

Legislative Newsletter

March 26, 2021



Senate Study Bill 1253 (now renumbered as Senate File 587) is the tax changes bill. It is important to note that while this bill passed a subcommittee on Wednesday morning, it is intended to be a starting point for a discussion on these matters and will be subject to change. The House also seems to have little interest in this particular bill. It is expected to be debated this week although it is not on the Senate debate calendar for Monday. Among its highlights are the following.

Mental Health Funding: The bill creates an MH/DS regional services fund and establishes a new funding formula and creates a risk pool. A total of \$125 million will be put into mental health funding, with \$120 million from a combination of reduced levy and state funds, which would be disbursed on a per capita basis among the regions; the remaining \$5 million is for a risk pool for the regions to apply for in the event of financial struggles or shortfalls.

However, counties would be required immediately to deposit any reserve funds into a fund pool with the regional administrator in complete control of risk pool allotments. This is troublesome because for the first two years, that reserve would include property tax levy dollars being allotted by a non-elected official. The other issue is the regional administrators are not regional employees; if all the reserves are pooled, there is no way to pay the county employees. Some funds have to be left at the county level to pay county employees and expenses.

Backfill: The backfill would be eliminated over a six-year period, and a new formula would be established for fiscal years 2023-2028.

SSB 1253 would strike the triggers requirements before the 2018 income tax changes take effect, and makes changes to calculating corporate income tax.

Forest Reserve: In terms of the forest reservation, this bill would require a person be “actively” involved in managing a forest reservation in order to qualify for the forest/fruit tree property tax credit; however, “actively” is not defined – the Department of Natural Resources would be required to determine what constitutes “active management” and to adopt rules; finally, the DNR would have broad discretion in making such a determination. The credit would be limited to five years despite that current preserves were created with a statutory permanent guarantee which is problematic.

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This bill has passed a full Senate Ways and Means Committee (10-5), although it is already a funnel-proofed bill due to its committee assignment as a tax bill.

Access centers (Senate File 526, formerly SSB 1234) has been given a strike-after amendment, essentially taking out everything from the previous bill. The bill would now establish a \$2.1 million fund at the Department of Human Services, with the purpose of regions applying to expand and increase crisis services.

House File 756, the contentious weapons bill, passed the Senate Monday night after some debate. This bill, in essence, would get rid of mandated firearm permits. A gun owner may still obtain a permit from their county sheriff, but would not be required to. A federally licensed firearms dealer must perform a background check on an individual who seeks to purchase without a permit (one background check per firearm purchased). However, a potential loophole is created when it comes to unlicensed firearm dealers. These dealers legally do not have to perform background checks on purchases unless such a dealer chooses to.

This bill has received even more contention after it passed the Senate on party lines (31-17) and will be sent to the Governor. She is expected to sign it.

Signed by the Governor this week:

Senate File 307: autopsy matters (House: unanimous; Senate: unanimous).

This week in the House, the chamber debated and passed the following bills:

House File 419: This bill allows counties to charge a convenience fee of up to \$10 for issuing or renewing a driver's license for a person who is not a resident of the county, unless the person can show proof that they pay property taxes in the county. An amendment to include the spouse of a landowner, allows for verbal confirmation of landowner status and requires provisions regarding the landowner status to be construed narrowly in favor of the nonresident was adopted. This bill had overwhelming bipartisan support 89-7 and now goes to the Senate.

House File 728 would prohibit counties from imposing a fine on a person for failing to comply with rules from the county sanitarian on pumping septic systems. This bill passed the House 83-13 and now goes to the Senate.

House File 837: This bill allows the governing board of the County Land Record Information System to collect fees up to \$3 per document. An amendment to re-write outdated provisions on collecting

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fees for recording transactions to set the fee at \$1, to be used to help maintain an internet site and for the costs of redacting documents, and requirements on the use of excess fees to reduce fees charged by the County Land Record Information System was adopted. The bill passed the House unanimously and now goes to the Senate.

In Committee work, the House State Government Committee voted to approve **Senate File 531** (emergency election powers; passed 13-8).

Successor Bills and Introduced Bills:

House File 762 is now **House File 846** – ATV and snowmobile title fees.

House Study Bill 194 is now **House File 849** – TIF revenues.

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