

March 5, 2010

**TO: MAFMIC BOARD OF DIRECTORS, GOVERNMENT AFFAIRS
COMMITTEE AND MANAGERS**

FR: MARCUS MARSH, GOVERNMENT AFFAIRS MANAGER

RE: WEEKLY LEGISLATIVE REPORT

The week continued to be fast paced and tense starting on Monday with the House upholding the Governor's veto of the GAMC Bill (General Assistance Medical Care).

The new budget forecast released this week shows a \$994 million dollar shortfall for the two year state budget compared to the previous forecast of \$1.2 billion dollars.

New tax increase proposals were a big topic at the Capitol this week with Gubernatorial Candidate and Senator Tom Bakk (D-Cook) proposing that the sales tax be added to clothing which raises about \$300 million dollars per year.

In Senate Commerce Committee Senator Linda Berglin's (D-Minneapolis) bill S.F. 2338 was heard, which puts a 5 cents per bag tax on grocery stores and retail outlets. The customer would pay the tax on each bag that is used. According to testimony this tax would raise about \$120 million dollars per year. Senator Berglin added an amendment to exempt city, county and state government from this proposed law as well as non-profit organizations. The bill was passed and sent to the Senate Tax Committee.

S.F. 1886 (Storm Chasers Bill) that I wrote about last week had the House companion bill H.F. 2060 with Representative Phil Sterner (D-Rosemount) Chief Author heard in the House Commerce Committee on Tuesday. The bill passed and was sent to the House Floor. With the quick action by both House and Senate Commerce Committees our hope is this bill will be on the Governor's desk soon.

The House Commerce Committee also heard H.F. 3052 which is a bill that puts some regulation in place of what is termed "nonrecourse civil litigation funding". The Chief Author Jim Abeler (R-Anoka) states all he wants is to regulate what is currently happening in Minnesota, which is lending companies providing funds to a person who has litigation pending against an insurance company. The lending company charges 2 to 4 percent interest per month compounded which at the 4 per cent per month rate will be over 50% per year. There are numerous questions with this bill such as will regulation legitimize this practice and increase lawsuits? Should this be outlawed all together? Or do these lenders really provide some needed funds for people, all be it at obscene lending rates? We met with the lobbyist for these lenders and the lenders themselves (myself, Bob Johnson and Mark Kulda IFM and Mike Hickey NFIB) and got some major

concessions including strong enforcement provisions with the Department of Commerce and specific language that these funds could not be used to pay for litigation costs related the underlying legal claim. The bill passed and was sent to the House Civil Justice Committee. The lenders pushing this bill have formed an association and are calling their new group the American Legal Finance Association.

Senator (and trial lawyer) Mary Olson (D-Bemidji) is pushing very hard to have her bill S.F. 2768 heard which bans all credit information for property and casualty insurance, auto insurance and health insurance underwriting. Senator Olson has been pushing leadership to help her get a hearing on this bill.

The House and Senate have not formally passed committee deadlines but it appears the deadlines will be March 12th to have bills out of a policy committee in either the House or the Senate. March 19th to have bills out of all policy committees in both the House and Senate and March 29 is the deadline for finance committees. In spite of these deadlines bills continue to be introduced in both bodies at a high rate.

Remember to get your registration forms in for the 2010 Congressional Contact Program (CCP) taking place **MAY 19 and 20**.