



THE MEDICAL ALLEY ASSOCIATION

2019

STATE LEGISLATIVE SESSION WRAP UP



MEDICAL ALLEY
ASSOCIATION

INTRODUCTION

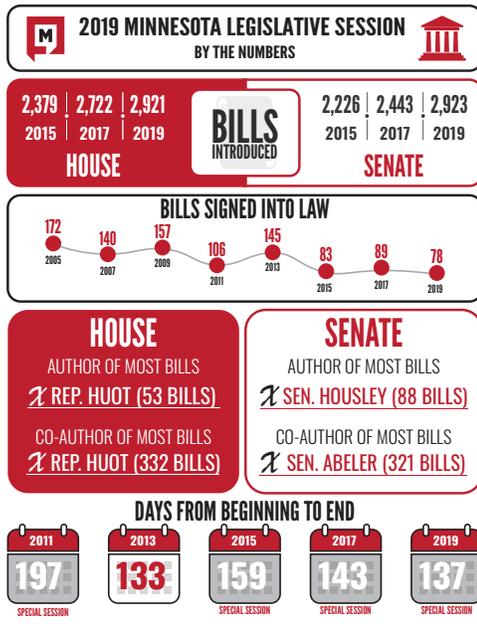
When the final gavel dropped early in the morning on May 25, the legislature had fulfilled its constitutional duty to pass a balanced budget. Various budget and policy priorities from both parties, both chambers, and the Governor's office had fallen to the cutting room floor. Getting to this point – where each and every governor and legislature eventually make it – was filled with ups, downs, bumps, and the occasional sharp turn. Through all of it, guided by the blueprint laid out in Realizing the Vision – the product of working groups convened by Medical Alley Association – we were there tirelessly advocating on behalf of the health innovation and care community.

We helped deliver on a number of priorities important to Medical Alley companies, employees, and the patients they serve, including strengthening our early-stage ecosystem through reinstatement of the Angel Tax Credit Program and establishment of Launch Minnesota (aka The Minnesota Innovation Collaborative); increasing the supply of talent by funding the SciTechsperience Internship Program; and helping legislators see the deficiencies in several other policies that would have hindered our business environment and the state's competitiveness. In one of the victories that will provide the most immediate impact, a new rare diseases advisory council will be housed at the University of Minnesota, which will help patients and families affected by rare diseases by providing resources to them and by pushing forward groundbreaking research.

We put this recap together to show you the impact that your voice has in St. Paul and to help you better understand the outcome of the 2019 Minnesota legislative session. We hope this recap is helpful to you in understanding how actions taken during the 2019 Minnesota legislative session (and special session) impact Medical Alley, its companies, and the patients they serve.

2019 LEGISLATIVE SESSION

THE STORIES STRAIGHT FROM THE CAPITOL



The 2019 Minnesota legislative session was the first time in state history with its particular configuration: DFL Governor, DFL House, and GOP Senate. Despite having the only divided legislature in the country, leaders were optimistic they would be able to claim early wins on issues left over from 2018 and put together a budget process that would allow them to not only finish on-time, but stand as a shining example for future legislatures to follow. In short: This session would be different.

To borrow phrasing from our 2019 Legislative Preview, in some ways the leaders were right and this session was very different. The acrimony and bickering between the leaders was minimal, no bills were vetoed by the Governor, and there were far fewer public blowups during budget negotiations. In others, however, it proved to be

all too similar to recent budget years. Despite the initial optimism, early wins were hard to find, a special session was again required to complete the state budget, and the process didn't turn out to be as transparent as the leaders hoped.

Before anything could really get moving, there was a major change to the make-up of the legislature. DFL Senator Tony Lourey resigned just prior to session to become the Commissioner of Human Services and a special election was called for early February. This was significant: the GOP held the majority in the Senate by the slimmest of margins (34-33), and a win in this special election would provide the caucus with some breathing room. They received just that when their candidate, Representative Jason Rarick, captured the open Senate seat on February 5, 2019. (His House seat was won by a Republican in another special election just over a month later.) While not a huge change in terms of voting power, this additional vote altered the dynamics in the Senate and gave Senate Majority Leader Gazelka a stronger bargaining position with the Governor and DFL House, as he now had room to lose a vote on legislation if necessary.

Prior to completing the budget, the legislature did get some key pieces of policy over the finish line, such as the hands-free driving bill and legislation assessing a new fee to opioid manufacturers and distributors to help pay for addiction prevention, treatment, and recovery. Additionally, a bill placing new regulations on Pharmacy Benefit Managers (PBMs) was signed into law after significant negotiation

between industry and legislators. Other than these three bills, however, agreement on significant legislation was essentially delayed in order to be included as part of negotiations on the budget. As mentioned previously, early optimism for a more transparent budget process proved to be misguided, exemplified by the legislature failing to meet its own deadlines – especially the May 6th deadline leaders had for coming to an agreement on a budget framework. The idea behind the early deadline was to avoid the late-night, behind-closed-doors, smoke-filled-room negotiations that have become a hallmark of the end of Minnesota legislative sessions and the increasingly unavoidable special sessions that come with it. (Heading into this year, three of the previous four budgets have been decided in special session.) Despite missing the self-imposed deadline, legislative leaders continued negotiating in the hopes of finding a breakthrough.

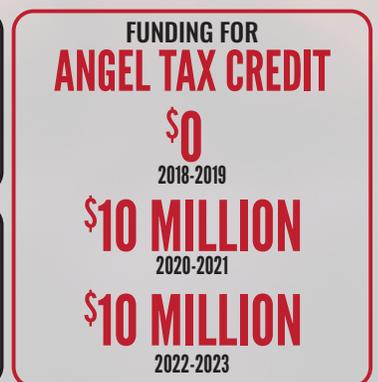
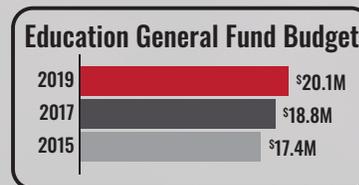
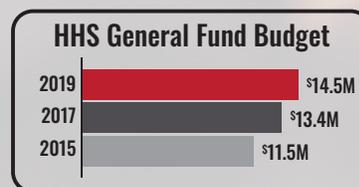
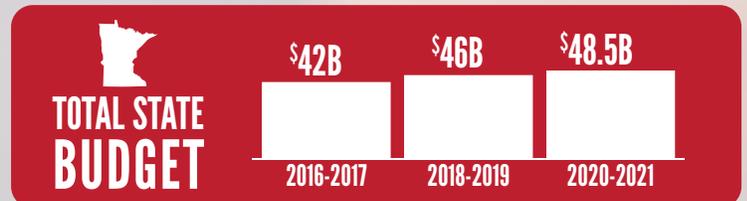
As the session wound down, it became increasingly apparent that the legislature was once again headed for a special session to conclude their budget work. A sentiment began brewing that not only was there going to be a special session, there was also a decent possibility of a state government shutdown. Fortunately, the three leaders were able to come to an agreement on budget framework with just over 24 hours prior to the constitutional adjournment date of May 20. The actual work, however, took them far past that deadline and required a special session, which was called for May 24.

There was, however, one final hiccup. Finishing the special session in one day required procedural cooperation from the minority in both chambers. When the special session convened, it was unclear whether or not the minority in either chamber would acquiesce to enabling the single-day session. Eventually the minority leaders were persuaded to encourage their caucus to support the procedural motions necessary to do so and the special session was adjourned just before 7 AM on Saturday, May 25 (within one “legislative day”).

Governor Walz signed all the budget bills into law on Thursday, May 30, 2019. There were no full or partial vetoes of budget bills issued for the first time since 1985 (Governor Rudy Perpich); further, this is the first session with zero vetoes since 1978 (coincidentally, also Governor Rudy Perpich). A more detailed look at the key budget bills can be found later in this recap.

2019 MINNESOTA LEGISLATIVE SESSION
BY THE NUMBERS

GUBERNATORIAL VETOES



MEDICAL ALLEY ASSOCIATION'S ACTIVITY IN THE 2019 MINNESOTA LEGISLATIVE SESSION

SESSION ACCOMPLISHMENTS

- ✓ **Secured Funding for Early-Stage and Startup Growth**
 - The **Angel Tax Credit Program** is back!
 - Drove creation of **Launch Minnesota**, a new state office dedicated to growing Minnesota's startup ecosystem
- ✓ **Solidified Minnesota's Leadership in Treating and Researching Rare Diseases**
 - The **Rare Diseases Advisory Council** will enhance patient care, connect families with resources, and catalyze translational research that will treat and cure rare diseases
- ✓ **Enhanced Patient Choice for Expanded Therapies**
 - Extended access to existing step therapy** override protocols public healthcare programs
- ✓ **Established a New Healthcare Development District in Duluth**
 - This will **attract funding and drive growth** and create another hub for the health innovation and care industry in Medical Alley
- ✓ **Reduced Costs for Health Innovation and Care Organizations located in Medical Alley**
 - Made it **less expensive** to invest in new equipment and software
 - Lowered fixed costs with a **permanent reduction** to the statewide business property tax
- ✓ **Continued to Expand Access to High-Quality Talent**
 - Funded the **SciTechexperience Internship Program** that helps connect talented workers to the STEM focused organizations that need them



Leading into the 2019 Minnesota legislative session, Medical Alley Association put forward a comprehensive legislative agenda designed to highlight the existing health innovation and care industry in Minnesota and opportunities for the legislature to spur investment and growth. The contents of the legislative agenda were inspired by a report entitled Realizing the Vision. These working groups were charged with putting together a 10-year vision that will result in Medical Alley being recognized as the global epicenter of health innovation and care. They identified four challenges that need to be overcome in order to realize this vision. Those challenges are what guided the development of this legislative agenda.

Medical Alley Association worked with our members, patient advocacy groups, other trade associations, and interested parties to develop legislation embodying this agenda. We then worked with these allies to identify legislators who might be interested in authoring the individual pieces of legislation and had them introduced. By midway through the legislative session, bills were introduced in both the House and Senate to accomplish this legislative agenda.

The Angel Investment Tax Credit was reinstated and funded at \$10 million for 2019 and 2021.

Although not every bill was passed and signed into law, several of them were. The Angel Tax Credit Program (or Angel Investment Tax Credit) was reinstated and funded at \$10 million for 2019 and 2021. The SciTechsperience Internship Program was funded for another two years. A state-level rare diseases advisory council was established at the University of Minnesota and was funded for four years. Each of these are significant accomplishments and would not have been possible without the hard work of each bill's chief author and of Medical Alley Association members. More detail on each of them can be found later in this recap.

