



STATE SENATOR DAVID SENJEM

MINNESOTA SENATE DISTRICT 25

PROUDLY SERVING THE COMMUNITIES OF:

Dodge County - Olmsted County

E-NEWSLETTER

February 4, 2013

Dear Friends,

The Mayo Clinic announced plans to invest \$3.5 billion over 20 years in Rochester and surrounding communities to build what it describes as a "destination medical center." Mayo also estimates that the expansion could attract at least \$2.1 billion in additional private investment.

Mayo Clinic president and CEO John Noseworthy along with area legislators, plus city officials announced the plan with Governor Mark Dayton in the Governor's reception room.



The goal of creating a Mayo Clinic destination medical center (DMC) is to ensure Minnesota and Mayo Clinic are for medical care in the coming decades. Market forces in health care are driving the number of select medical institutions around the world to emerge as global destinations medical centers (DMC). Mayo Clinic intends to be one of these select DMC's and would prefer to develop in Minnesota and not expand elsewhere.

This is an important opportunity for Minnesota. The DMC initiative represents the largest economic development opportunity in Minnesota, and is one of the largest in the country, creating thousands of new jobs and generating billions in new tax revenue.

Mayo Clinic is asking lawmakers to approve a \$585 million public-financing plan to cover the public infrastructure costs associated with the clinic's ambitious growth plans.

In the follow up press conference regarding the DMC my comments as reported in the Rochester Post Bulletin were, "This is an incredibly valuable asset for the state of Minnesota, and we are going to work collectively to make sure this asset not only stays here but grows here," Senjem said. "We have an opportunity with this piece of legislation to do that."

OTHER NEWS THIS WEEK & COMMITTEE ACTION

The Governor's Budget

This week we continued to learn more about Governor Dayton's proposed budget. Overall, his plan calls for \$3.6 billion in new taxes, including \$2.1 billion in new sales taxes through a broad expansion of the tax on new goods and services. New sales taxes would be imposed on a wide range of transactions including clothing articles over \$100, over the counter medications, haircuts, and auto repair services just to name a few.



A LOOK *at the* BUDGET

Tax Committee

The Tax Reform Division held preliminary hearings on a range of issues. Two proposals were considered to establish an up-front sales tax exemption for business purchases of capital equipment. Currently, Minnesota employers are required to pay the sales tax at the time of purchase and apply for a refund later creating a blizzard of paperwork and cash flow problems. This bipartisan idea has enjoyed broad support, and in fact was passed by the 2012 Legislature, though ultimately vetoed in a broader tax bill by Governor Dayton.

Lastly, the Division began a discussion over the complex topic of business taxation and the tax treatment on Minnesota's many research based employers. Current tax policy, including the so called "foreign royalty deduction" is important to many of the state's biggest employers.

Minnesota employers with a long tradition of innovation through research and development support over 1.2 million Minnesota jobs, nearly 50 percent of Minnesota's private sector jobs according to the state's high tech and life science associations.

Health and Human Services Committee

The Health Insurance Marketplace (exchange) bill continued to be heard in a variety of Senate Committees. This week it was passed out of the Commerce Committee after two hearings on the bill. Many amendments were offered by Republicans that helped increase choices and flexibility for consumers but were rejected. There are still significant concerns about the bill.

The Health and Human Services (HHS) Policy Committee passed Senate File 5 (Medical Assistance Expansion) which is an expansion of Medical Assistance coverage for persons up to 138 percent of the federal poverty guideline. Senators expressed concerns about the bill because the expansion is offered by the federal government under the Affordable Care Act. While the federal government says they will pay for the cost of newly eligible enrollees for the first few years of the program, the expansion will cost an unknown amount down the road that the state will be expected to cover.

Transportation Committee

The Transportation Committee recommended the confirmation of MnDOT Commissioner Charlie Zelle on a voice vote. Commissioner Zelle is the majority owner of Jefferson Lines, an interstate bus company, and member of Governor Dayton's Transportation Finance Advisory Committee (TFAC).

Education Committee

In the Education Finance Division, attention was given to legislation that would expand Minnesota's funding of kindergarten from half-day to all-day so that it would be a free option for families.

The Governor's budget proposal moved in this direction as well, but did not provide all of the funding that would be necessary to pay for it. According to fiscal analysis, to fully fund the all-day proposal would cost over \$165 million per year once it was phased in, which is over three times the Governor's recommendation.

Authors of the legislation did not include a revenue proposal to provide the funding. At this time, between 50-60 percent of kindergartners are enrolled in all-day programs with the money being drawn from family fees, federal funds, and miscellaneous areas of school district budgets.

Supporters of the measure included elementary school principals, the statewide teachers union, and various school superintendents and board members who believe that academic and social benefits will follow.

But a more cautious note was struck by the Minnesota Family Council, which expressed concern over whether families would be taxed more to provide funding for this and other new government programs. The Council also cited studies that showed early education advantages are not long-lasting and tended to be unobservable by third grade.

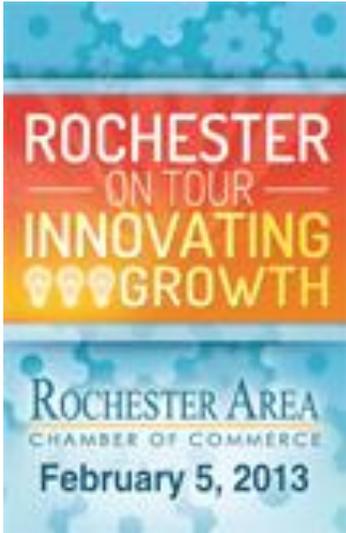
State Departments and Veterans Committee

The State Departments and Veterans Division acted on the state employee collective bargaining agreements reached between Minnesota Management and Budget and the state's employee labor unions. These proposed contracts include:

- A two percent across-the-board salary increase;
- Step increases for eligible employees (approximately half); and
- No changes in healthcare insurance premium percentages (0% single/15% family)

LOOKING AHEAD

Rochester on Tour at the Capitol



Next Tuesday, February 5 is Rochester's annual rally in St. Paul. The Rochester Chamber of Commerce is the key organizer of the event which promotes and reminds the Governor and legislators how important Rochester is as an economic engine for the state.

Each year, more than 85 legislators from across the state hear from the 700-plus attendees how important Rochester is to the economic vitality of the state.

Read more about this event's history and importance in the [Post Bulletin](#) story.

Governor Dayton's State of the State

Governor Dayton will give his yearly State of the State address this coming Wednesday, February 6 at 7:00 PM. To watch his speech live, tune into TPT or live streaming on the [web](#).



KEEP IN TOUCH

I will work to keep you informed, and please feel free to pass this newsletter on to your friends and neighbors, encouraging them subscribe at: sen.david.senjem@senate.mn You can also get legislative information at the Senate website at www.senate.mn. As always, I encourage you to contact me with your questions and comments. You can reach me at:

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