



## **UPPER MIDWEST CHAPTER OF CMAA**

Tuesday, March 20, 2018      Edina Country Club

**Dan McElroy, Minnesota Restaurant Association Executive Vice President** – Minnesota Restaurant Association

The 2018 legislative session is in 'full swing' and is maintaining an aggressive schedule set by the House and Senate leadership. Mandatory adjournment is on May 21st this year.

### **Resolution to Legislature Funding**

The House and Senate swiftly approved a two-page bill unlocking \$130 million to pay for salaries, staff, rent and other costs needed to run the Legislature through mid-2019. Governor Mark Dayton had wiped out two years of funding for the House and Senate with a "line item veto" last May. Dayton has now signed the new funding bill into law. The long running dispute over provisions in the 2017 tax bill and the controversial veto has now been resolved.

### **Improved State Economic Forecast**

The State Economist and the Department of Management and Budget (MMB) provide an updated forecast of tax revenues and state expenses twice each year, in February and November. The November 2017 forecast predicted a deficit in the state general fund of about \$188 million at the end of the two-year budget period on June 30, 2019. Dr. Laura Kalambokidis and MMB Commissioner Myron Franz provided the biannual update on February 28. The new forecast predicts a positive balance of \$329 million at the end of the biennium. This is a positive change of about \$500 million in a context of a biannual general fund budget of \$46 billion. The forecast surplus of \$329 million is the maximum amount of new spending or tax reductions that the Legislature and the Governor can enact for the balance of the biennium.

### **Daylight Savings Time and Liquor Closing**

Clocks need to be moved ahead one hour on March 11 at 2:00 a.m., which is Sunday morning but will feel like Saturday night for most of us. We will get our hour back on the first Sunday in November, which is the 4th in 2018. Please note: This will not affect closing time for liquor service for those with 2:00 a.m. licenses but it will mean the clock will read 3:00 a.m. right after closing.

### **Misrepresentation of Service Animals**

Our thanks to Sen. Justin Eichorn (R-Grand Rapids) and Rep. Steve Green (R-Fosston) for authoring SF 2646 and HF 3157. The legislation makes it an offense to misrepresent a service animal or a service

animal in training. These bills are supported by a large coalition that includes your association, other business groups, the Minnesota Council on Disabilities and others. We're excited to note that the bills will be heard in both Senate and House committees tomorrow. Good news!

### **Uncovered Employment for J-1 Visa Student Workers**

The Unemployment Insurance Advisory Commission's policy bill includes a provision to classify work performed by international student workers who are here under the J-1 visa program as "uncovered employment." This bill exempts wages paid to these students from the state unemployment insurance tax. The terms of the federal program do not allow J-1 student workers to collect unemployment benefits. The Federal Unemployment Tax program (FUTA) and many states already classify work under the program as exempt from the UI tax. If this provision is passed into law it will be effective for wages paid after a date to be specified in the act.

### **New Fact Sheet on Parking**

A new fact sheet from the Minnesota Department of Revenue clarifies the parking services that are subject to state and local sales taxes. The rules are extremely broad! It is interesting, however, that bicycle parking is exempt. Some items of interest... these services are taxable:

- Valet parking
- Hourly or monthly parking
- Fees paid by a hospitality business for guest parking off-site. If you pay a church \$200 per month to allow your guests to park there, the amount is taxable
- Validated parking fees paid to an outside lot or vendor

### **Tax Reform Information**

The IRS has added a helpful page to their website with information on the Tax Cuts and Jobs Act of 2017. The new page includes FAQ documents on a number of topics, updated withholding tables, a useful calculator for employees to test whether they are having enough withheld to avoid owing additional taxes and other information about the new law. The site isn't a substitute for tax advice from a professional, but it may help answer some questions.