



2013 Legislative Session Wrap Up

The 2013 Legislative Session marked the first time since the 1990 Session where the DFL party had complete control over the Governorship, State House of Representatives, and State Senate.

MADA was pleased that the legislature approved the elimination of the Title Transfer Fee and provided more favorable tax treatment for automotive repair paint and repair materials.

MADA played heavy defense this year, and successfully led a diverse coalition against the League of Minnesota Cities' proposal to enact municipal street improvement fees.

Additionally, MADA was successful in pushing back on proposals to increase the motor vehicle sales tax, increase license tab fees, and impose taxes on auto repairs.

Unfortunately, MADA suspended its efforts to amend the state's Motor Vehicle Franchise Law when MADA's bill got caught up in "Tesla" mania.

The legislature passed substantial tax increases on high income earners, cigarettes, and other services. Lawmakers also provided for all-day kindergarten, a tuition freeze for higher education, legalized gay marriage, and passed highly controversial legislation which allows for unionization of child care providers who receive state subsidies.

The legislature will reconvene on February 25, 2014.

TAX BILLS THAT PASSED

MADA Bill Eliminating the Title Transfer Fee

HF1444 – Rep. Frank Hornstein (DFL-Minneapolis)

SF1173 – Sen. Scott Dibble (DFL-Minneapolis)

CH: 117

Effective Date: January 1, 2017

MADA successfully advanced legislation to eliminate the \$6.50 Title Transfer Fee which is imposed on each wholesale reassignment of an existing Minnesota title. The \$6.50 wholesale reassignment fee will expire on December 31, 2016. However, the similarly-named Title Fee currently charged on each title issued, will increase from the current rate of \$7.25 to \$8.25 as of January 1, 2017.

MADA recruited bi-partisan support for the measure, which was authored in the House of Representatives by Rep. Tim Mahoney (DFL-St. Paul), Rep. Jason Metsa (DFL-Virginia), Rep. Mike Beard (R-Shakopee), Rep. Sandy Masin (DFL-Eagan), and Rep. Marion O’Neill (R-Buffalo). In the Senate, the bill was authored by Sen. David Tomassoni (DFL-Chisholm), Sen. Chuck Wiger (DFL-Maplewood), Sen. John Pederson (R-St. Cloud), Sen. Vicki Jensen (DFL -Owatonna), and Sen. Eric Pratt (R-Prior Lake).

Automotive Repair Paint and Repair Materials Tax Treatment

HF677 – Rep. Ann Lenczewski (DFL-Bloomington)

SF552 – Sen. Rod Skoe (DFL-Clearbrook)

CH:143

Effective Date: Applies to purchases made after June 30, 2013

This bill changes the sales tax collection point for automotive repair paint and repair materials from the wholesale to the retail level.

Under current law, auto repair businesses must pay sales tax when they purchase paint and vehicle repair materials at wholesale, whether or not the supplies are sold to a customer. The

new law imposes the state general sales tax on the gross receipts from the retail sale of paint and materials.

Repair materials are defined as materials, other than paint or motor vehicle parts, that become part of a repaired vehicle or materials consumed during the repair of a vehicle, including abrasives, battery water, body filler or putty, bolts and nuts, brake fluid, buffing pads, chamois, cleaning compounds, degreasing compounds, glaze, grease, grinding discs, hydraulic jack oil, lubricants, masking tape, oxygen and acetylene, polishes, rags, razor blades, sandpaper, sanding discs, scuff pads, sealer, solder, solvents, stripping tape, tack cloth, thinner, waxes and welding rods.

Motor vehicle repair materials do not include items that are not used directly on the motor vehicle, such as floor dry that is used to clean the shop, or cleaning compounds and rags that are used to clean tools, equipment, or the shop and are not used to clean the motor vehicle.

