

# Governor Dayton's 2018-2019 Proposed Budget

An Opportunity Agenda for a Better Minnesota

Breakdown: TOTAL Investments: \$45.833 billion



## KEY PRIORITIES

### **\$350 MILLION IMMEDIATE RELIEF**

The legislature and Governor Dayton already have delivered \$350 million in financial relief to Minnesotans:

- \$21 million in federal tax conformity that will help teachers, students, homeowners, businesses and other taxpayers was approved on January 12.
- \$327 million for a 25% Health Insurance Premium Subsidy was approved on January 26. This relief should be available by April to Minnesotans dealing with high premium increases.

### **JOBS**

- Restored funding to the **Minnesota Investment Fund** and **Job Creation Fund**, undoing cuts made to the programs in 2016. From 2013-2017, more than \$1 billion in private investments were leveraged with these funds, creating thousands of Minnesota jobs.
- \$10 million one-time appropriation for the **Angel Investment Tax Credit** to help start-ups and new high-tech businesses in Minnesota
- \$5.2 million to **reduce licensing fees** paid by contractors, electricians, plumbers, etc.

### **EDUCATION**

- \$609 million investment into our kids and classrooms from birth through 12<sup>th</sup> grade
- 2%/year increase on the funding formula, or an **additional \$120 per student, per year**
- \$75 million to expand **voluntary public Pre-K programs** for 6,000 more four-year-olds
- \$40 million to maintain **special education programs**
- \$20 million to expand **debt service equalization** to 21 districts and increase aid for 38 others, helping more schools provide quality facilities to students

### **ENVIRONMENT & OUTDOOR HERITAGE**

- **\$477 million for water initiatives** (\$214 million from the General Fund), including \$5 million for wetland road replacement, \$167 million for water infrastructure improvements, and \$30 million for the Conservation Reserve Easement Program (CREP)
- **Fee increases** to sustain and improve current state resources. License increases include: Fishing (\$3); hunting (\$4); state parks (\$1 daily, \$5 annual); snowmobile (\$30 3-year reg.); cross country ski (\$2 daily; \$5 annual); ATV (\$15 3-year reg.); watercraft (\$2 to \$60, depending on boat length).

### **HIGHER EDUCATION**

- \$96.8 million to the **University of Minnesota**: \$68.2 million for core mission support to fund operating cost increases
- \$150 million to **Minnesota State** system: \$125 million for operating costs, and \$25 million to replace an old enterprise data system
- \$62 million invested in the **State Grant program**

### **HEALTH AND HUMAN SERVICES**

- Already approved: \$312 million for **Health Insurance Premium Subsidies**
- \$12.9 million to provide **MinnesotaCare as a public option** to improve affordable, quality insurance options for all Minnesotans purchasing on the individual market
- **Repealing the 2019 sunset of the 2% provider tax**, which funds the Health Care Access Fund
- \$73.5 million invested into the **Child Care Assistance Program (CCAP)** to reduce the waiting list and improve quality early childhood support to more families

- \$25.4 million for improved **security hospital staffing in St. Peter**
- \$19.6 million for **Child Protection improvements**

## PUBLIC SAFETY

- \$3.77 million for **restrictive housing reform (solitary confinement)**
- \$4.1 million to replace the outdated **Predatory Offender Registry** system
- \$20 million to replenish the **Disaster Assistance Contingency Account** that assists communities affected by floods, storms and other disasters

## STATE GOVERNMENT

- Various **state agency operating budgets**. This is not an across-the-board increase as proposed in 2015, but specific to individual agency justified needs.
- \$26.9 million for **Cybersecurity Defense improvements** through all state systems
- \$9 million for direct state aid to the **Public Employee Retirement Association Police & Fire** plan

## TAXES

- Already approved: \$21 million in federal tax conformity for Tax Years 2015 and 2016
- \$99 million investment in the **Working Family Tax Credit** to expand or increase the credit for 372,000 low- and middle-income working Minnesotans
- \$61 million to expand or increase **Dependent Care Tax Credits** to 95,000 families
- \$20 million/year increase in **Local Government Aid** and \$10 million/year increase in **County Aid**
- \$34 million in property tax relief for farmers through the **Agricultural School Bond Tax Credit**, providing a state-paid tax credit worth 40% of property taxes attributable to school bond levies, and \$18.19 million for expanded Debt Service Equalization Aid
- About \$109 million in new revenue including: corporate tax loophole closures, railroad property tax changes, and tobacco tax changes

## TRANSPORTATION

- Largely the **same comprehensive proposal from 2016**: 6.5% wholesale gross receipts tax, increased vehicle registration rates from 1.25% to 1.5%, \$2 billion in trunk highway bonds over 10 years, MnDOT efficiencies, and a half-cent regional transit sales tax
- \$32.5 million a year for 10 years spent to **improve highway-rail grade crossings**, raised through a new assessment on Class 1 railroads operating in the state, and \$1.47 million for six new **Rail Safety Inspectors**
- \$50.75 million from the Trunk Highway Fund to provide a full complement of snow plow truck operators

## VETERANS

- \$2 million for agency-wide improvements of the state's **veterans' homes and cemeteries**
- Expanded **free hunting and fishing licenses** to 22,800 (up from 6,800) disabled veterans
- \$2.6 million to increase the **Past Military Service Tax Credit** from \$750 to \$1,000 and expand it to 1,500 more veterans

## RURAL INITIATIVES

- \$6 million for a new **Buffer Compensation Program** for 53,000 landowners enrolled in the buffer strips program, and \$10 million in state aid to counties to administer the program
- \$34 million in property tax relief for farmers through the **Agricultural School Bond Tax Credit**, providing a state-paid tax credit worth 40% of property taxes attributable to school bond levies
- \$30 million a year for the **Border-to-Border Broadband Program** to link more Minnesota businesses, schools and farms with the technology they need to compete and succeed
- A **comprehensive transportation package to fix failing roads and bridges** across the state – the *only* plan that addresses the \$6 billion funding gap over the next 10 years without jeopardizing other state priorities