



# 2009 Accomplishments

## *The Pawlenty Administration* *Fiscal Responsibility ♦ Accountable Government*

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### **Balanced Budget**

- Governor Pawlenty will use executive actions to balance the state's FY 2010-2011 budget by addressing the \$2.7 billion shortfall between spending passed by the legislature and revenues. The Governor's actions will ensure Minnesota's budget will be balanced without raising taxes and without a special session or government shutdown.
- Following the Governor's executive actions, overall state government general fund and federal stimulus spending will be \$33.1 billion, compared to \$34.4 billion in the current two-year budget period. That will be a reduction of 3.8% from the current budget to the upcoming budget.

“State government needs to live within its means, just like families and businesses do. We are not going to raise taxes in the worst recession in more than 60 years and we're not going to waste taxpayer money on a costly special session or a government shutdown.”

*Governor Tim Pawlenty*

### **Tax Relief**

- Minnesota tax law will now:
  - Allow combat pay to be counted as earned income for members of military so they may claim the earned income tax credit and working family credit.
  - Allow direct transfers up to \$100,000 from IRAs to charities by taxpayers 70½ and older without triggering tax consequences.
  - Allow various provisions related to depreciation and expensing for businesses to receive earlier tax reductions.
- A two-year property tax abatement of newly constructed residential structures for cities damaged by 2009 floods including Moorhead, Breckenridge, Dilworth, and East Grand Forks is enacted.
- Construction materials used to rebuild the North Star Foods plant in St. Charles are exempt from sales tax. The plant was destroyed by fire earlier this year.

- The Green Acres program is modified to address issues raised by last year's legislation. It includes a one-year penalty free withdrawal from the program for property owners.
- Local property taxes remain capped. Cities and counties continue to be limited to an increase of 3.9 percent, or the rate of inflation, whichever is lower, per year with allowances for special conditions such as population growth. Governor Pawlenty's property tax cap and related relief is projected to save taxpayers \$78.5 million in 2009 and \$460.5 million over the next three years.

## **Agriculture & Veterans**

The Agriculture and Veterans Omnibus Finance Bill provides \$91.5 million to the Minnesota Department of Agriculture, the Board of Animal Health, the Agricultural Utilization Research Institute, and the Departments of Veterans Affairs and Military Affairs.

### **Agriculture**

- Creation of the Agricultural Growth, Research and Innovation Program (AGRI) to provide grants and loans for emerging agricultural needs.
- \$9.6 million for agricultural marketing and development including Minnesota Grown promotion.
- \$24.4 million for bioenergy research and development, and value-added agriculture.
- \$400,000 for continued efforts to eradicate bovine TB in northwest Minnesota.

### **Veterans and Military**

- Fully funds the GI Bill education benefit for Minnesota's veterans at the Governor's recommended level.
- Veteran-owned small businesses will now receive a preference when bidding on most state agency contracts. Veterans will also receive a higher preference when applying for state employment by requiring the top 5 veteran applicants be granted an interview.
- A new Gold Star license plate is created for the surviving spouse or parent of a person who dies while serving honorably in active service. Gold Star family members will not pay a fee for the new plates.
- The Department of Veterans Affairs will work with veterans groups, local government officials, community groups, and the DNR to identify suitable locations for a state veterans cemetery in northeastern and southwestern Minnesota.

- Medal of Honor Day in Minnesota will now be celebrated March 25, the same as National Medal of Honor Day. More than 40 million Americans have served in combat and only 3,448 have received the Medal of Honor. Of the 3,448 individuals, 55 have Minnesota connections.
- Honoring All Vietnam Veterans Day in Minnesota will be June 13, 2009.

## **Disaster Relief**

- \$17.6 million for disaster relief and preparedness, including:
  - \$9.2 million for the state and local match for federal disaster assistance to individuals, state agencies, and other eligible applicants.
  - \$1.5 million to the Board of Water and Soil Resources for to leverage federal or other non-state money for local water management, emergency preparedness, or hazard mitigation plans.
  - \$500,000 to the Red River Basin Commission to develop a comprehensive plan to address flooding and related issues in the Red River watershed.
  - \$2.7 million to the Housing Finance Agency for the economic development and housing challenge program for the portion of northeastern Minnesota declared a federal disaster due to spring flooding.
  - \$2.7 million for the reconstruction and repair of trunk highways and bridges damaged due to recent flooding.
  - \$350,000 for the city of Hugo to pay for debris clearance and other disaster costs resulting from damage caused by the May 2008 tornado.
  - The St. Charles school district is eligible for declining pupil unit aid up to \$242,000 as a result of the April 2009 fire at North Star Foods.