In order for a repair shop to comply with the new tax treatment, it must either:

1. Separately state each item of paint and each item of materials, and the sales price of each, on the invoice to the purchaser; or
2. Use a method which estimates the amount of the paint and materials used in the repair by multiplying the number of labor hours by a rate of consideration for the paint and materials following industry standard practices that fairly calculate the gross receipts from the retail sale of the motor vehicle repair paint and materials. An industry standard practice fairly calculates the gross receipts if the sales price of the paint and materials used in the repair equals or exceeds the purchase price paid by the repair shop.

The customer invoice must either separately state “paint and materials” as a single taxable item, or separately state “paint” as a taxable item and “materials” as a taxable item.

MADA will publish further information on this provision as soon as the Minnesota Department of Revenue provides official guidance for the administration of this provision.

Rental Car Tax Increase

HF677 – Rep. Ann Lenczewski (DFL-Bloomington)

SF552 – Sen. Rod Skoe (DFL-Clearbrook)

CH:143

Effective Date: Applies to purchases made after June 30, 2013

This provision in the Omnibus Tax Bill increases the rental car tax in Minnesota from 6.2% to 9.2%. The 9.2% rental car tax applies in addition to the 6.875% general sales tax, 5% registration surcharge for rental car companies, and any other local taxes that may apply.

Local Option Wheelage Tax Increase and Expansion

HF1444 – Rep. Frank Hornstein (DFL-Minneapolis)

SF1173 – Sen. Scott Dibble (DFL-Minneapolis)

CH: 117

Effective Date: For counties which already have a wheelage tax and for those which will vote to levy one, the new rate will apply to vehicle registrations starting on or after January 1, 2014.

The legislature increased and expanded the authority of counties to impose a wheelage tax. Currently, the wheelage tax is set at \$5 and is available only in seven metro counties, of which five currently impose this tax (Ramsey and Hennepin do not). This bill, however, would increase the fee to \$10, until December 31, 2017. After January 1, 2018 counties will be able to increase the wheelage tax “up to \$20.” It also expands the taxing authority to all 87 Minnesota counties, without the need for a voter referendum.

The wheelage tax is levied annually on vehicle registrations and applied according to where the vehicle is kept, not where the vehicle is purchased.

Greater Minnesota County Authority to Impose ½ % Sales Tax and \$20 Motor Vehicle Excise Tax

HF1444 – Rep. Frank Hornstein (DFL-Minneapolis)

SF1173 – Sen. Scott Dibble (DFL-Minneapolis)

CH: 117

Effective Date: Immediately

All counties outside the seven county metro area may impose a transportation sales tax at a rate of up to one-half of one percent on retail sales and uses, and an excise tax of \$20 per motor vehicle sold within the county. Greater Minnesota counties have had the authority to impose these taxes for several years. However, they have been required to obtain voter approval. This year, the legislature removed the referendum requirement giving county boards the authority to impose these new sales taxes by resolution.

The effective date of the new taxes will depend upon when, and if, each county board votes to impose such a tax in its jurisdiction.

Sales Tax On Certain Repair Services

HF677 – Rep. Ann Lenczewski (DFL-Bloomington)

SF552 – Sen. Rod Skoe (DFL-Clearbrook)

CH: 143

Effective Date: Sales and purchases made after June 30, 2013

The legislature expanded the sales tax to two categories of repair services:

- Electronics repair; and
- Equipment repair.

The legislature did not extend the sales tax to automotive repair.

Electronics Repair

State and local sales tax will be imposed on repair or maintenance of electronic devices, computers and computer peripherals, monitors, computer terminals, storage devices, and CD-ROM drives; other office equipment such as photocopying machines, printers, and facsimile machines; televisions, stereos, sound systems, video or digital recorders and players; two-way radios and other communications equipment. Motor vehicle electronics repair was not included in the laundry list of newly-covered repair services.

Equipment Repair

The sales tax has been expanded to include repairing and maintaining commercial and industrial machinery and equipment. However, motor vehicles have been exempted and are not considered commercial or industrial machinery and equipment.

