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# Capitol Link

## Governor Signs Budget Bills...Some With Conditions

Minnesota Governor Mark Dayton signed all 10 budget bills, but that doesn't end the 2017 Legislative Session.

The following are some issues at the top of ICBM's priority list:

### Historic Farmer-Lender Mediation Amendments Become Law

For the first time in 30 years, substantial changes to the Farmer-Lender Mandatory Mediation Act have finally passed into law. Governor Dayton signed into law House File 1545 (HF1545), State Chapter 88, the Omnibus Agriculture Finance Bill, May 30, 2017 without conditions.

Included in that bill are seven significant changes to the program that will save ag lenders time and money. One change clarifies current law so lenders know that if they have gone through mediation with a farmer, that lender is not required to offer mediation to that same farmer again until two years have passed after the date of the signed mediation settlement. This is already in law, but is written so ambiguously that some lenders have gone through mediation a second time in two years to avoid the possibility of the farmer taking legal action.

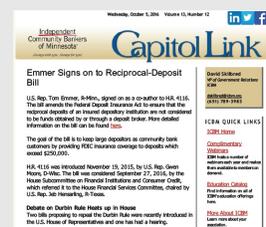
Another change raises the ag debt amount from \$5,000 to \$15,000 before lenders must offer mediation. ICBM preferred a larger increase, but doing so would have likely triggered a veto. Farmers wanted the amount to remain at \$5,000. These changes become effective August 1, 2017 and apply to debt initiated on or after that date. For details on other changes, see ICBM's May 22 *CapitolLink*.

Amending this Act has been a high ICBM priority for years. Passing legislation in 2016 to create a task force to review this law and make recommendations for change to the State Legislature was the key. Those recommendations, with the exception of one, became part of the 2017 proposed legislation. Having these recommendations backed by a task force comprised of all interested parties is what made the difference. Rep. Paul Anderson, R-Starbuck, was ICBM's champion and deserves great praise and support. Scott Wakefield was ICBM's appointee to the task force and did an excellent job on behalf of ICBM members! When you get the chance, show your appreciation to these two key players.

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## Governor Ties Tax Bill and State Government Funding Bill Together

Governor Dayton signed the Tax Bill passed in special session and the bill that funds state government (State Government Finance Bill). However, he line-item vetoed all funding designated for the House and Senate contained in the State Government Finance Bill. Leaders of both bodies estimate they will run out of funding to pay the salaries of legislators, staff, and other expenses soon.

Governor Dayton took this action because Republican leaders added language to the State Government Finance Bill that required the Governor to sign the Tax Bill, or all funding for the Minnesota Department of Revenue would be eliminated.

Governor Dayton's May 30 letter states he will call a second special session, reinstate funding for the House and Senate, but only if legislative leaders agree to make five changes in the tax bill. Two of those are among ICBM's top priorities for 2017.

First, Governor Dayton wants to cancel the language which raises the estate tax exclusion to \$3 million by 2020. In his letter, he objects to the cost of \$109 million from fiscal years 2018-2020 and that it benefits so few people when the funding could help so many more. Second, although he supports excluding the first \$100,000 of value from the state's general property tax levy on businesses, he opposes language which freezes the levy at the 2018 amount, stating that provision costs the state \$85 million in fiscal years 2020-2021 and over the next 10 years, over \$1 billion.

Governor Dayton's letter ends by recalling the fact that when he became Governor in January 2011, the state faced a large, projected deficit. Since then, he says the actions taken have restored Minnesota's fiscal integrity. In a very forcefully-worded statement, he justifies his proposed changes to the Tax Bill by stating he will "not permit those tax provisions to become law and decimate our future financial solvency."

What happens next is unknown.

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