Legislative Session Preview: 2014

By Cory Bennett, Agri-Growth Lobbyist

The House and Senate have already agreed that the 2014 legislative session will not start until February 25. With this late start date, the session will be a maximum of thirteen weeks. That’s good news for some and bad news for others depending on what you feel needs to be accomplished.

The second year of a legislative biennium is often focused on passing a bonding bill and policy related bills. However, legislative leadership has differing opinions on the legislative priorities. Governor Dayton has come out early and communicated that if he had his way, he would have an “unsession.” He wants legislators to spend the majority of their time eliminating old, outdated laws and streamlining government. DFL leadership in the House and Senate support this idea, but they also intend to make considerable efforts into passing a bonding bill and increasing the minimum wage. As one would expect, Republican leadership has differing viewpoints regarding what should be accomplished during this limited time frame. Republican priorities this session are to streamline government as well, but they also intend to repeal 2013 DFL legislation such as business-to-business sales taxes and some of the government spending increases existing within the current budget.

Also at play is a potential budget surplus in the neighborhood of $800 million and the ensuing discussion around the possible dispersement of those dollars. In late November Minnesota Management & Budget (MMB) released the November Economic Forecast. This twice-annual forecast provides a snapshot of the state’s economy and predicts if the state should have a projected surplus or budget deficit.

According to MMB, state leaders will enter the 2014 legislative session with a projected $825 million budget surplus. The projected balance for the 2014-15 biennium is $1,086 billion, however, the first $246 million of the balance must statutorily be used to complete repayment of the K-12 school property tax recognition shift. Another $15 million will go to the state airports fund to restore money that was first borrowed in 2008. MMB documents indicate the state’s economy continues to make solid gains. Stronger employment and income growth in 2013 are contributing to a $787 million increase in forecast revenue in the current biennium due to

continued on page 3
The Minnesota Agri-Growth Council is an advocate for the state’s food and agriculture industry. Founded in 1968, Agri-Growth is a nonprofit, nonpartisan organization that represents the shared interests of its 200-plus members, which include food and agriculture businesses, organizations and producers, as well as the service industries that support them.

Minnesota Agri-Growth Council
400 Robert Street North, Suite 1520
St. Paul, MN 55101
p: 651.905.8900 • f: 651.905.8902
info@agrigrowth.org • www.agrigrowth.org
twitter: mn_agrigrowth

Staff
Perry Aasness, executive director
Tony Mondry, program manager
Krystal Caron, Communications Director

Barnes & Thornburg LLP is the product of a 1982 merger between two well-established Indiana law firms. We have 12 offices located in Atlanta, Chicago, Columbus (OH), Delaware, Elkhart, Fort Wayne (IN), Grand Rapids (MI), Indianapolis, Los Angeles, Minneapolis, South Bend (IN), and Washington, D.C., with more than 600 attorneys and other legal professionals. The attorneys at Barnes & Thornburg serve clients from more than 50 dedicated practice and industry areas including Bankruptcy and Creditors’ Rights, Corporate, Intellectual Property, Insurance Recovery and Counseling, Labor and Employment, Litigation, Private Wealth Services and Real Estate.

Q & A with Joe R. Thompson, Partner:
What is new at Barnes & Thornburg?

This year Barnes & Thornburg LLP launched the Agriculture and Food Processing Practice Group to provide a greater range of services to its agriculture and food industry clients.

Despite the recent organization of the practice group, Barnes & Thornburg has years of experience working with producers, agribusinesses (including seed and biotech companies), processors, manufacturers, distributors/wholesalers, cooperatives, retailers and suppliers on everything from corporate counsel to regulatory affairs, litigation, intellectual property and labor and employment matters.

More than 75 attorneys belong to the group assisting clients in new business creation, bringing products to market, diversifying operations, managing supply chain pressures, and navigating the various issues and opportunities industry participants experience.

What are the key trends affecting your industry?

There are several key trends that are notable for the legal industry right now. The first is the increased demand for alternative fee arrangements and fee predictability. Our firm has more than 25 years of experience providing alternative fee arrangements for clients and we regularly work with clients to determine needs and provide budget predictability.

Secondly, the consolidation of law firms by clients that utilize multiple providers will continue. We serve as national and regional counsel for some of the most recognizable names in corporate America.

And finally, many of the larger law firms have been and will continue with attorney layoffs. However, despite the recent economic downturn, Barnes & Thornburg has opened five offices in the last five years, growing in new markets – including the Twin Cities – to more effectively and efficiently represent our current clients and introduce our unique value proposition to new clients.

Barnes & Thornburg LLP has offices nationwide. The Minnesota office is located in the Downtown Minneapolis Capella Tower.
Legislative Session Preview: 2014; continued from page 1

projected increases in income and corporate tax collections. Forecast spending is down $247 million due, in part, to lower health and human services spending.

With surplus dollars available, there will certainly be proposals to use $231 million to repeal new sales taxes on farm equipment repair, warehousing services, and equipment purchased by telecommunication providers passed earlier this year by the DFL-controlled legislature. That still leaves more than $500 million for lawmakers to put towards their fiscal planning for the 2014 legislative session, which begins on February 25. The additional money will stir competition among interest groups who have their own thoughts on where the extra dollars should be invested. Governor Dayton and legislative leaders will wait for an updated forecast in late February or early March before proposing any additional changes to the current two-year budget.