Warehousing and Storage Services Tax

HF677 – Rep. Ann Lenczewski (DFL-Bloomington)

SF552 – Sen. Rod Skoe (DFL-Clearbrook)

CH: 143

Effective Date: Sales and purchases made after March 31, 2014

The Legislature extended the sales tax to warehousing or storage services for tangible personal property. Storage of motor vehicles, recreational vehicles, and boats are exempt from the sales tax if such storage is not eligible to be deducted as a business expense.

This bill has met sharp criticism and many lawmakers have been openly skeptical of the supposed \$300 million it will raise. The delayed effective date (April 1, 2014) gives the legislature another chance to review the law before implementation.

Rochester and Olmsted County Authorized to Tax for Mayo Clinic Expansion

HF677 – Rep. Ann Lenczewski (DFL-Bloomington)

SF552 – Sen. Rod Skoe (DFL-Clearbrook)

CH:143

Effective Date: The taxing authority for the local jurisdictions becomes effective immediately.

The imposition of the new taxes will depend on when the Rochester City Council and the Olmsted County Board vote to impose the taxes.

Currently, Rochester has a ½ cent sales tax in place until the city's bonds are paid off. With this passage of this bill, the Rochester City Council may elect to extend the current tax until 2049, or impose an additional ¼ cent tax, also until 2049.

Additionally, Olmsted County may impose a ¼ cent transit tax. This will help to pay for the transit infrastructure related to public infrastructure projects related to the new Destination Medical Center at the Mayo Clinic.

Also, as part of the funding mechanisms authorized for infrastructure improvements for the Mayo Clinic expansion, Olmsted County may elect to impose its own wheelage tax. Olmsted County may impose a \$10 wheelage tax until 2018, then the tax could potentially be increased up to \$30.

Income Tax Increase

HF677 – Rep. Ann Lenczewski (DFL-Bloomington)

SF552 – Sen. Rod Skoe (DFL-Clearbrook)

CH:143

Effective Date: Taxable Years after December 31, 2012

A significant portion of the \$2.1 billion in new tax revenue will be generated by a hefty income tax increase on top earners. The state income tax rate for married couples, filing jointly, with taxable income over \$250,000 will increase to 9.85%. This rate will also now apply to unmarried filers at \$150,000 and unmarried heads of households over \$200,000.

Tax Increase on Collector Vehicles

HF1444 – Rep. Frank Hornstein (DFL-Minneapolis)

SF1173 – Sen. Scott Dibble (DFL-Minneapolis)

CH: 117

Effective Date: Applies to transfers which occur on or after July 1, 2013

The legislature increased the tax on collector vehicles and fire trucks from \$90 to \$150. This is in lieu of the 6.5% motor vehicle sales tax.

Tax Exemptions Limited When Vehicle Gifted

HF1444 – Rep. Frank Hornstein (DFL-Minneapolis)

SF1173 – Sen. Scott Dibble (DFL-Minneapolis)

CH: 117

Effective Date: Applies to transfers which occur on or after July 1, 2013

Under current law, the transfer of a motor vehicle between individuals is not charged sales tax if the transfer is a gift for no monetary or other consideration, or other expectation of

consideration. However, this broad exemption will soon change. The new law will limit this exemption to gift transfers between parents and a child; or grandparents and a grandchild, and spouses. Special exemptions remain for gifts involving foster children and certain guardian-ward transfers.

POLICY BILLS THAT PASSED

High-Value Vehicle Definition Change

HF1444 – Rep. Frank Hornstein (DFL-Minneapolis)

SF1173 – Sen. Scott Dibble (DFL-Minneapolis)

CH: 117

Effective Date: August 1, 2013

“High-value vehicles” are currently defined in Minnesota law as those older than 6 years old and with an actual cash value in excess of \$5,000 before being damaged. The legislature has adjusted this definition from \$5,000 to \$9,000 beginning on August 1. High-value vehicles are subject to a salvage title if they sustain more than 80% damage.