OTHER IMPACTFUL LEGISLATION TO KNOW

In addition to advancing our own agenda throughout legislative session, Medical Alley Association identified other bills that would move Minnesota forward to meet the challenges laid out in Realizing the Vision. The most prominent of these was establishment of Launch Minnesota (originally known as The Minnesota Innovation Collaborative). Initially put forward in Governor Walz's proposed budget, Launch Minnesota is focused on accelerating the growth of Minnesota's startup ecosystem and attracting top talent to the state. Medical Alley Association worked closely with legislators and DEED throughout session to get this idea across the finish line.

Medical Alley Association also strongly advocated for fully conforming with federal changes to section 179 expensing and accelerated bonus depreciation. Both of these would ensure Minnesota remains competitive when business decisions are made regarding investing in new equipment or software. We were also strong supporters of legislation creating a Destination Medical Center-style district in Duluth. This will help make Duluth a hub for the health innovation and care industry by capitalizing on planned, and generating significant new, private investment in that community. Additionally, Medical Alley Association was very supportive of language reducing the statewide general levy on commercial/industrial property in Minnesota which will result in lower fixed costs for businesses throughout the state.



Carla Nelson
@CarlaNelsonMN

Medical Alley is the global epicenter of health innovation and care. From globally known innovators like Rochester's own @MayoClinic, to some of the most influential startups in the world, the future of healthcare is right here in Medical Alley.
#MedicalAlleyDay

We also raised concerns regarding several pieces of legislation throughout the legislative session that, had they passed and become law, would have had a significantly negative impact on Minnesota's business environment and competitiveness. One of these provisions was making Minnesota an outlier regarding how the state taxed income brought back to the U.S. from overseas as part of the federal 2017 Tax Cuts and Jobs Act. Another was retroactively undoing a sales tax exemption Minnesota provided to companies that invested in new or upgraded data center facilities in the state. A third bill would have created a so-called "throwback rule" in Minnesota, which would have increased taxes for companies doing business in states without an income tax, making Minnesota a less competitive place to be located. These are just a few of the key examples of bills Medical Alley Association raised concerns with.



ADVOCACY IN ACTION

CONNECTING LEGISLATORS AND THE MEDICAL ALLEY COMMUNITY

One of Medical Alley Association's goals throughout session was to better connect legislators to the Medical Alley community and the issues most important and impactful to them. By being a resource for examples of the real-world impact of legislation, Medical Alley Association was able to be at the table and influence legislation contributing to realizing the vision of Medical Alley being recognized as the global epicenter of health innovation and care.

To accomplish this goal, Medical Alley Association met with dozens of legislators to advocate for our legislative agenda and to emphasize the importance of the health innovation and care industry to their individual district and the state. Additionally, we issued letters of support for, or testified on, 21 separate pieces of legislation in 14 separate committees. On multiple occasions, Medical Alley Association members also testified – including in support of Science from Scientists and in favor of the Angel Tax Credit Program.

The 2019 legislative session also marked the return of Medical Alley Day at the Capitol. Nine different Medical Alley companies exhibited in the L'Etoile Du Nord Vault in the Minnesota State Capitol and showed off the innovations their organizations have developed to improve patient outcomes and lower costs. Several delegates from Medical Alley Association companies met with legislators throughout the day to discuss Medical Alley Association's 2019 State Legislative Agenda, challenges facing the industry, and ways that industry and the legislature can partner together to drive stronger economic growth for the state, train and recruit more talented workers, and drive better outcomes for patients.

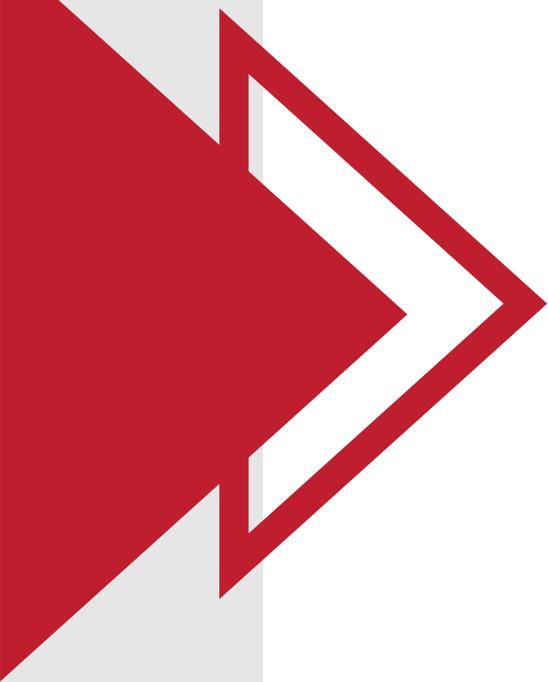


IN CONCLUSION

The 2019 Minnesota legislative session took place at breakneck speed. We are grateful for all the support we received from legislators of both parties and in both chambers, as well as from the Walz Administration. In addition to substantial legislative accomplishments, we were able to accomplish our goal of strengthening relationships with returning legislators, as well as establishing them with new ones. We look forward to building on the successes from this legislative session to continue moving policies forward that realize the vision of Medical Alley being recognized as the global epicenter of health innovation and care.



RECAP OF 2019 STATE LEGISLATIVE AGENDA



Reinstating the Angel Investment Tax Credit

HF1268 (Kotzya-Witthuhn)/SF788 (Anderson, P.)

See Also: SSHF5 (Marquart/Chamberlain), Article 2, Sections 1 – 7
Realizing the Vision: Challenge #2, Minnesota’s Environment for funding and support of entrepreneurial ventures must improve to capture and sustain a leadership position

Status: Signed into Law (SSHF5 – Marquart/Chamberlain)

BILL SUMMARY

This bill originally made \$20 million in tax credits available, per tax year, through the Angel Tax Credit Program (ATCP). Qualifying investors making an investment in a qualified company would be eligible to receive a 25% refundable income tax credit for that investment. Each investor would have been able to claim up to \$125,000 in tax credits through this program per tax year; companies could receive a lifetime total \$4 million in investment through the program (meaning all investors can claim a cumulative total of \$1 million in tax credits for investing in one company). Each year, 50% of available credits would be reserved for investments, until September 30, in targeted businesses – meaning businesses located in Greater Minnesota or that are owned or managed by women or members of a minority group.

The House version of the bill had two additional provisions. First, lowering the qualifying minimum investment into targeted businesses from \$10,000 to \$7,500. Second, lowering the penalty for late filing but allowing claw-back of credits for filing late. The Senate bill did not contain either of these provisions but included veteran-owned businesses as a category of targeted businesses.

SESSION NARRATIVE

Shortly after the August primary in 2018, members of the Medical Alley Association Board of Directors met with then-DFL gubernatorial nominee Congressman Tim Walz. They discussed a number of topics but focused on the recently released “Realizing the Vision” report from Medical Alley Association. One of the issues highlighted during that discussion was the need to reinstate the Angel Tax Credit Program, and Congressman Walz indicated that he was open to supporting issues like that as part of a broader economic development effort.

Near the beginning of session, now-Governor Walz publicly expressed his support for reinstating the Angel Tax Credit Program on a number of occasions, including at the annual Minnesota Chamber of Commerce Session Priorities Dinner in early January. Department of Employment and Economic Development Commissioner Steve Grove also signaled his support in an op-ed carried in the Star Tribune, published in early January. Governor Walz followed through on his support and included funding for the ATCP at \$10 million for each of tax years 2019 and 2020 as part of his budget proposal that was released in late February. This set up early momentum for getting this proposal across the finish line during the 2019 legislative session. Additionally, Medical Alley Association was part of a cross-sector statewide coalition that came together in support of funding the ATCP. Read the letter of support from that coalition in Appendix A.

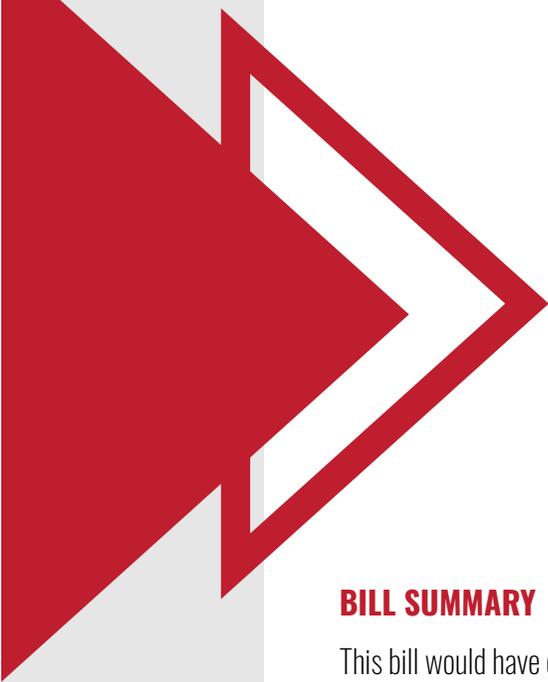
The House bill was heard in the House Jobs and Economic Development Finance Division on March 12, 2019. Kris Huson from Recombinetics, an ATCP alum, testified in support for the bill as did Medical Alley Association. The bill was laid over pending a fiscal note and was passed by the committee to the House Ways and Means committee on April 11.

The Senate bill received two hearings – first in the Jobs and Economic Growth Finance and Policy committee on February 20 and second in Taxes committee on April 3. In addition to Medical Alley Association’s supportive testimony at both hearings, John Nealon from Urocare testified in support at the February 20 hearing and Lonny Stormo from POPS! Diabetes Care testified in support at the April 3 hearing.

Funding for the ATCP was included in both the House and Senate tax bills. The House proposed funding it at the same level and length as Governor Walz had proposed, while the Senate’s proposal would have funded it at \$5 million for tax year 2019 only. As part of the special session omnibus tax bill, the AITC was funded at \$10 million for tax year 2019 and tax year 2021.

FINAL DISPOSITION

Funding for the AITC was signed into law as part of the special session omnibus tax bill (SSH5). It received \$10 million in funding for each of tax years 2019 and 2021. Policy changes to the program include: a reduced investment requirement for credit eligibility when investing in a targeted business, including veteran-owned businesses as targeted businesses for purposes of the credit, and lowering the late filing penalty but increasing DEED’s claw-back authority.



