms by individuals of the opposite sex. This topic which I have heard throughout the district was FALSELY blamed on the legislature. The MSHSL unilaterally decided that children who are not of the same biological sex may share a locker room. This is wrong. A bill to make sure that children who are only of the same sex may use shared facilities was not given a hearing and when brought to the Senate floor, had bipartisan support. Unfortunately our bipartisan support was met with a majority, of 37 Democrat Senators who said they would not support the bill and the motion failed.

Thank you for taking the time to read my weekly update, it remains an honor to represent you in St. Paul. As always, feel free to contact me at my office at any time with your legislative concerns at 651-297-8063 or at [Sen.Bill.Ingebrigtsen@senate.mn](mailto:Sen.Bill.Ingebrigtsen@senate.mn).

I also plan to be hosting several town halls on Tuesday March 31<sup>st</sup> 2015. Please follow this [link](#) for the full details.

Thanks,

Bill

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