Scrap Metal Purchasing Regulation

HF1214 – Rep. Tim Mahoney (DFL-St. Paul)

SF934 – Sen. Chuck Wiger (DFL-Maplewood)

CH: 126

Effective Date: August 1, 2013

For several years the Ramsey County Attorney’s office has advocated for legislation to address the serious policy issue regarding stolen vehicles which are scrapped before the owner has time to report them as stolen. The legislation tightened regulation of scrap vehicle purchases by requiring more record keeping by scrap metal dealers and by requiring vehicle sellers to provide a title.

MADA's interest in this legislation however, stemmed from the language which would require those attempting to sell a vehicle for scrap to provide a clean title or proof of ownership for the vehicle.

MADA was able to negotiate language which would exempt scrap vehicles purchased from licensed motor vehicle dealers from these requirements.

Job Applications Must Not Ask About Criminal History

HF690 – Rep. Tim Mahoney (DFL-St. Paul)

SF523 – Sen. Bobby Joe Champion (DFL-Minneapolis)

CH: 61

Effective Date: January 1, 2014

Minnesota law will prohibit private employers from asking a question on a job application regarding whether an applicant has a criminal history. This bill will allow an employer to consider a potential employee's criminal history only after the applicant has been invited to interview for the job or after a conditional offer of employment is made. This bill ultimately passed after a compromise removed the cause of action against private employers. The original language in this bill permitted an individual the right to "bring a civil action to recover damages, plus reasonable attorney fees, and obtain injunctive or equitable relief," against a private employer. MADA worked with other business interests to achieve this success. Although the cause of action was removed, the bill still contains language which would punish a private employer with over 20 employees with penalties of up to \$500 for each violation, but not to exceed \$2,000 in a calendar month. This bill has been introduced several times over the years and MADA has expressed concern with this legislation in the past. Considering political realities this session, MADA was pleased that the bill's advocates worked with the business community on this compromise.

Payday Loans Using Motor Vehicle Title As Collateral

HF648 – Rep. Jim Davnie (DFL-Minneapolis)

SF818 – Sen. Bobby Joe Champion (DFL-Minneapolis)

CH: 40

Effective Date: August 1, 2013

Some payday lenders take a vehicle title as collateral for a loan instead of taking a post-dated check or a debit authorization. Then, if the borrower doesn't repay the loan on payday, the lender repossesses the car.

As originally introduced, this bill required any lender using a vehicle title to extend credit to be registered as an industrial loan and thrift company. MADA worked with the bill's authors and advocates to amend the bill to protect auto dealership interests by exempting dealership transactions from this regulation. The final bill only impacts certain pawn brokers that engage in these activities.

ATV No-Registration Weekend

HF976 – Rep. Jean Wagenius (DFL-Minneapolis)

SF818 – Sen. David Tomassoni (DFL-Chisholm)

CH: 114

Effective Date: Immediately

The State will designate one weekend each year when unregistered ATVs and nonresident ATVs without a state trail pass may be operated on state and grant-in-aid ATV trails.

ATV Age Requirement

HF976 – Rep. Jean Wagenius (DFL-Minneapolis)

SF818 – Sen. David Tomassoni (DFL-Chisholm)

CH: 114

Effective Date: August 1, 2013

This provision exempts those aged 12 to 15 from the requirement to have a driver's license to operate an all-terrain vehicle on the bank, slope, or ditch of a public road right-of-way if the person possesses a valid all-terrain vehicle safety certificate and is accompanied by a parent or legal guardian on a separate all-terrain vehicle.

Biofuel Blend Requirement Modification

HF976 – Rep. Jean Wagenius (DFL-Minneapolis)

SF818 – Sen. David Tomassoni (DFL-Chisholm)

CH: 114

Effective Date: August 1, 2013

There was a concerted effort this year at the legislature to push for a more diverse universe of biofuels to be allowed to be sold in Minnesota. State law currently requires all gasoline sold in Minnesota to be “E10,” which is a blend of 10% ethanol derived from corn and 90% gasoline. The new law allows for other biofuels to enter the market by allowing fuel blenders to use ethanol or other biofuels to satisfy the 10% blend requirement.