Creating an Alternative Simplified Research & Development Credit

HF1455 (Sauke)/SF996 (Senjem)

Realizing the Vision: Challenge #1, Providing a Business Environment Increasing the Opportunity for Health Innovation and Care Organizations to Succeed

Status: Pending for 2020

BILL SUMMARY

This bill would have created an alternative, simplified process for a company to claim the Minnesota research & development (R&D) tax credit. Rather than making the more complex calculation under current law, taxpayers would determine the average of 50% their qualified research expenses for the previous three years. They would have then been eligible to receive a credit of 6% for these expenses, rather than the tiered (10%/4%) credit available under existing law. This process mimics the alternative credit available under federal law.

SESSION NARRATIVE

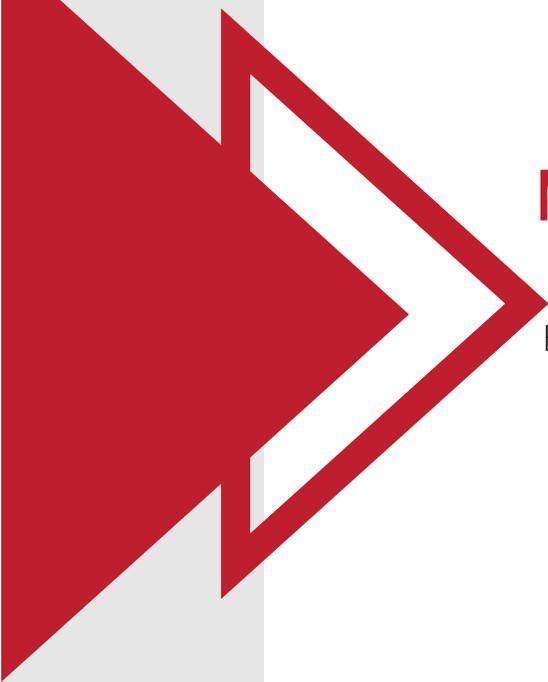
The bill received a hearing in the House Taxes committee on March 27. The bill sparked lively discussion on the purpose and quality of the R&D credit as a whole, but very little about the bill itself. It was eventually laid over for possible inclusion in an omnibus tax bill.

The Senate version received a hearing on February 27. The bill received general support from the committee and was laid over for possible inclusion in an omnibus tax bill.

Medical Alley Association testified in favor of the legislation in the House Taxes committee and submitted a letter supporting the bill to the Senate Taxes committee (see Appendix A).

FINAL DISPOSITION

The bill was not included in either the House or Senate Tax bills. It remains in committee in both House and Senate with the potential to move forward during the 2020 legislative session.



Metropolitan Job Training Grants & Minnesota Investment Fund Cap Increase

HF1507 (Stephenson)/SF1652 (Hoffman)

Realizing the Vision: Challenge #3, Talent Development: Challenge #1, Providing a Business Environment Increasing the Opportunity for Health Innovation and Care Organizations to Succeed
Status: Pending for 2020

BILL SUMMARY

This bill had two distinct parts. The first, as introduced, would have expanded the Jobs Training Incentive Program (JTIP) to the metropolitan area. It would also have increased the appropriation to \$3 million per year and reserve half of it for projects outside the metropolitan area for the first nine months of the fiscal year. Additionally, it limited eligible projects to those in manufacturing or information technology and capped the maximum award at \$400,000.

The second part raised the maximum award available under the Minnesota Investment Fund (MIF) program to \$2 million from the current level of \$1 million. To be eligible for the higher maximum award, a business would need to invest \$25 million in the project and also have 150 new employees as part of it.

SESSION NARRATIVE

This bill received two hearings in the House of Representatives. The first was on March 6 in the Labor committee. Takeda Pharmaceutical Company, a Medical Alley Association Sustaining Member, testified in support of the legislation. Medical Alley Association also testified in support of the bill, focusing on how it would be helpful to developing a strong biotechnology talent base in Minnesota and incentivize further investment in the state by companies like Takeda. The bill was passed after some committee discussion.

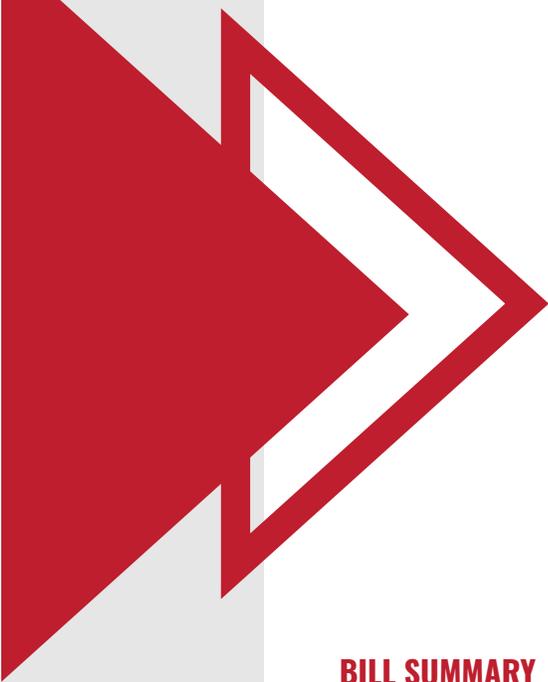
The second hearing was on March 27 in the House Jobs and Economic Development Finance Division. The bill was substantially amended in this hearing without making a significant adjustment to its impact. Due to concerns raised by Greater Minnesota-centric organizations, the bill author created a program that parallels JTIP in the metro area, rather than expanding JTIP to the metro. This new program was dubbed the Metropolitan Job Training Grant program. The bill was amended and laid over for possible inclusion in an omnibus jobs and economic development finance bill.

The Senate companion did not receive a hearing.

The House omnibus jobs and economic development finance bill funded the Metropolitan Job Training Grants at \$700,000 for each of fiscal year 2020 and 2021. It also increased the MIF award ceiling as provided in HF1507. The Senate omnibus jobs and economic growth finance bill did not include either piece.

FINAL DISPOSITION

Funding for the Metropolitan Job Training Grants, as well as the increase to MIF ceiling, were both left out of the special session omnibus jobs, economic development, energy, and commerce finance bill. Both pieces remain available for passage in the 2020 legislative session.



Creation of the Rare Disease Advisory Council

HF684 (Mann)/SF973 (Miller)

Status: Signed into Law, Chapter 65 (SF 973 – Miller/Mann)

BILL SUMMARY

This bill requests that the Board of Regents establish a Chloe Barnes Advisory Council on Rare Diseases at the University of Minnesota. The council is named in honor of two-year-old Chloe Barnes who passed away from metachromatic leukodystrophy in 2010. The council focuses on treatment and research for rare diseases. A rare disease is defined as any disease that affects less than 200,000 people in the U.S., or any single disease that affects more than 200,000 people in the U.S. in which the cost of developing and making available a drug for that disease would not be recovered from the U.S. sales of that drug. The Board of Regents will appoint four members of the Legislature and 18 members of the public from across the health innovation and care spectrum to serve on the council. The council will be a resource for rare disease patients and their families, as well as serve as a place to catalyze translation research to treat and cure rare diseases. A similar provision was included in Laws 2018, chapter 201, which was vetoed by the governor.

SESSION NARRATIVE

Establishing a State-Level Rare Disease Advisory Council was a part of Medical Alley Association's 2019 legislative agenda. The bills were authored by democratic freshman, Representative Alice Mann and Senate President, Jeremy Miller and were backed with bipartisan coauthors in both bodies. The authors initially asked for 150,000 dollars in funding from the Health and Human Services budget for two years in the House and four years in the Senate. The goal was that the council would be able to fully fund itself after it got off the ground.

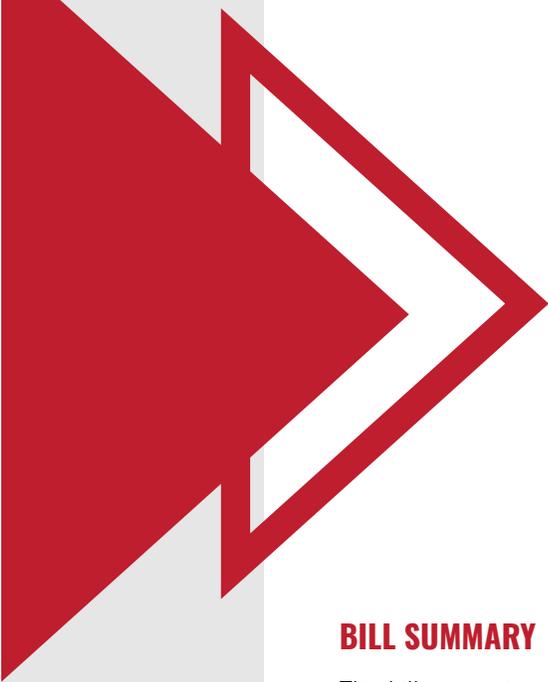
Medical Alley Association submitted a letter in support of both bills, which can be found in Appendix A. This language was included in omnibus bills in both the House and Senate. The House put the language, and accompanying appropriation for two years, into the omnibus health and human services finance bill (HF2414 – Liebling). The Senate included it as part of their higher education finance omnibus bill (SF2415 – Anderson, P.); it was funded at slightly less than requested.

Throughout session, legislators on both sides of the aisle were supportive of the bill. The biggest hurdle came during the final days of session. The House and Senate had one very large sticking point in their bills that needed to be addressed, which was the number of years the bill would receive funding. With little time left, advocates and lobbyists needed to meet deadlines while not throwing the Ways and Means budget off target. During the final hours of session, the Senate took up SF 973, to be offered as a standalone bill, and would house the council at the University of Minnesota with funding for four years. The bill passed unanimously and was sent to the House. Rep. Mann offered an amendment to include the Senate language, changing the funding from 2 to 4 years, and the bill unanimously passed the House as amended.

FINAL DISPOSITION

This bill was passed on the last night of session and signed into law as a stand-alone bill. It passed unanimously in both the House and Senate. The final language funds the Council for 4 years at the University of Minnesota. We were very supportive of this initiative throughout session and are very pleased to see it enacted.

SF973, was passed and sent to the Governor to be signed into law.