## **Economic Development**

The Economic Development Omnibus bill provides \$262.6 million from the general fund to the Department of Employment and Economic Development, Department of Labor and Industry, Minnesota Housing, Iron Range Resources and Rehabilitation, and the Minnesota Historical Society. Among the provisions of the bill:

- Up to \$10 million is appropriated from the Minnesota 21<sup>st</sup> Century Fund to Iron Range Resources for a grant or forgivable loan to a manufacturer of windmill blades at a facility on the Iron Range.
- \$93.4 million for workforce development to the Minnesota Job Skills Partnership, Vocational Rehabilitation Program, and other programs.
- \$18 million for business and community development to Metropolitan Economic Development Association for continuing minority business development, contaminated site cleanup and development grants, BioBusiness Alliance of Minnesota for bioscience business development, and other projects.

- Owners of homesteaded property may postpone a mortgage foreclosure sheriff's sale for five months.

## **Environment and Natural Resources**

The Omnibus Environment, Natural Resources, Energy and Commerce Finance Bill provides \$357.9 million to the Department of Natural Resources, Pollution Control Agency, and the Department of Commerce. It also includes appropriations for the Board of Water & Soil Resources, Metropolitan Council for regional parks, Public Utilities Commission, Minnesota Zoo, Science Museum and the Minnesota Conservation Corps.

- Fully funds Minnesota state parks at the Governor's recommended level of \$8.7 million.
- The bill provides free entrance to state parks for disabled veterans.
- \$16.8 million for the snowmobile grants-in-aid program, a cost-sharing program for the development and maintenance of snowmobile trails. Another \$2.72 million will be used for the off-highway vehicle grant-in-aid program.
- Creation of the Green Enterprise Authority, a cooperative effort between the Department of Employment and Economic Development and the Department of Commerce to design programs to attract green jobs to the state.
- \$25.7 million is authorized from the Environment and Natural Resources Trust Fund to help maintain and enhance Minnesota's environment and natural resources. The funding is based on recommendations of the Legislative-Citizen Commission on Minnesota Resources
- \$87.3 million is authorized from constitutionally dedicated funds for outdoor heritage, clean water, parks and trails, and arts and cultural heritage purposes.

## **Health & Human Services**

The Omnibus Health and Human Services finance bill provides \$11.6 billion to the Department of Human Services and the Department of Health for operations and administering various programs. Among the provisions of the bill:

- \$6.5 billion for Medical Assistance coverage for low-income senior citizens, children and families, and people with disabilities, including \$787 million for Minnesota nursing homes and other long term care facilities
- \$877 million for MinnesotaCare, a federal-state program that provides subsidized health coverage to eligible Minnesotans. MinnesotaCare eligibility is also expanded and enrollment is expected to increase by 22,000 by 2013 to a total of just over 160,000 people.

- Reform of personal care assistance (PCA) services, including how care determinations are made and allowing certain family members to be reimbursed for PCA services. PCA assistants provide in-home services on a monthly basis to low-income Minnesotans who are elderly, disabled or mentally ill.

## **Higher Education**

The Omnibus Higher Education bill provides \$3.1 billion to University of Minnesota, the Minnesota State Colleges and Universities (MnSCU), and the Office of Higher Education. Among the provisions of the bill:

- \$1.4 billion for the University of Minnesota and \$1.3 billion for MnSCU.
- \$342 million for need-based financial aid, work study funds and assistance for college students needing child care for their children.
- \$16 million for the University of Minnesota/Mayo Genomics Partnership.
- Awards for the Achieve Scholarship program are increased and the academic requirements are made more rigorous. The program was proposed and signed into law by Governor Pawlenty in 2007 and provides Minnesota high school graduates who complete a rigorous set of courses in high school and meet some income requirements with a scholarship their first year in college.