While the Governor, legislative leaders, and legislators have their lists of things to monitor, the Minnesota Agri-Growth Council is also compiling a list of priorities. Below is a short list of some items that Agri-Growth has identified to date:

**BUSINESS-TO-BUSINESS TAX PROVISIONS**
The 2013 Omnibus Tax Bill created significant debate over two particular agriculture related provisions that would apply the business-to-business services tax on warehouse storage and farm machinery repairs. Agri-Growth will be working to repeal these tax provisions during the 2014 Legislative session as they have or will have a negative effect on the food and agriculture industry.

**MINIMUM WAGE**
Last session DFL leaders failed to come to an agreement on a proposal to raise the minimum wage. An increase in the state’s $6.15 per hour minimum wage was a priority for many Democrats at the start of session, but House and Senate Democrats failed to reach a compromise. While the House wanted to boost the wage to $9.50 an hour by 2015, the Senate settled on a more modest increase to $7.50. Also at issue, is an attempt by some lawmakers to lower the agriculture worker overtime from 48 to 40 hours. Although this issue did not pass last session, it will resurface during the 2014 Legislative Session as DFL leaders have stated that it would be a top priority.

**GMO LABELING**
A measure to require the labeling of foods containing genetically modified organisms (GMO) sold in Minnesota was introduced in the House and Senate last year but there were no hearings. An amendment was drafted to the House Omnibus Environment and Agriculture Finance Bill to study the health and environmental effects of GMO’s but it ultimately was never offered. Agri-Growth is an ardent supporter of agriculture biotechnology and supports the position of the FDA that labeling would be misleading and is precluded since there is no nutritional or safety difference with non-GMO food ingredients.

**ANTIBIOTICS FOR LIVESTOCK**
Bills proposing to ban non-therapeutic use of antibiotics for use in animals and banning the sale of meat products from animals treated with certain antibiotics were introduced last year in both the House and Senate but did not advance through the committees or receive hearings. However, hearings could be scheduled during this upcoming legislative session.

**WATER QUALITY/NITRATES ISSUES**
In August, the Minnesota Pollution Control Agency (MPCA) released a report titled “The Condition of Minnesota’s Groundwater,” and in October gave testimony on the report findings before the House Environment, Natural Resources, and Agriculture Finance Committee. The report pointed directly to agriculture fertilizer runoff from farm fields in Minnesota as the major contributor to increased nitrate levels in the state’s waterways. At this time, no bills have been introduced in either the House or Senate that addresses the MPCA report findings. Agri-Growth does anticipate some activity on this issue during the 2014 Legislative Session and will monitor the issue very closely.

continued on page 4
NEONICOTIOIDS ISSUES
In December, bee researchers provided testimony to the House Environment, Natural Resources, and Agriculture Finance Committee on what they believe is a serious decline in the population of bees and other critical pollinators in Minnesota. According to the testimony, a loss of nectar and pollen-producing flowers has contributed to the decline as well as chemicals, including neonicotinyl, an insecticide often used to treat seeds and believed by bee researchers to taint pollen causing harm to bees. Again, no bills have been introduced in either the House or Senate regarding these claims but Agri-Growth will continue to monitor the issue closely.

CAT AND DOG BREEDER LEGISLATION
Legislation seeking to regulate cat and dog breeders has been discussed at the Capitol for the past five years. Again, last session, animal advocates sought legislation to license and inspect cat and dog facilities. After several face to face meetings and hours of discussion between animal advocates, Minnesota Veterinary Medical Association, Board of Animal Health and representatives of the cat and dog breeders, a compromise on the issue has been reached. The bill will almost certainly be debated upon during the 2014 Legislative Session and Agri-Growth will continue to be involved in the issue to ensure that bill language doesn’t involve other aspects of animal husbandry.

BEVERAGE CONTAINER TAX
In 2013 the Minnesota State Legislature passed a provision that directed the Minnesota Pollution Control Agency (PCA) to produce a report detailing recommendations for a statewide “recycling refund program” for beverage containers that would achieve an 80 percent recycling rate. In the report, recently released by the PCA, a new “recycling refund program” would be created that would require a .10 cent refund/deposit/tax on beverage containers including milk and fruit juice that would be collected at the retail level. MAGC will continue to work closely with other affected industries and associations as this issue continues to develop into what may a bill at the legislature.

As usual, Agri-Growth will be very busy meeting House and Senate leadership, committee chairs, legislators, and legislative staff. If there are additional legislative issues that you would like Agri-Growth to explore further, please contact the Agri-Growth offices at 651.905.8900.

AGRI-GROWTH HAS AN OPENING FOR A COMMUNICATIONS DIRECTOR
The Minnesota Agri-Growth Council (Agri-Growth) is seeking an exceptional individual to serve as Communications Director. The ideal candidate for the Communications Director position will possess a strong background and understanding of the issues impacting the food and agriculture sector, demonstrated experience and knowledge of communication trends, tools, and strategies to effectively communicate with member and key external audiences, strong communication and interpersonal skills, an ability to work under pressure and meet deadlines, an understanding of the political and regulatory processes, and a desire and enthusiasm for continuous learning and professional development. To learn more and apply, visit our website at agrigrowth.org.