SciTechsperience Internship Program Funding

HF955 (Koegel)/SF1652 (Pratt)

See Also: SSSF2 (Pratt/Mahoney), Article 1, Section 2, Subdivision 3(v)

Realizing the Vision: Challenge #3, Talent Development

Status: Signed into Law (SSSF2 – Pratt/Mahoney)

BILL SUMMARY

This bill appropriated \$1.73 million dollars in each of fiscal years 2020 and 2021 to the DEED Commissioner to provide a grant to the Minnesota High Tech Association (MHTA) to support SciTechsperience. This program supplies paid internships to STEM undergraduate and graduate students in their fields of study at for-profit companies located in Minnesota, paying up to 50% of the intern's wages, capped at \$3,000. Only 15% of the interns may be graduate students.

This program was funded last biennium at \$1.35 million per fiscal year.

SESSION NARRATIVE

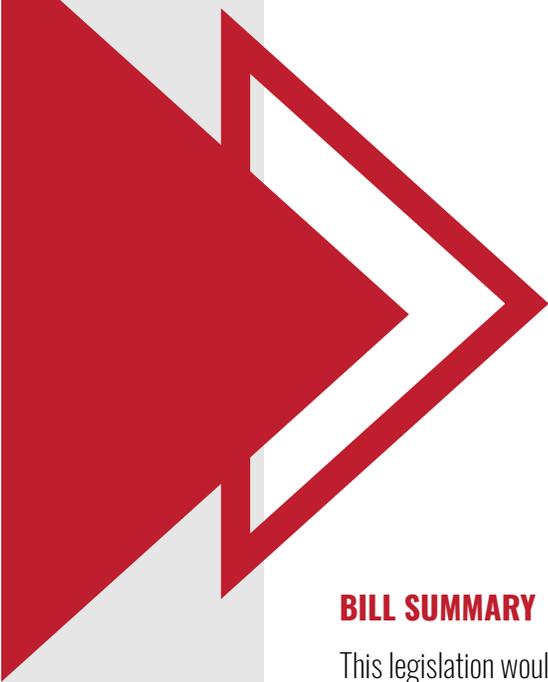
The House Jobs and Economic Development Finance division held a hearing on this bill on February 28. Medical Alley Association submitted a letter of support, which you can read in Appendix A. The committee took testimony and then laid the bill over for possible inclusion in an omnibus jobs and economic development finance bill.

The Senate version was heard on April 1 in the Jobs and Economic Growth Policy and Finance committee. Medical Alley Association also submitted a letter of support for the bill at this hearing, which you can also read in Appendix A. After a short hearing, the bill was laid over for possible inclusion in an omnibus jobs and economic growth finance bill.

The House omnibus jobs and economic development finance bill included SciTechsperience as part of a competitive grant program, where it was one of several eligible entities for grant funding. The Senate omnibus jobs and economic growth finance bill funded the program at \$1.5 million per fiscal year (2020 and 2021) as a standalone item. The program received direct funding via the special session jobs, economic development, energy, and commerce bill at \$875k in each of fiscal years 2020 and 2021.

FINAL DISPOSITION

This program received direct funding as part of the special session jobs, economic development, energy, and commerce bill at a total of \$1.7 million for fiscal years 2020-21. The program must fund at least 200 students of whom no more than 15% may be graduate students.



Grant to Expand Science from Scientists Program

HF1969 (Erickson)/SF1899 (Housley)

Realizing the Vision: Challenge #3, Talent Development

Status: Pending for 2020

BILL SUMMARY

This legislation would have granted \$800,000 in fiscal year 2020 to the Science from Scientists program to expand into new schools. The grant was to be available for two years (fiscal 2020 and fiscal 2021) and half of the money required to be spent in schools located outside the seven-county metropolitan area. Science from Scientists would have been required to report a number of result metrics, including: effect on student performance and improved student understanding of STEM subjects, the number of students interested in pursuing more advanced courses in STEM or STEM-related careers, and the number of expanded offerings of classes that improve understanding of STEM topics.

SESSION NARRATIVE

The bill received a hearing in the House Education Finance Division on March 27; chief author Rep. Sondra Erickson offered two amendments. The first was to remove the appropriation amount, which was done to improve the bill's chances of advancing. The second, related amendment was to change the amount spent outside the seven-county metro area to "half" from "\$400,000." Both amendments were adopted via voice vote. After testimony and discussion, the bill was laid over for possible inclusion in an omnibus education finance bill.

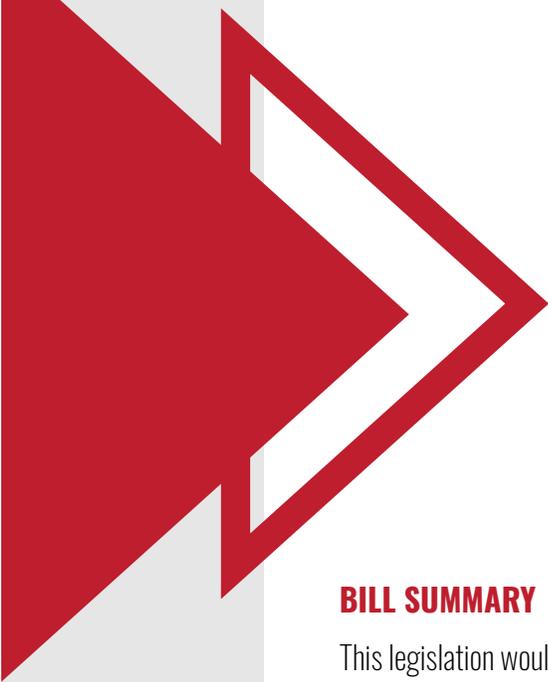
The Senate version received a hearing in the Senate E-12 Finance and Policy committee on March 25. During committee discussion, an amendment was proposed by Senator Dahms that would require \$400,000 be spent in Greater Minnesota. Senator Nelson then offered an oral amendment to Sen. Dahms' amendment, changing "seven-county metro area" to "11-county metro area." The amendment

to the amendment and underlying amendment were both adopted via voice vote. The bill was then laid over for possible inclusion in an omnibus education finance bill.

Three testifiers spoke in favor of the bill in both the House and Senate: Karlene French, Director, Science from Scientists; Craig Anderson, Principal, Battle Creek Elementary School; and Susanna Huggenberger, Science from Scientists Instructor.

FINAL DISPOSITION

The bill was not included in either the House or Senate education finance bills. It remains in committee in both House and Senate with the potential to move forward during the 2020 legislative session.



Minnesota Health Records Act Alignment

HF831 (Halverson)/SF1575 (Pratt)

Status: Pending for 2020

BILL SUMMARY

This legislation would have aligned Minnesota's health privacy statute — for purposes of treatment, payment, and healthcare operations — with the Health Insurance Portability and Accountability Act of 1996 (HIPPA), the Health Information Technology for Economic and Clinical Health (HITECH) Act, and other similar federal statutes. This change wouldn't have impacted how a patient's private health information (PHI) is used or shared, only remove the signature requirement that is currently required under law for PHI to be used or shared for the three purposes listed above. The signature requirement remains for all others allowable purposes under federal law. Minnesota and New York are the only two states that require this additional step.

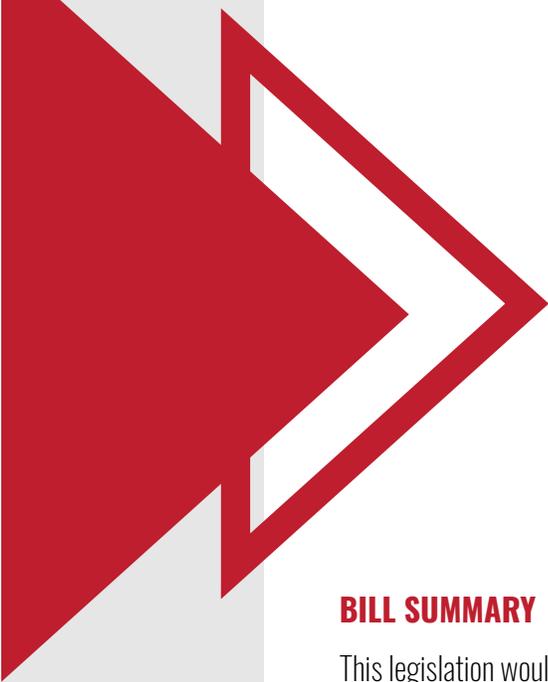
SESSION NARRATIVE

The bill received a hearing in the House Health and Human Services Policy committee on February 20. After lively testimony and discussion amongst committee members, the bill was referred to the Judiciary Finance and Civil Law Division on a voice vote. The bill received no further hearings in the House.

The Senate version received a hearing on March 12 in the Senate Health and Human Services Finance and Policy committee. Following extensive testimony, debate, and questions from committee members, the bill was tabled. It was not taken off the table during the remainder of the 2019 legislative session.

FINAL DISPOSITION

The bill remains in committee in both the House and Senate with the potential to move forward during the 2020 legislative session.



Opioid Technology Challenge Grant Program

HF375 (Albright)

Realizing the Vision: Challenge #2, Improving Minnesota's Environment for

Entrepreneurial Funding

Status: Pending for 2020

BILL SUMMARY

This legislation would have created a challenge grant program to spur the development of technology that would address opioid abuse and addiction. This is based on a similar program in Ohio that was developed using dollars from its "Third Frontier" economic development initiative. The Minnesota challenge grant program would have awarded a total of \$5 million in non-equity grants to at least 10 different companies. These grants would have been awarded via a competition developed by a third-party vendor with input from an advisory committee established in the legislation.

SESSION NARRATIVE

The bill did not receive a hearing during the 2019 legislative session at the request of Representative Albright and Medical Alley Association.

FINAL DISPOSITION

Medical Alley Association will continue working with the chief author, Rep. Albright, to get the bill ready for a hearing in the 2020 state legislative session.