## **K-12 Education**

The Omnibus K-12 Education bill provides \$13.9 billion to local school districts and the Department of Education. Among the provisions of the bill:

- Charter school accountability reform is enacted including new board of director standards, new accountability standards for authorizers, and the reduction of a charter school's state aid for certain violations of law.
- School districts will now have greater flexibility to create site governed schools, allowing for more innovative education strategies. A nine-member Innovative School Advisory Council will be appointed by the commissioner of education to advise the commissioner.
- An additional \$750,000 for Math & Science Teacher Academies. Governor Pawlenty proposed and the legislature approved \$3 million for the creation of regional Math & Science Teacher Academies in 2007. The academies provide professional development and training opportunities for elementary, middle school and secondary teachers in math and science curriculum, standards and instruction.

- Implements the Department of Education “growth model,” a tool to measure students’ progress toward academic success.

## **Public Safety**

The Omnibus Public Safety bill provides \$1.8 billion from the general fund to the Department of Public Safety, Department of Corrections, the courts, and other entities.

- Anyone traveling in a passenger or commercial vehicle is now required to wear a seat belt. Failure to do so is now a “primary offense,” which allows citations to be issued based solely on a seat belt violation. Traffic crashes are the leading cause of death in Minnesotans age 34 and younger. Minnesota’s goal is to reach 95 percent seat belt compliance from the current level of 87 percent.
- Drivers of vehicles equipped with seat belts are now required to use child passenger restraints (booster seats) for children who are under the age of eight and shorter than four feet nine inches.
- DWI ignition interlock devices will now be used statewide. Based on a pilot project in Hennepin and Beltrami counties, judges will be able to order an ignition interlock device for the vehicle of a repeat non-felony DWI offender.
- Brandon’s Law, unanimously passed the House and Senate and signed by Governor Pawlenty, expands the Missing Children’s program to include adults who are missing and endangered. The bill makes specific changes to the handling of missing person cases by law enforcement agencies. Brandon’s Law is named for Brandon Swanson, a 19-year old man who went missing last fall in the Marshall, Minnesota area and remains unaccounted for.
- Sex offenders housed in assisted living facilities known as “housing with services” must now register with the offender registry program.
- Laws related to criminal sexual conduct are strengthened by requiring victims to be informed of how to get a protective order against their abusers.
- Predatory offenders placed on supervised release are prohibited from accessing social networking websites, such as Facebook and MySpace, or instant messaging/chat rooms. The Department of Corrections may now conduct unannounced searches of computer/electronic devices used by offenders on supervised release.
- The prohibition of electronic solicitation of children is expanded to include cases where an offender uses an electronic communication system telecommunications wire, radio communication system or other electronic devices.
- Grants to local units of government for transitioning to the ARMER Radio Communication System and filling interoperable communication gaps.

- Funding a Next Generation 911 Network capable of receiving text messages, photos, video, and other public safety data.
- Repealed the short-term offender classification to alleviate the burden on local units of government. Short-term offenders will now be kept at Department of Corrections facilities.
- The first Sunday in October is designated as Fallen Firefighters Memorial Day in honor of firefighters who have lost their lives in the line of duty.
- Human trafficking laws are strengthened, including increased penalties for prostitution-related crimes.

## **Transportation**

The Transportation Finance Omnibus bill provides \$4.28 billion to the Department of Transportation, Metropolitan Council, and the Department of Public Safety. Among the provisions of the bill:

- Fully funds the Minnesota State Patrol at the Governor's recommended level of \$143 million for the two-year budget period.
- Authorizes \$40 million in trunk highway bonds to promote economic development by constructing interchanges and matching federal aid.
- MnDOT is designated as the primary agency for passenger rail efforts in Minnesota.
- Metropolitan area transit funding and new services provided through the Urban Partnership Agreement beginning in December 2009.
- An increase of \$2.5 million in Greater Minnesota transit funding for 2009.
- Creation of an endowment account for maintenance and, if necessary, demolition of the Stillwater Lift Bridge.
- Provides free transit service for disabled veterans.
- Creates a MnDOT grant program for local governments to replace or repair fracture-critical bridges.
- Increased funding for the Office of Pupil Safety to improve school bus enforcement efforts.

