



Capitol Watch

Legislative Update From the Minnesota Grocers Association

Date: March 6, 2025

To: Andrew Fleming, ACOSTA - Sales & Marketing

This Week

The Minnesota House is about a month into its power-sharing agreement, and the lack of a legislative majority is proving to be a significant challenge in moving any legislation forward. Republicans find themselves in a unique position where they control committee agendas and have enough votes in those committees to approve bills, but they lack the 68 votes needed to pass legislation on the House floor. Over the past few weeks, Republicans have brought forward several priority bills for debate, including measures to ban transgender athletes from competing in girls' and women's sports, limit the governor's peacetime emergency powers, and eliminate the state's current duty to retreat before using reasonable force in self-defense. All of these have stalled at 67-66 party-line votes.

Next week is expected to be the final week that Republicans hold their one-seat majority. The special election for District 40B (which covers much of Roseville) is scheduled for March 11. This district leans DFL (+30 DFL in the November election that was later vacated), and its outcome will likely result in a 67-67 tie in the Chamber. After that, committees will be co-chaired by Republicans and Democrats, with membership evenly split, likely leading to even fewer bills advancing.

The Senate appears focused on committee work, rather than debating and voting on legislation that likely won't advance in the stalled House. They've only debated a few bills on the Senate floor so far. It looks like we're headed toward another year of compressed end-of-session negotiations, with most decisions being made behind closed doors by legislative leaders.

Budget Forecast Updated

Today, Minnesota Management and Budget (MMB) released the state's February forecast. This forecast gives the legislature the final numbers it will use to set the state's budget biennial budget. MMB highlighted in its forecast summary that higher inflation is expected to result in increases in both projected revenues and expenditures. If you're interested in a deep dive into the forecast report, you can access that [HERE](#).

The state surplus for the 2026-27 fiscal biennium that was predicted to be \$616 million in November has been reduced to **\$456 million**. The projected General Fund shortfall also worsened the fiscal 2028-29 biennium. In November, that was forecasted deficit was to be \$5.1 billion but has now risen to a shortfall of just under **\$6 billion**.

FY 2026-27 Forecast Changes

(\$ in millions)	FY 2026-27 Nov Forecast	FY 2026-27 Feb Forecast	Forecast Change
Beginning Balance	\$7,279	\$7,269	\$(10)
Total Revenues	63,853	64,494	640
Total Spending	66,989	67,780	790
<i>Spending</i>	<i>66,063</i>	<i>66,634</i>	<i>570</i>
<i>Discretionary Inflation</i>	<i>926</i>	<i>1,145</i>	<i>219</i>
Cash Flow and Budget Reserve	3,527	3,527	-
Budgetary Balance	\$616	\$456	\$(160)
<i>Balance without Discretionary Inflation</i>	<i>\$1,542</i>	<i>\$1,601</i>	<i>\$59</i>

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Paid Leave Delay Bill

On Monday, the House Way and Means Committee considered and passed [HF11](#), authored by Rep. [Dave Baker](#) (R - Willmar), which proposes a 12-month delay in the implementation of the Paid Leave program, originally set to begin on January 1, 2026. The next potential step for the bill is a vote on the House floor.

Supporters of the delay highlighted the unresolved questions for employers and the past challenges with Minnesota program rollouts (such as MNLARS and MNSURE) as reasons for postponing the start of the program. Opponents argue that the Paid Leave Division will be ready, and that delaying the program would be unfair to workers who are already planning for these benefits to begin next year.

The hearing come on the heels of the announcement for the Department of Employment and Economic Development that confirmed the initial **payroll tax rate for the Paid Leave program will be .88% in 2026**. You can read that announcement and see a payroll tax calculator [HERE](#).

Carts to Careers Hearing

The Minnesota Grocers Association Foundation's (MGAF) Carts to Careers appropriation bill received a hearing in the House Workforce, Labor, and Economic Development Finance and Policy Committee on Tuesday. [HF1439](#), authored by Rep. [Ben Bakeberg](#) (R - Jordan) would allocated funds to support workforce development opportunities for MGA members. The bipartisan proposal was laid over for possible inclusion in the House Workforce omnibus bill which will be unveiled later this session.