RECAP OF OTHER LEGISLATION TO KNOW

Paid Family and Medical Leave

HF5 (Halverson)/SF1060 (Kent)

Status: Pending for 2020

BILL SUMMARY

A bill creating a paid family leave program which is modeled after the Unemployment Insurance Program, would require employers to allow employees to earn a variation of paid time off called earned sick and safe time. Under this plan, employees would pay 0.65 percent tax on income, which would be matched by employers. 50% of employer contributions would be able to be deducted from taxes. Roughly the average worker would pay about \$2 to \$3 per week. The money collected would go to create a fund to pay for up to 12 weeks of paid family and medical leave, ranging from \$200 to \$1,000 per week. Currently under federal law, employers are required to provide 12 weeks of unpaid time off. Employees and employers who already have paid leave policies could opt out of this option

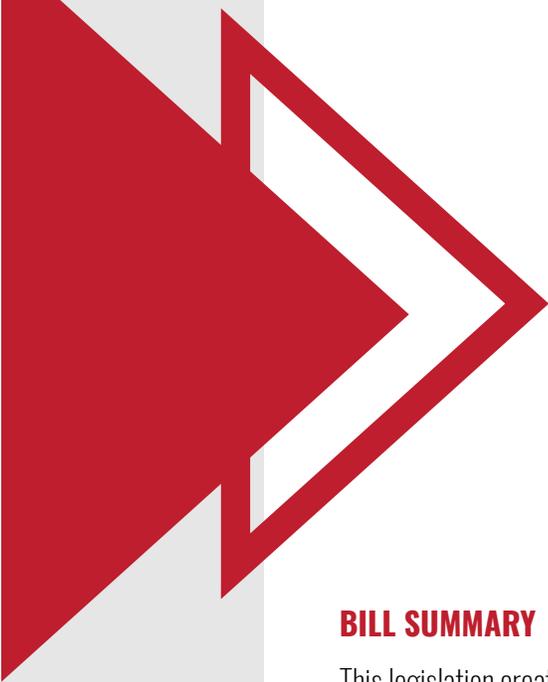
SESSION NARRATIVE

Throughout session, paid family leave has been a partisan issue. The House Democrats included this bill in their top 10 legislative priorities for the 2019 session. The bill made many stops along the way with grueling debate over the cost of the bill and how it would be implemented. While Republicans support paid family leave, they disagree with this particular bill language. Republicans pointed out that it would create a new mandate that would force an unaffordable tax increase. Additional expenses would create extra burdens for businesses in rural areas already facing workforce shortages. They also pointed out that the fiscal note shows the program would require 400 new full-time state employees and a new computer system to support this bill. The GOP also questioned whether the state could create a new system given its technical issues they faced implementing MNLARS over the past few years. Throughout the process the DFL was committed to working with stakeholders to develop a piece of legislation that would work for Minnesota. Their talking point was that no Minnesotan should be forced to choose between paying their bills or their family's health. While the House heard the bill in 9 different committees, and amended the language along the way, the Senate never heard the bill in committee.

Medical Alley Association monitored this bill throughout session. The House Jobs and Economic Development Committee laid this bill over for possible inclusion in their omnibus bill. The Senate did not hear these bills and did not include these provisions in their Jobs and Economic Development Omnibus Bill.

FINAL DISPOSITION

HF5/SF1060 was not included in the House or Senate Omnibus Jobs bill and remain available for consideration in the 2020 state legislative session.



SBIR/STTR State Matching Grant Program

HF369 (Albright)/SF1773 (Pratt)

See Also: SSSF2 (Pratt/Mahoney), Article 2, Section 8, Subdivision 6(d)

Realizing the Vision: Challenge #2, Improving Minnesota's Support of Entrepreneurial ventures

Status: Partially Signed into Law (SSSF2 – Pratt/Mahoney)

BILL SUMMARY

This legislation created a state matching-grant for eligible, Minnesota-headquartered companies that receive funds through the Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) programs. Companies who are in Phase I of SBIR/STTR can receive up to \$250,000 in matching grants and those in Phase II up to \$500,000. No company could receive more than \$750,000 in one year. The total funding available under this bill is \$16 million, split evenly between fiscal years 2020 and 2021.

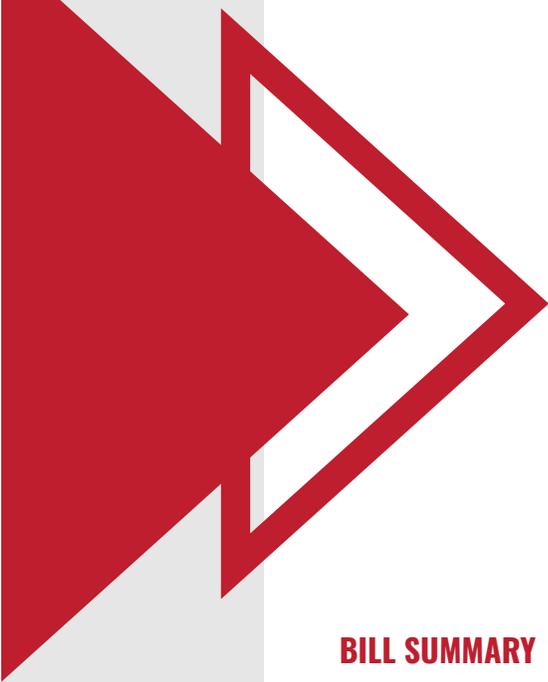
SESSION NARRATIVE

The House Jobs and Economic Development Finance division heard this bill on February 12. Medical Alley Association submitted a letter in support of the bill, which you can see in Appendix A. The bill was laid over for possible inclusion in an omnibus jobs and economic development finance bill.

This bill was heard by the Senate Jobs and Economic Growth Finance and Policy committee on March 25. Medical Alley Association also submitted a letter in support of the bill for this hearing, which is also in Appendix A. The bill was laid over for possible inclusion in an omnibus jobs and economic growth finance bill.

FINAL DISPOSITION

This legislation was not included in either the House or Senate omnibus jobs finance bill. Some funding for SBIR/STTR grants was included in the House omnibus jobs, economic development, energy, climate, and telecommunications finance bill (HF2208) as part of funding for the activities of the Minnesota Innovation Collaborative. Funding for SBIR/STTR matching grants (up to \$50,000) was included in the special session omnibus jobs, economic development, energy, and commerce finance bill. For more detail, please see the summary of that bill.



Changes to the Student Loan Tax Credit

HF502 (Becker-Finn)/SF2580 (Dziedzic)

HF503 (Xiong, T.)/SF2670 (Dziedzic)

See Also: HF2125, 3rd Engrossment (Marquart), Article 2, Section 20

Realizing the Vision: Challenge #3, Talent Attraction

Status: Pending for 2020

BILL SUMMARY

These two bills would have improved the usability and attractiveness of Minnesota's first-in-the-nation student loan tax credit. HF502/SF2580 would have changed the existing credit to be refundable, allowing those with a negative state tax liability to receive a refund. The bills would have removed the marriage penalty that exists within the current program. Right now, married couples are penalized for filing their income taxes jointly rather than separately, but these bills would have eliminated that disincentive by ensuring a couple would receive the same credit whether they filed jointly or separately.

SESSION NARRATIVE

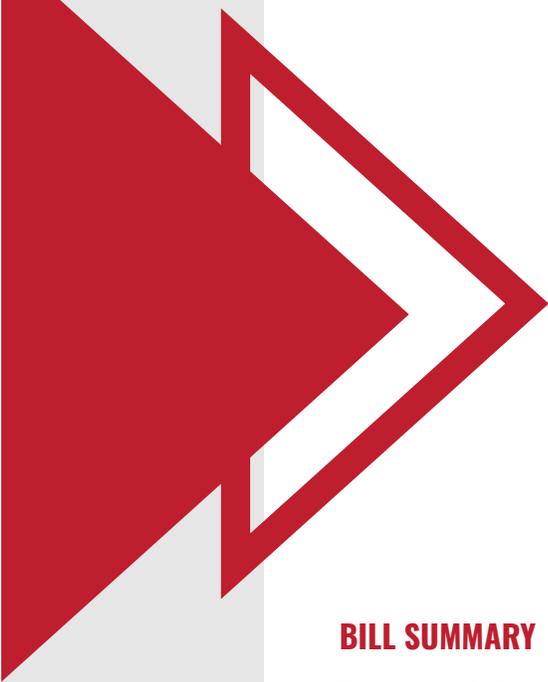
These bills received a hearing in the House Taxes committee on February 5. Medical Alley Association submitted a letter in support of both bills, which can be found in Appendix A. The bills were laid over for possible inclusion in an omnibus tax bill.

The Senate Taxes committee did not hear either of these bills.

FINAL DISPOSITION

HF503/SF2670 was included as part of the House omnibus tax bill. It was not, however, included in the special session omnibus tax bill and remains available for consideration in the 2020 legislative session.

HF502/SF2580 was not included in the House or Senate omnibus tax bill and remain available for consideration in the 2020 state legislative session.



Minnesota Pharmacy Benefit Manager Licensure and Regulation Act

HF728 (Mann)/SF278 (Jensen)

Status: Signed into Law, Chapter 39 (SF 278 Jensen/Mann)

BILL SUMMARY

The Minnesota Pharmacy Benefit Manager Licensure and Regulation Act requires PBMs to be more transparent regarding how drug prices are set and affords direct oversight by the Department of Commerce. All PBMs must pay an \$8,500 licensure fee to the Department every year in order to do business in Minnesota. It gives the Department of Commerce oversight of PBMs to allow them to investigate, audit and take administrative action against any PBM that violates the law. PBMs must submit annual reports to the department and disclose rebate and pricing information. They must also notify health plans if an activity presents a conflict of interest. It removes the “gag clause” that prohibited a pharmacist from informing patients when a drug could be purchased at a lower cost without using their copayment. This law goes into effect on August 1st, 2019.

SESSION NARRATIVE

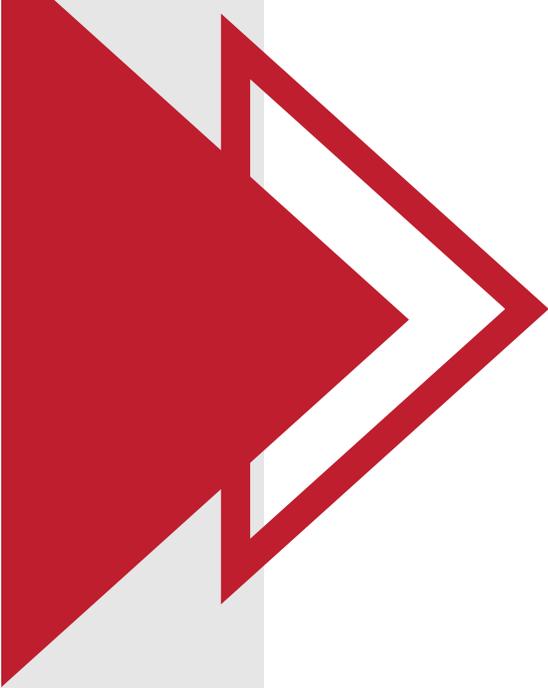
Throughout session we have seen a reoccurring theme around transparency. Both chambers have been trying to get their hands around the high cost of prescription drugs, spending the 2019 session trying to tackle the many sides of the pharmaceutical industry. One of those pieces to the puzzle was the role PBMs play within the supply chain. PBMs entered the market to work in good faith to help lower the cost of prescription drugs, but for many Minnesotans that is no longer the case. The goal of these bills is to license PBMs to regulate the way they do business, and to focus on affordability, cost and access to medication.