## **Other 2009 Accomplishments**

- \$10 million from the Renewable Development Account will fund activities at the University of Minnesota's Initiative for Renewable Energy and the Environment.
- Laws pertaining to the prosecution of persons who financially exploit vulnerable adults are strengthened.
- The Uniform Adult Guardianship and Protective Proceedings Jurisdiction Act establishes procedures and standards for guardianship, protective order proceedings, and appointments from outside of Minnesota.
- The Insurable Interest Act prohibits stranger originated life insurance (STOLI), complex transactions involving large amounts of life insurance that are disguised to look like legitimate purchases. The law preserves the ability of every consumer to sell a legitimately purchased policy.
- Event tickets can no longer be sold for more than face value until all tickets have been available to the general public at face value for at least 10 days.
- Payday lending regulation is strengthened by requiring lenders to provide the borrower with a copy of the loan agreement, abide by the same debt collection laws as professional debt collectors, report their transactions to the Department of Commerce, and by making a lender who violates this law liable for damages to the borrower.
- Baby bottles and sippy cups containing biphenyl-A (BPA) are now banned in the state. BPA, according to some research, acts as a hormone and affects the natural flow of chemicals in the body.
- The State Board of Investment must divest itself of certain investments relating to Iran.
- Ice hockey is now the official sport of the State of Minnesota.



## 2009 Capital Investment Highlights

### *The Pawlenty Administration* ◆ *Building and Preserving Minnesota* ◆

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## **\$210.4 million General Obligation Bonding**

### **Higher Education**

#### **University of Minnesota:**

- \$25 million for higher education asset preservation and replacement (HEAPR).
- \$2.15 million for the National Solar Rating and Certification Laboratory.
- \$350,000 for the West Central Research and Outreach Center, Morris for a solar thermal and photovoltaic systems demonstration project.

#### **Minnesota State Colleges and Universities system including:**

- \$40 million for higher education asset preservation and replacement (HEAPR) to maintain MnSCU facilities across the state.

### **Environment and Outdoors**

- \$53 million for flood hazard mitigation grants across the state including \$12 million for a project in Oakport Township near Moorhead.
- \$1 million for statewide asset preservation and renovation of state-owned facilities.
- \$500,000 to the Board of Water and Soil Resources for the RIM Conservation Reserve.

### **Economic Development**

- \$35 million to the Rural Finance Authority to purchase participation interests in or to make direct agricultural loans to farmers.
- \$750,000 to St. Louis County for a public water and sewer project from Chisholm to the regional competition and exhibit center.
- \$5 million to Olmsted County to design and construct approximately 1.25 miles of a new steam pipeline from the Olmsted Waste-to-Energy Facility to the Rochester Community and Technical College Campus.

## **State Building Asset Preservation**

- \$4 million for capital improvements at Minnesota correctional facilities.
- \$3 million for asset preservation and improvement at the Minnesota Zoo.
- \$2.2 million to the Minnesota Historical Society for capital improvements at state historic sites.
- \$2 million for asset preservation improvements at Department of Human Services facilities including a boiler system for the Minnesota Sex Offender Program at Moose Lake and capital improvements at the St. Peter Regional Treatment Center.
- \$2 million to finance the rehabilitation of public housing.
- \$1 million for asset preservation at the National Sports Center in Blaine.

## **Veterans and Military**

- \$3.6 million for asset preservation of military facilities around the state including National Guard Training and Community Centers at Hastings, Hutchinson, Red Wing, Winona, Bemidji, Brainerd, Duluth, Inver Grove Heights, Jackson, Northeast Minneapolis, Rosemount, and St. Peter.
- \$1.5 million for veterans cemeteries including up to \$500,000 to acquire land located in Redwood County and northeastern Minnesota for new veterans cemeteries.
- \$1 million to the Department of Veterans Affairs for asset preservation and improvements including projects at the Minneapolis Veterans Home and Hastings Veterans Home.

## **Transportation**

- \$26 million for capital improvements for intercity passenger rail projects.
- \$21 million to the Metropolitan Council for the Transit Capital Improvement Program including \$8.5 million for the state's final share of costs related to the Central Corridor light rail line.
- \$10 million for local bridge replacement and rehabilitation.
- \$4.9 million to the city of Duluth to construct the first phase of the new terminal facilities at the Duluth International Airport.
- \$4 million for the Minnesota Valley Regional Railroad Authority to rehabilitate up to 95 miles of railroad track from Norwood-Young America to Hanley Falls.
- \$3 million for port development assistance.
- \$2 million for an aircraft surveillance facility in Alexandria.
- \$1.7 million to the city of Bigfork to extend and reconstruct a runway.
- \$1 million to the city of Minneapolis to better the Veterans of World War I Victory Memorial Parkway portion of the Grand Rounds Scenic Byway.
- \$600,000 to the city of Minneapolis to acquire land and design a bridge for St. Anthony Parkway over the Northtown Rail Yard.