MADA was concerned that biofuel advocates would try to amend state law to increase the 10% mandate, which could adversely affect vehicle warranties. Ultimately, that did not happen.

Personal Sick Leave Benefits Expanded

HF658 – Rep. Rick Hansen (DFL-South St. Paul)

SF840 – Sen. Bobby Joe Champion (DFL-Minneapolis)

CH: 87

Effective Date: August 1, 2013

This bill expands an employee’s current right to use personal sick leave benefits to care for a sick child by also allowing earned sick leave benefits to be used for absences due to an illness of, or injury to, the employee's adult child, spouse, sibling, parent, grandparent, or stepparent.

Increased Campaign Contribution Limits

HF658 – Rep. Ryan Winkler (DFL-Golden Valley)

SF863 – Sen. Katie Seiben (DFL-Newport)

CH: 138

Effective Date: Immediately

This bill amends the contribution limits which can be made to Minnesota elected officials by political action committees. Current law permits contributions during an election year for state

legislators of \$500, and \$100 in a non-election year. This bill increases that limit to \$1,000 over the two-year cycle. The limits have also been increased in other state-wide races for Governor, Attorney General, Secretary of State, and Auditor. These election law changes will result in more demand for campaign contributions from MADA's CAR PAC.

This bill also partially repeals the long-standing gift ban by allowing interest groups and lobbyists to host legislators at receptions, meals, or meetings if an invitation was provided to all members of the legislature at least five days prior to the date of the event.

Constitutional Amendment Regarding Legislative Pay

HF1823 – Rep. Jason Metsa (DFL-Virginia)

SF533 – Sen. Kent Eken (DFL-Twin Valley)

CH: 124

Effective Date: Constitutional Amendment on the ballot in 2016

Lawmakers passed a Constitutional Amendment that will be on the ballot in 2016 giving voters the power to create a citizens' commission to establish lawmaker pay.

Although the Legislature considered giving themselves pay raises, that legislation was sidelined in favor of creating the citizens' commission.

BILLS THAT DID NOT PASS

Street Improvement Fees

HF745 – Rep. Ron Erhardt (DFL-Edina)

SF607 – Sen. Jim Carlson (DFL-Eagan)

MADA led a coalition of over two dozen organizations ranging from businesses to non-profits and faith communities in opposition to this bill authored by Transportation Policy Chairman Rep. Ron Erhardt (DFL-Edina) and Sen. Jim Carlson (DFL-Eagan).

The bill, as originally drafted, would allow a city to fund the cost of the following, by imposing a virtually unlimited fee on property owners to pay for:

“construction, reconstruction, facility upgrade involving: right-of-way acquisition; paving; curbs and gutters; bridges and culverts and their repair; milling; overlaying; drainage and storm sewers; excavation; base work; subgrade corrections; street lighting; traffic signals; signage; sidewalks; pavement markings; boulevard and easement restoration; impact mitigation; connection and reconnection of utilities; turn lanes; medians; street and alley returns; retaining walls; fences; lane additions; and fixed transit infrastructure, trails, or pathways”

The legislation is a clear end-run around requirements imposed on cities under the special assessment laws designed to protect property tax payers. Under this bill, there would be no requirement that the property owners who pay the street improvement fees actually benefit from the “improvements” that are funded by the fees. Cities would be free to draw the taxing district city-wide or in any shape, allowing them to impose the fee only on certain properties. The legislation also allows cities to organize tax rates in almost any way – allowing them to impose higher taxes on business property than on other classifications.

This proposal was approved by the full House of Representatives as part of the Omnibus House Tax Bill, while the Senate bill stalled and could not pass out of the Senate Tax Committee. This provision was stripped out of the final Omnibus Tax Bill during the Conference Committee.

The bill’s authors and League of Minnesota Cities lobbied aggressively for this bill to become law this year. Unfortunately, the bill was approved by more legislative committees than ever before. MADA expects this issue to be reconsidered during the 2014 legislative session.