This bill received wide bipartisan support in both bodies with a few sticking points. The big difference between the Republicans and Democrats was the language dealing with trader secret information. Under current law, all transactions with PBMs are deemed trade secret. They also raised problematic concerns with the language around a PBM having fiduciary responsibilities. The democrats made large concessions during conference committee to address these issues and accepted the GOP Senate language during negotiations.

This piece of legislation is the result of a bipartisan success that addresses concerns we have with PBMs. Through its licensing and transparency requirements the bill also removes the “gag clause” that prevents pharmacists from telling patients when they can purchase a drug out of pocket for a lower cost, as well as allowing pharmacists to provide cheaper drug or the bioequivalent of medications if available. These provisions will allow PBMs to work in good faith to do their intended role to keep the cost of prescription drugs down and act as a responsible middleman between insurers and patients.

FINAL DISPOSITION

SF 278 was passed unanimously off the Senate floor 67-0 and passed the House with a vote of 130-2. It was signed into law by Governor Walz.



Step Therapy Override Protocol Procedures Extended to Public Programs

HF815 (Acomb)/SF1026 (Utke)

See Also: SSSF12 (Benson/Libeling), Article 7, Section 3

Status: Signed into Law (SSSF12 – Benson/Liebling)

BILL SUMMARY

This legislation follows up on last year's establishment of a step therapy override protocol for patients in non-public health plans. The language, as introduced, would have clearly and explicitly expand the availability of this protocol to patients in public health plans, such as MinnesotaCare and Medicaid.

SESSION NARRATIVE

Medical Alley Association was again part of a broader coalition advocating for this change. A coalition letter was distributed to the members of each committee this bill was heard in front of, which can be found in Appendix A.

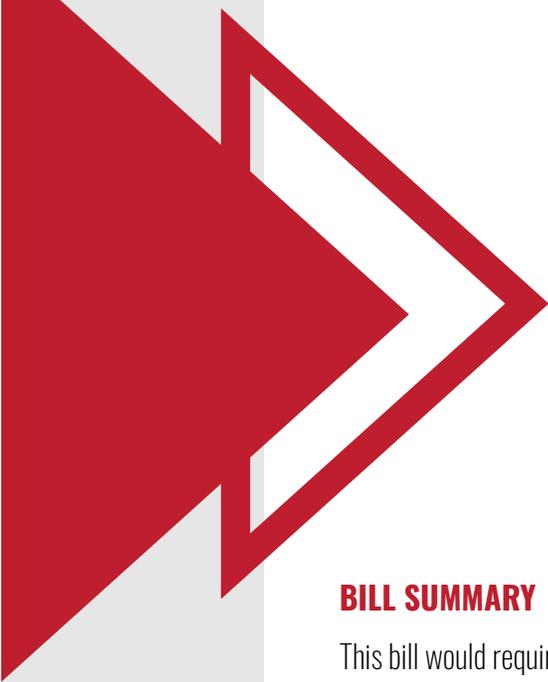
The House bill received two hearings. First was in the Health and Human Services Policy committee on February 27. The second was in front of the Health and Human Services Finance division on March 26. Following the latter hearing, the bill was laid over for possible inclusion in an omnibus health and human services finance bill.

The Senate did not hold a hearing on this bill and did not include it in the Senate omnibus health and human services finance bill.

This language was included in the House omnibus health and human services finance bill; it carried a cost of \$1.72 million to the state budget. It was clear throughout session that, if this provision was not going to make it over the finish line, it would be because of this budget line. To that end, advocates of the bill worked with legislators and the governor's administration to develop language eliminating or significantly reducing the bill's cost. What was included in the special session bill reflects this language.

FINAL DISPOSITION

The revised language was signed into law as part of the special session omnibus health and human services finance bill, with a de minimis indicator for cost on the spreadsheet.



Digital Fair Repair Act (aka Right to Repair)

HF1138 (Fischer)/SF1077 (Osmek)

Status: Pending for 2020

BILL SUMMARY

This bill would require original manufacturers of digital electronic equipment or of parts for the equipment sold in Minnesota to make available – on fair and reasonable terms – documentation, parts, and tools necessary for the diagnosis, maintenance, and repair of the equipment (or the parts) to independent repair providers or the owners of the digital equipment or parts. As originally introduced, the bill would have excluded motor vehicle manufacturers and attempted to exclude medical devices as well.

SESSION NARRATIVE

After reviewing the language, Medical Alley Association determined the attempt to exempt medical devices included in the original language was insufficient to ensure the safety and security of patients. As soon as HF1138 was scheduled for its first committee hearing in the Commerce committee of the House of Representatives, Medical Alley Association approached the bill author and advocates for the bill, thanked them for the attempt to exclude medical devices, shared our concerns with the existing language, and proposed alternative exemption language.

Despite several conversations with advocates, a suitable compromise could not be reached prior to the first committee hearing on March 8, and Medical Alley Association testified with concerns on the language. Shortly after this hearing, discussions continued, and amendment language was agreed upon prior to the bill's second committee hearing on March 12 in the House Judiciary Finance and Civil Law division. Medical Alley Association testified in favor of the modified amendment and it was adopted by the committee. The bill, as amended, was then referred to the House General Register for action by the full body.

The companion bill was not heard in the Senate Commerce and Consumer Protection Finance and Policy committee.

FINAL DISPOSITION

The House bill (HF1138) was not taken from the General Register and placed on the Calendar for the Day before the end of the 2019 Legislative Session. The bill, in its current form, will be returned to the Judiciary Finance and Civil Law division, where it will await action in the 2020 legislative session.



Duluth Regional Exchange District Establishment (aka Duluth DMC bill)

HF1216 (Schultz)/SF1207 (Simonson)

See Also: SSHF5 (Marquart/Chamberlain), Article 10

Status: Signed into Law (SSHF5 – Marquart/Chamberlain)

BILL SUMMARY

As passed by the House, this bill established a “regional exchange district (RED)” around the hospitals in Duluth in an attempt to stimulate investment and growth similar to the Destination Medical Center (DMC) plan in Rochester. The state would have funded up to \$164 million of general fund or appropriation bonds to fund public infrastructure, but these dollars would only have been available after \$75 million in private investment was committed to the district. The city of Duluth would have been responsible for a number of financial commitments, including \$20 million in utility upgrades. The bill also created an advisory board to guide the project. The bill that was signed into law contained many of the same provisions, but differed on a few key points, which are detailed below.

SESSION NARRATIVE

The so-called “Duluth DMC” bill returned to the legislature this year after falling just short of the finish line in 2018. Significant support for the concept existed among both the returning and new legislative leaders and it received a warm reception from the new gubernatorial administration as well. Armed with the momentum from 2018, Essentia Health, St. Luke’s, and the city of Duluth were optimistic heading into the 2019 legislative session. Pieces of the proposal were included in the Senate omnibus tax bill, but the crucial financing portion was left out. Fortunately, the financing portion was added back during budget negotiations and final authorization was passed as part of the omnibus tax bill during special session.

Medical Alley Association strongly supported this legislation and issued letters of support at two committee hearings in the House – Jobs and Economic Development Finance division on March 27 and the Capital Investment division on April 1. You can read those letters in Appendix A. Portions of the language were amended into the House omnibus tax bill (HF2125) on April 10.

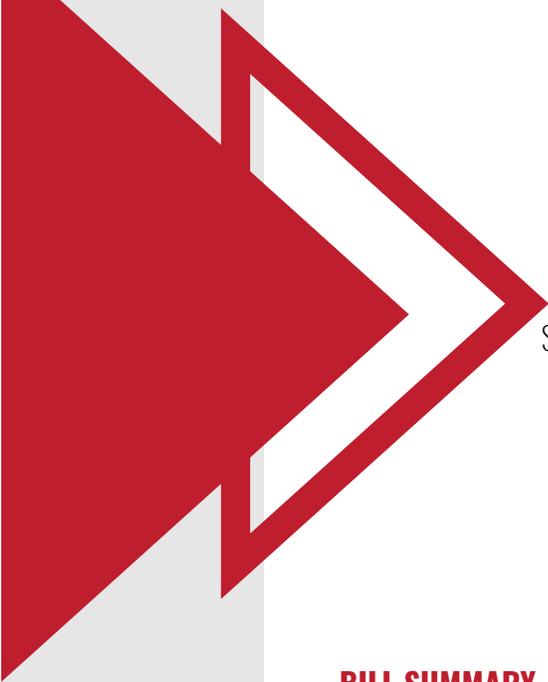
The Senate version received its first, and only, hearing on March 11 in the Senate Jobs and Economic Growth Finance and Policy committee. There it was amended and referred to the Senate Taxes committee. It did not receive a hearing in that committee, nor was it included in the Senate omnibus tax bill.

FINAL DISPOSITION

The language that was signed into law differed slightly from the bills heard during legislative session. The amount available for the RED, via appropriation bonds, is only \$97.2 million; the state will appropriate \$8.1 million per year from 2022 – 2055 to pay debt service on these bonds. The legislation also specifies which projects can be funded with these appropriation bonds. There is, however, no longer a minimum investment amount to trigger the letting of these bonds (except for the parking structure, which still requires \$50 million in private investment). The language also stipulates that half of the revenue from this parking structure must go to the state for the first 25 years after it is operational.

The sales tax for the city of Duluth is increased by 0.5%, as per approval of the referendum this past November. \$10 million of the city's sales tax must be used for road improvements in the RED. Additionally, the city controls the RED as there is no longer an advisory board of any kind created by the legislation.

Signed into law as part of SSHF5.