Funds from Carts to Careers are used to support the MGAF's successful Retailer Management Certificate Program, CDL driver training, meat-cutting courses, and other training opportunities. This year's bill also includes new language for hiring support for employers who hire workers with disabilities, workers with a previous history of substance abuse, and those who have been previously incarcerated.

Thank you to **Kendra Nathe** of Teal's Market and **Andrew Akhaphong** with Mackenthun's Fine Foods for testifying in committee!



Vendor Collection Allowance

Late last week the Senate Taxes Committee held a hearing on Senate Tax Chair [Ann Rest](#) (DFL - New Hope) Sen. Ann Rest's [HF44](#) proposal that would create a sales tax vendor collection allowance by the state which would allow retailers to retain a small percentage of the sales tax revenue that they remit to the Department of Revenue. The would recognize the cost incurred by Minnesota retailers in fulfilling the duty of acting as the state's tax collectors. MGA is working with a large coalition of supporters to advocated for this common-sense policy that has already been implemented in 27 other states.

Food Service Equipment Tax Exemption Bill

The House Taxes Committee heard [HF859](#) authored by Rep. [Dave Baker](#) (R - Willmar) that would create a sales tax exemption for food service equipment purchased or leased by a food service establishment in the production of prepared food or beverages sold directly to a customer.

The bill provides the following definitions in determining eligible recipients of the exemption as well as eligible products.

- "Food service equipment" means machinery, equipment, fixtures, and supplies used by a food service establishment that are integral to the production of prepared food or furnishing of beverages and that meet the Food Code under Minnesota Rules.
- Food service equipment excludes items used by customers, such as napkins, drinkware, utensils, tables, and chairs, and delivery vehicles or motor vehicles purchased by a food service establishment.
- "Production" means an operation or series of operations where ingredients are changed in form, composition, or condition that results in the creation of prepared food or a beverage

Fresh Bucks Proposal Clears Senate Committee

The MGA supported Fresh Bucks program received a hearing in the Senate Health and Human Services committee on Tuesday. [SF1858](#) authored by Sen [Alice Mann](#) (DFL - Edina) would expand the current Market Bucks initiative, where Supplemental Nutrition Assistance Program shoppers receive a dollar-for-dollar match on SNAP purchases up to \$10 per visit, plus an additional \$10 match for fresh fruits and vegetables. However, many SNAP customers still face challenges in affording healthy foods like fresh fruits and vegetables year-round. To address this need, the proposed Fresh Bucks program would create a \$1 million pilot program to expand this dollar-for-dollar match on produce purchases for SNAP customers to be used at grocery stores and other retail settings.

The MGA is working with a coalition of hunger partners to spearhead the Fresh Bucks program and submitted testimony for the committee. The bill was approved and passed to the Senate State Government Committee.

Support the Food PAC of Minnesota **Online Donations Now Accepted!**

With the upgrade to the MGA website, PAC supporters can now make their contributions online. You can do so by scanning the QR code below or clicking [HERE](#). **Contributions are only accepted from personal funds.** Contact [Steve Barthel](#) with any questions.



Capitol Check Out Calls – Previous Recordings Available

The MGA Government Relations Team invites you to join us for a discussion on the latest updates from St. Paul. Our bi-weekly Capitol Check Out calls will keep you informed on key developments from the 2025 legislative session. Each call lasts up to 30 minutes and will be recorded for easy sharing with your team. You can access this session's recording [HERE](#).

Our next call will be **Friday, March 14 at 9:30 a.m.** These calls are now being held virtually via Microsoft Teams. Contact [Steve Barthel](#) to receive the meeting link and recurring calendar invite.

2025 Legislative Sponsorship Available

[2025 Legislative Sponsorship Contracts](#) are available! Becoming an MGA Legislative Sponsor demonstrates that you are a committed partner in advancing the work of the MGA in St. Paul. Sponsors receive recognition throughout the year in all of our legislative updates, publications, and events. Thank you to those who have already submitted their sponsorships! If you have any questions about sponsorship, please contact [Steve Barthel](#).

[Patrick Garofalo](#), President and [Steve Barthel](#), Director of Government Relations, are here to assist. Do not hesitate to contact us with any questions or concerns.

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