MADA Franchise Law Clarification

HF774—Rep. Joe Atkins (DFL-Inver Grove Heights)

SF679—Sen. Jim Metzen (DFL-Mendota Heights)

MADA suffered a disappointing loss when the Senate Transportation Committee rejected efforts to prohibit manufacturers from selling directly to customers outside the franchised dealer system.

Tesla Motors lobbied for a special exemption to the MADA bill, and after a long debate, the Transportation Committee voted 8 to 7 to adopt Tesla's position allowing them to own and operate a factory store in Minnesota. The following Senators sided with Tesla and rejected MADA's efforts: Senator Scott Dibble (DFL – Minneapolis); Senator Susan Kent (DFL – Woodbury); Senator Jim Carlson (DFL – Eagan); Senator Mary Kiffmeyer (R – Big Lake); Senator Roger Reinert (DFL – Duluth); Senator Melissa Franzen (DFL – Edina); Senator Bobby Jo Champion (DFL – Minneapolis); Senator Torry Westrom (R – Elbow Lake).

Special thanks should go to Senator David Tomassoni (DFL – Chisholm), Senator Vicki Jenson (DFL -- Owatonna), Senator Eric Pratt (R – Prior Lake), and Senator Chuck Wiger (DFL—White Bear Lake) for their vocal support of MADA's position.

MADA will continue to pursue a stronger factory store prohibition law in 2014.

Sales Tax on Service Contracts and Warranties

HF931—Rep. Ron Erhardt (DFL-Edina)

SF891—Sen. Scott Dibble (DFL-Minneapolis)

This proposal would have imposed state and local sales taxes on the sale of service contracts and warranties. Sales contracts and warranties are currently not subject to the sales tax. Instead the tax is due in the service department when covered repairs are performed.

Although this provision did not become law this year, MADA expects the legislature to revisit this issue in 2014.

Increased Motor Vehicle Sales Tax from 6.5% to 6.875%

SF1173—Sen. Scott Dibble (DFL-Minneapolis)

Transportation Chairman Senator Scott Dibble, in an attempt to raise revenue to pay for transit projects, sought to raise the motor vehicle sales tax (MVST) from 6.5% to 6.875%.

MADA strongly opposed this tax increase. Minnesota's sales tax rate on motor vehicles is already significantly higher than other upper Midwestern states. Additionally, a tax increase is unnecessary since the state will realize more MVST revenue with considerably stronger auto sales.

Transportation spending advocates will continue to look for new revenue in 2014, and the prospect of increased motor vehicle taxes will again be in play.

Electric Vehicle Registration Fee Increase

HF1614 – Rep. Jason Metsa (DFL-Virginia)

This bill proposed an increase in electric vehicle registration tax per year by \$100 for electric vehicles. Currently roads, bridges, and other essential infrastructure projects are funded through the state's gas tax. Due to the lost gas tax revenue from electric cars this was an attempt by the state to recoup some of that money. This bill did not receive a hearing in the House.

General Sales Tax Rate Lowered

SF552—Sen. Rod Skoe (DFL-Clearbrook)

Both the Governor and Senate proposed, as part of general tax reform this session, to reduce the state's general sales tax rate. The Governor's original proposal would have reduced the rate from 6.875% to 5.5% while the Senate proposed reducing the rate to 6.0%. This reduction in the rate would be offset by extending the sales tax to more products and services, like auto repairs, haircuts, various food and clothing.

Advertising Tax and Other Business-to-Business Service Taxes

HF677—Rep. Ann Lenczewski (DFL-Bloomington)

The Governor and House proposed a tax on advertising services as well as other business-to-business services such as technology services, architectural, auctioneering, legal, accounting.

MADA estimated that this bill would have imposed more than \$10 million each year in new taxes on MADA members.

MADA testified against the advertising tax and other business-to-business taxes in committee and joined a coalition with other various concerned business groups against this proposal. Ultimately, the Governor announced that he would no longer seek revenue using this anti-business taxing method.