Spinal Cord Injury and Traumatic Brain Injury Research Grant Program

HF2100 (Wolgamott)/SF2086 (Abeler)

See Also: SF2415 (Anderson, P./Bernardy), Article 1, Section 2, Subdivision 19(S),
Subdivision 20 (H)

Status: Signed into Law (SF2415 – Anderson, P./Bernardy)

BILL SUMMARY

This legislation maintained the current level of funding for the Spinal Cord Injury and Traumatic Brain Injury (SCI/TBI) Research Grant Program at the University of Minnesota in each of fiscal years 2020 and 2021. This program was established in 2015 with \$500,000 per year in funding, which was increased to \$3 million per year in 2017. This program funds research into innovative treatments and rehabilitative efforts for the functional improvement of people with spinal cord injuries or traumatic brain injuries. Current law allocates \$3 million per fiscal year to this program.

SESSION NARRATIVE

The House Higher Education Finance and Policy division heard this bill on March 12. Medical Alley Association submitted a letter of support for this bill, which can be found in Appendix A. The bill was laid over for possible inclusion in an omnibus higher education finance bill.

The bill was heard by the Senate Higher Education Finance and Policy committee on March 26. Medical Alley Association issued a letter of support for this bill as well, which is also in Appendix A. The bill was laid over for possible inclusion in an omnibus higher education finance bill.

Several testifiers spoke in favor of this bill, including: Isobel Scarbic, Director of Neurological Rehabilitation Program, Mayo Clinic; Rob Wudlick, Get Up Stand Up to Cure Paralysis; and Eric Mielke, Citizen Advocate, Minnesota Brain Injury Alliance.

Both the House and Senate included funding for the SCI/TBI Research Grant Program in their omnibus bills at \$3 million per year for each of fiscal years 2020 and 2021, but did not increase the funding for it.

FINAL DISPOSITION

While additional funding was not allocated to this program by either the House or Senate higher education finance omnibus bills, current law funding of \$3 million per fiscal year was preserved.



Creation of a Freight Optimization Tool

HF2333 (Elkins)/SF2236 (Jasinski)

Realizing the Vision: Challenge #1, Providing a Business Environment that

Attracts Investment

Status: Pending for 2020

BILL SUMMARY

This legislation directs the commissioner of transportation, in cooperation with the commissioner of DEED, to contract with a vendor for up to \$1 million to create a statewide freight optimization tool. This tool would help state agencies and the transportation and logistics industry reduce inefficiencies and costs in the state's transportation system. It would take public data collected by the federal government, as well as private shipping data, to look at the impact of various logistics strategies on the cost of transportation throughout the state. Other states, such as Iowa, have leveraged tools like this as an economic development incentive by providing it to companies that move to, or expand in, their state. A similar tactic could be used by Minnesota once this tool is developed.

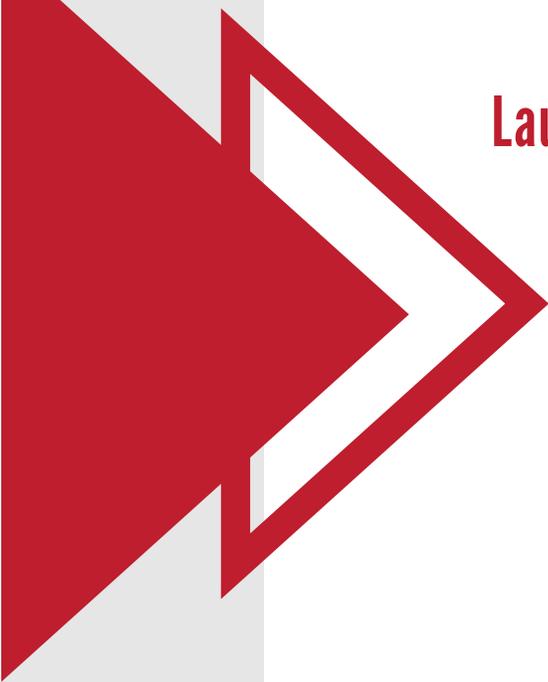
SESSION NARRATIVE

The measure received a hearing in the Senate Transportation Finance and Policy committee on March 26, 2019. After a quick committee discussion, the bill was laid over for possible inclusion in an omnibus transportation finance bill.

The bill was not heard in the House Jobs and Economic Development Finance division.

FINAL DISPOSITION

The bill was not included in either the House or Senate transportation finance bills. It remains in committee in both House and Senate with the potential to move forward during the 2020 legislative session.



Launch Minnesota (originally known as The Minnesota Innovation Collaborative)

HF2449 (Noor)/SF2484 (Champion)

See Also: SSSF2 (Pratt/Mahoney), Article 1, Section 2, Subd. 2(y)(1-3);

Article 2, Section 8

Realizing the Vision: Challenge #2, Minnesota's Environment for funding and support of entrepreneurial ventures must improve to capture and sustain a leadership position

Status: Signed into Law (SSSF2 – Pratt/Mahoney)

BILL SUMMARY

The creation of Launch Minnesota was announced as part of Governor Walz's proposed budget in February of 2019. The idea was built around having one place for entrepreneurs to go for education, grants, and other resources: it would focus on growing Minnesota's innovation economy by accelerating the growth of our startup ecosystem and attracting top technology talent to the state. Launch Minnesota would have a physical space (likely in Minneapolis) and would be operated by two or three employees. An advisory board, made up largely of private sector representatives, would make recommendations on grants and guide the activities to ensure Launch Minnesota properly served the startup community. This would be started as a pilot project with the goal of spinning off pieces or activities into the private sector. Funding was originally proposed at \$4.5 million for each of fiscal years 2020 and 2021, but was reduced to \$2.5 million in each of those years as part of Governor Walz's revised budget recommendations in March.

SESSION NARRATIVE

The concept and funding for Launch Minnesota was originally put forward on February 19. It received a hearing as part of an overview of Governor Walz's budget in the House Jobs and Economic Development Finance division on February 26 and the Senate Jobs and Economic Growth Finance and Policy committee on March 4.

The House Government Operations committee was the only committee to hear the standalone bill. This hearing occurred on May 6 and was likely only held in order to satisfy procedural rules regarding creation of a new state office. Medical Alley Association testified in favor of the bill. After significant committee discussion, the bill was passed to the Ways & Means committee.

Funding for Launch Minnesota, at the governor's revised \$2.5 million for each of FY2020 and FY2021, was included in the House omnibus jobs, economic development, energy, commerce, and telecommunications bill.

This bill did not receive a hearing in the Senate, nor was it included in the Senate omnibus jobs and economic development finance bill.

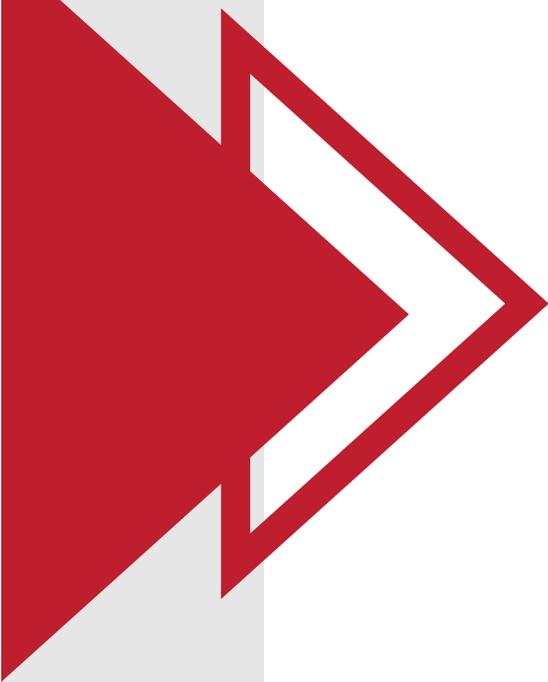
Launch Minnesota was funded, at the House position, as part of the special session omnibus jobs, economic development, energy, and commerce finance bill.

FINAL DISPOSITION

This was signed into law as part of SSSF2, the omnibus jobs, economic development, energy, and commerce finance bill. There were some notable changes to the language from the House bill, including a requirement that Launch Minnesota staff spend at least three days per month visiting grant winners outside of the metropolitan area. The innovation grants were significantly restructured from the original bill. Grantees can now receive \$35,000 once per year for R&D, direct business, or technical assistance services and can still receive \$7,500 for housing or child care expenses, but not for health insurance. The \$50,000 in matching SBIR/STTR grants remained in the language. The total amount available for all three types of grants is \$1.6 million. The advisory board was adjusted to increase the minimum amount of private sector representation and to make the Commissioner an ex-officio member. Additionally, the advisory board must develop a strategic plan for spinning off some of the activities of Launch Minnesota into the private sector.



RECAP OF BUDGET BILLS



Omnibus Special Session Jobs, Economic Development, Energy, and Commerce Bill

SSSF2 (Pratt/Mahoney)

Language/Spreadsheet

Contains the following from Medical Alley Association's Legislative Agenda:
SciTechsperience Internship Program Funding, Article 1, Section 2, Subdivision
3(v)

Contains the following other provisions Medical Alley Association advocated for:
Job Creation Fund and Minnesota Investment Fund, Article 1, Section 2, Subdivision
2(o) and (p)

Launch Minnesota (originally known as The Minnesota Innovation Collaborative,
Article 1, Section 2, Subdivision 2(y)(1-3); Article 2, Section 8
SBIR/STTR State Matching Grant Program, Article 2, Section 8, Subdivision 6(d)

Status: Signed into Law (SSSF2 – Pratt/Mahoney)

BILL SUMMARY

The compromise 2019 jobs, economic development, energy, and commerce bill featured a number of provisions strongly supported by Medical Alley Association. These included the establishment of Launch Minnesota, funding for the SciTechsperience Internship program, and significant appropriations for each of the Job Creation Fund and Minnesota Investment Fund. The bill also contained significant changes to the law around wage theft.

Here is a quick rundown of key provisions in the bill:

- Appropriated \$16 million to the Minnesota Job Creation Fund in fiscal years 2020-21
- Appropriated \$23.94 million to the Minnesota Investment Fund in fiscal years 2020-21
 - o Includes a \$2 million appropriation to the Verso Paper Mill in Duluth
- Funded the SciTechsperience Internship program at \$1.7 million per year for fiscal years 2020-21

- o While this is a slight reduction from the program's previous amount, the direct appropriation is retained
- Established Launch Minnesota (previously known as the Minnesota Innovation Collaborative) and funds it at \$5 million for fiscal years 2020-21
 - o This appropriation primarily goes to funding grants for innovators through SBIR/ STTR matching, R&D expenses, direct business expenses, technical assistance, or to help cover the costs for child care or housing
 - o For more, please see the specific Launch Minnesota recap [here](#)
- Codified new regulations against employer wage theft, including:
 - o Requiring employers to keep additional employment records including basis of pay for employees and a list of personnel policies given to employees
 - o Allowing for attorney general enforcement of wage theft provisions
 - o Defining wage theft as a criminal offense
 - o Including wage theft in crimes that can receive enhanced penalties and aggregation of offenses

For more, see the bill summary from either [Minnesota House Research](#) or [Minnesota Senate Counsel](#).