MADA expects the legislature to revisit some of these taxes again in 2014.

Tax on Auto Repair Labor

SF552—Sen. Rod Skoe (DFL-Clearbrook)

As part of the effort to extend the sales tax to consumer services, the legislature debated taxing auto repair labor. Ultimately, lawmakers decided that taxing auto repair was unnecessary.

MADA is opposed to this proposal and convinced legislators this is nothing more than a misery tax that is imposed on customers who have had the unfortunate circumstance to have their vehicle need repairs.

Auto Show Ticket Sales Tax

SF552—Sen. Rod Skoe (DFL-Clearbrook)

The legislature considered taxing admission to places of amusement, exhibitions, recreational areas, or professional athletic events. The Twin Cities Auto Show, which draws thousands of spectators each year, would have been subject to the sales tax under this proposal.

Tax Treatment of Rent-To-Own/Lease-To-Own Used Vehicles

HF677—Rep. Ann Lenczewski (DFL-Bloomington)

This bill proposed to change the sales tax collection timing on rent-to-own and lease-to-own used motor vehicle purchases by specifying that the sales tax is due on the amount of the down payment when the down payment is paid and on each periodic payment when a periodic payment is made.

Motor Vehicle Registration Tax Increases

HF931—Rep. Ron Erhardt (DFL-Edina)
SF-891—Sen. Scott Dibble (DFL-Minneapolis)

This proposal increased the motor vehicle registration tax from the current rate of \$10 plus 1.25% of the vehicle base value to \$20 plus 1.375% of the vehicle base value.

MADA opposed the increase rate because Minnesota drivers already pay more than drivers in all our surrounding states to register vehicles.

Upper Income Tax Surcharge

HF677 – Rep. Ann Lenczewski (DFL-Bloomington)
SF552 – Sen. Rod Skoe (DFL-Clearbrook)

The DFL sought to enact a temporary 4% surcharge on those with incomes over \$500,000. Although income tax rates were raised this year, the 4% surcharge was not adopted in the final plan.

Event Ticket Regulation

HF678—Rep. Deb Hilstrom (DFL-Brooklyn Center)
SF555—Sen. David Tomassani (DFL-Chisholm)

This bill has been introduced several times in the past few sessions. Its aim is to regulate the sales of tickets to concerts in the secondary market. This bill, as originally drafted, would have required ticket sellers, such as the Twin Cities Auto Show, to provide advance public notice of

its ticket policies, the total number of event tickets issued for the event, a complete list of the outlets at which public sale tickets will be made available, and other regulations.

MADA was concerned because the Auto Show, under the original language, would have been regulated under this bill. MADA worked with the bill's advocates to exempt the Twin Cities Auto Show from the requirements of the bill. Although the bill did not pass this year, it will likely be back next year.

Minimum Wage and Overtime Pay Requirements

HF92 –Rep. Ryan Winkler (DFL-Golden Valley)
SF3 –Sen. Chris Eaton (DFL-Brooklyn Park)

There was a robust attempt to raise the minimum wage this session. The Senate approved a minimum wage hike to \$7.75 an hour, while the House voted to raise the rate to \$9.50. The House and Senate ultimately could not agree on a wage rate before the end of session.

The bill also included a change to the state's overtime requirements. This amendment would have brought Minnesota's 48-hour overtime law into federal conformity, requiring overtime pay for all hours worked in excess of 40 hours per week.

Rep. Joe Atkins (Inver Grove Heights – DFL), offered an amendment on behalf of MADA that would have protected the exemption that currently applies to automotive mechanics, parts people and sales people. Under current law, these particular employees are entitled to overtime pay after 48 hours per week only if they are not paid on a commission or incentive basis. The Atkins amendment would have made the treatment of overtime for these particular automotive employees consistent with Federal law.

Federal law provides an exemption from overtime pay for automotive employees working in excess of 40 hours per week, no matter the method of their compensation. This amendment was included in the final House bill.

In addition to the wage and overtime changes, this bill also included language which would grant the option of unpaid leave from 6 to 12 weeks for an employee upon the birth or adoption of a child.

MADA expects a minimum wage increase to be a high priority for the DFL in 2014.

Sunday Liquor Sales

Amendment to HF746 (Atkins) by Rep. Tina Liebling (DFL-Rochester) Amendment to the amendment by Rep. Phyllis Kahn (DFL-Minneapolis)

A Sunday liquor sales amendment was offered to a larger liquor bill on the floor of the House of Representatives. This amendment would have allowed liquor stores to sell alcohol on Sundays and was defeated by a final vote of 106-21.

Rep. Phyllis Kahn offered an amendment to this amendment on the floor which would have required liquor stores to be closed one day per week. In this instance, however, each store could determine which day they would like to be closed. This amendment failed on a final vote of 122-5.

MADA monitors legislation pertaining to Sunday liquor sales since the legislation is a possible vehicle for amendments on Sunday auto sales. MADA expects to see this issue continue to be debated by the 2014 Legislature.

Consumer Fraud and Attorney Fees Bill

HF642—Rep. John Lesch (DFL-St. Paul) SF1223—Sen. Scott Dibble (DFL-Minneapolis)

MADA is part of the Minnesotans for Lawsuit Reform coalition with other business interests, which successfully defeated this bill this year. This bill would have potentially expanded the number of lawsuits filed alleging violations of Minnesota's Consumer Fraud Statutes by authorizing attorney's fees for individual violations of Consumer Fraud Statutes.

Such attorney's fees are allowed to be awarded under Minnesota's Private Attorney General Act, but a Minnesota Supreme Court decision ruled that such cases can proceed only if the suit is "in the public interest." This bill deems all such cases brought under the consumer fraud statute to be in the public interest, which would have greatly expanded tort claims against business and have the effect of discouraging settlement.

The bill failed to pass the Senate Commerce Committee, but full House approved the measure.

Event Data Recorder Privacy

HF723—Rep. Brian Johnson (R-Cambridge)

SF906—Sen. Sean Neinow (R-Cambridge)

As vehicles become more complex and technology becomes more invasive there are special legislative concerns regarding privacy in vehicles. This bill sought to clarify that event data that is recorded on an event data recorder—such as vehicle speed, break time, air bag deployment— is the personal data of the motor vehicle's owner and shall not be downloaded or retrieved by a person who is not the owner.

This bill provided certain exemptions for police and other law enforcement. MADA expects bills similar to this to become more prevalent in future legislative sessions.

Banning Discrimination Based on Unemployment Status

HF16—Rep. Joe Mullery (DFL-Minneapolis)

SF1445—Sen. Barb Goodwin (DFL-Columbia Heights)

This bill, which did not receive a hearing, was part of a series of bills relating to employee rights. It would have made it illegal for employers to refuse to consider an individual for employment because of that individual's status as unemployed. It would also have prohibited an employer from publishing an ad for a job which indicates that an individual's status as unemployed will be considered.

Penalties for Discrimination Based on Unemployment Status

HF120—Rep. Ryan Winkler (DFL-Golden Valley)

SF25—Sen. Scott Dibble (DFL-Minneapolis)

Similar to the bill described above, this legislation, which also did not receive a hearing, would have created penalties for discrimination against job candidates who are currently unemployed. This bill would have mandated that an employer who violates this section is subject to a civil penalty of not more than \$5,000 for the first violation and not more than \$10,000 for each subsequent violation.

Authorizing Use of Mini Trucks

HF138—Rep. Bud Nornes (R- Fergus Falls)
SF67—Sen. Bill Ingebrigtsen (R-Alexandria)

This bill would authorize the use of mini-trucks on state roads. Mini-trucks are controversial because some argue, including law enforcement and the Department of Vehicle Services, that they are not as safe as other on-road vehicles. Many consider these vehicles to be more similar to a golf cart than to a car or truck. This bill failed in committee.

**If you would like further information on any of the legislation contained in this report,
please contact MADA at 651-291-2400.**