Omnibus Special Session Tax Bill

SSH5 (Marquart/Chamberlain)

Language/Spreadsheet

Contains the following from Medical Alley Association's Legislative Agenda:
Reinstating the Angel Investment Tax Credit, Article 2, Sections 1 – 7

Contains the following other provisions Medical Alley Association advocated for:
Section 179 Expensing & Bonus Depreciation Partial Conformity, Article 1
Individual Income Tax Rate Reduction, Article 2, Section 16
Permanent Reduction to Statewide General Levy, Article 4, Section 20
Duluth Regional Exchange District Establishment, Article 10

Status: Signed into Law (SSH5 – Marquart/Chamberlain)

BILL SUMMARY

The 2019 Omnibus Tax Bill made significant changes to several of the taxes collected in Minnesota, most notably conforming Minnesota's individual and corporate income laws to changes made at the federal level, including the Tax Cuts and Jobs Act of 2017 (TJCA). The bill also reduced Minnesota Individual income tax rates for the first time in two decades, lowered fixed costs for businesses via the statewide general levy, and authorized a series of local option sales taxes and changes to local tax increment financing (TIF) districts.

Here is a quick rundown of key provisions in the bill:

- Adjusted Minnesota's individual and corporate income tax laws to changes made at the federal level prior to December 31, 2018
 - o This includes all changes under the TJCA; it did not, however, attempt to include deemed repatriated income for state corporate income tax purposes; all global intangible low taxed income (GILTI) is subtracted and any foreign-derived intangible income (FDII) deducted is added back. The net result is that neither is counted for state corporate income tax purposes.

- o The bill eliminated net operating loss carrybacks and limited carryovers to 80% of the loss; it also limited business interest deductions to 30% of adjusted taxable income
- o Moved the starting point for Minnesota individual income taxes from federal taxable income (FTI) to federal adjusted gross income (FAGI)
- o Conformed to the permanent higher federal limit of \$1 million for section 179 expensing
- o Conformed to the temporary higher federal allowance of 100% for bonus depreciation
 - > Note that state law retained the 80% add-back and five-year recovery for both section 179 expensing and bonus depreciation
- Reinstated the Angel Tax Credit Program at \$10 million in each of Tax Year 2019 and 2021
- Reduced the current 7.05% Individual Income Tax rate to 6.8% starting in Tax Year 2019
- Permanently reduced the statewide general levy (also known as the statewide business property tax) by \$47.5 million beginning in Tax Year 2020
- Established the Duluth Regional Exchange District and appropriated money to pay back bonds issued to accomplish the public infrastructure improvements specified for the district
- Removed the sunset on the provider tax and reduces the rate from 2.0% to 1.8% beginning in tax year 2020
 - o This tax applies to gross revenues from hospitals, surgical centers, healthcare providers, and wholesale drug distributors and was originally scheduled to sunset at the end of tax year 2019

For more, see the bill summary from either Minnesota House Research or Minnesota Senate Counsel.



Omnibus Special Session Health & Human Services Finance Bill

SSSF12 (Benson/Liebling)

Language/Spreadsheet

Contains the following provisions Medical Alley Association advocated for:
Step Therapy Override Protocol Procedures Extended to Public Programs, Article 7,
Sections 3 and 4

Status: Signed into Law (SSSF12 – Benson/Liebling)

BILL SUMMARY

The 2019 omnibus health and human services finance bill, like so many of its predecessors, proved to be one of the most difficult bills to reach agreement on during a legislative session. Several key initiatives from the House, Senate, and Walz Administration had to be cut out and left on the negotiating room floor. The final bill, however, did contain several notable pieces of legislation.

Here is a quick rundown of key provisions in the bill:

- The exclusion on chemical dependency services for MA patients was removed
 - o Article 6, Sections 53 and 54
- The 2017 Step Therapy Protocol Override was extended to public programs under certain conditions
 - o Article 7, Sections 3 and 4
- The limit of three telemedicine services per week for MA patients was waived under certain conditions
 - o Article 7, Section 23
- Minnesota's reinsurance program was extended for an additional two years: no appropriation was needed, since enough dollars were left over from the original authorization in 2017
 - o Article 8, Sections 6, 7, 19, and 22
- Health carriers are now required to file information on prescription drugs as part of their annual rate filings
 - o Article 8, Section 8

- Step therapy was prohibited for metastatic cancers by both health plans and Medical Assistance (MA)
 - o Article 8, Sections 13 and 17
- New limits were put in place on patient cost-sharing for insulin
 - o A patient cannot pay more (including deductibles and other patient cost-sharing measures) than the net price charged to the health plan, which factors in discounts or rebates from drug manufacturers or PBMs
 - o Article 8, Section 15
- A requirement that claims submitted to the all-payers claim database have a unique identifier was included
 - o Article 8, Section 16
- Emergency refills of prescription drugs are now allowed under certain conditions
 - o Article 9, Sections 2, 3, 5, and 6
- The Minnesota Clean Indoor Air Act was extended to include vaping devices
 - o Article 11, Sections 23 – 31
- Required hospitals – including critical access hospitals – to provide each discharged patient with an itemized description of all billed medical goods and services provided during their stay within 30 calendar days of discharge; the hospital may not bill or charge the patient for this and it does not apply to MA, MinnesotaCare, or Medicare
 - o Article 11, Section 35
- May was named Maternal Health Awareness Month in Minnesota
 - o Article 12, Section 1



APPENDIX A



February 5, 2019

Representative Paul Marquart
Chair, House Taxes Committee
597 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Marquart and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of House File 502 authored by Representative Jamie Becker-Finn and House File 503 authored by Representative Tou Xiong.

Attracting talent is one of the biggest challenges facing Medical Alley companies. Medical Alley is home to the world's top medical technology cluster, a vibrant biotechnology sector, and a fast-growing digital health community. An abundant supply of new talent is critical to accelerating growth and bolstering Minnesota's leadership position in healthcare.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must significantly increase its attraction of talented people as well as better preparing its existing workforce to impact the future of healthcare.

These working groups proposed several solutions to meet this challenge, including strengthening investment in STEM education and programming in schools. They also recognized, however, that while developing and educating our future workforce is extremely important, that alone will not meet be enough. By 2020, Minnesota faces a projected gap of more than 100,000 workers; we currently rank 17th in net migration of working professionals. The current growth rate must improve fivefold for the state to move into the top 10 and eightfold to move to number one. To shrink this gap, Minnesota needs to develop public policies to attract additional talent. Strengthening the student loan tax credit is one policy that will help.

The student loan tax credit, first adopted in 2017, is a helpful tool for not only attracting talent to Minnesota, but also retaining talent trained at our colleges and universities. The changes to this credit contained in HF502 and HF503 only strengthen it. By making the credit refundable, and adjusting the calculation so more taxpayers qualify, the credit makes Minnesota an even more attractive place for recent graduates (or any professional with student loans) to move, live, and work.

Medical Alley Association supports HF502 and HF503 and asks they be considered to be included in any tax bill that moves forward this year.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



February 5, 2019

Representative Paul Marquart
Chair, House Taxes Committee
597 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Marquart and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, we are writing in support of the bills before you that fully conform Minnesota law to changes at the federal level to Section 179 expensing and bonus depreciation.

Minnesota is known as "The Great State of Health" and is home to Medical Alley, which is enshrined in the Smithsonian as one of America's Great Places of Invention. Medical Alley is home to the most densely concentrated health technology cluster in the world, ranks as the #1 region in the world for health technology, and is leading the digital health revolution. Medical Alley Association represents over 600 members in the medical device, digital health, diagnostics, biopharmaceutical, health provider, and health insurance sectors. Our members employ nearly 500,000 people with an economic impact of greater than \$60 billion per year.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must provide a business environment that attracts investment and increases the opportunity for health technology and care organizations to succeed.

These working groups recognized that, despite Minnesota's high quality of life and education metrics, more work needs to be done to improve the cost of doing business here. Conforming to federal law for Section 179 expensing and bonus depreciation, as well as eliminating the five-year add back requirement, help accomplish this. These are important tools for increasing investment in Minnesota by health technology companies – large and small. Making these changes provides another reason to invest in Minnesota and to keep the industry growing here, rather than other potential locations where there isn't a similar disadvantage.

Medical Alley Association strongly supports fully conforming to federal law for Section 179 expensing and bonus depreciation and urges their inclusion in any tax bill that moves forward this year.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



February 12, 2019

Representative Tim Mahoney
Chair, House Jobs and Economic Development Finance Division
365 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Mahoney and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, we are writing in support of House File 369, a bill providing matching funds for Minnesota companies receiving Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) grants.

This past year, Medical Alley Association convened working groups composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that in order to realize this vision, there were four major challenges that needed to be addressed. One of these challenges is that Minnesota must improve its environment for funding and support for entrepreneurial ventures to capture and sustain a leadership position and increase the opportunities for health technology and care organizations to succeed.

Establishing a state match for SBIR/STTR grants is one of the solutions for meeting these challenges. These federal grants are critical for small businesses to conduct research and development to help prove the commercial and technical viability of their product. They do, however, leave gaps that early-stage companies can have trouble navigating. For example, federal funds limit a company's ability to spend on critical areas such as business plan development or intellectual property protection. Creating a state match for grant awardees will help promising companies reach their full potential and better position them to succeed after the federal grant is completed.

These federal grants are extremely valuable to Minnesota's healthcare ecosystem. Since 2015 Medical Alley Association members alone have been the recipients of 38 different grant awards. Adoption of this legislation would significantly strengthen Minnesota's position as a destination for health technology and care innovation.

Medical Alley Association strongly supports HF369 and urges adoption this legislative session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'. The signature is fluid and cursive, with a large 'B' and 'P'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



February 18, 2019

Senator Eric Pratt
Chair, Senate Jobs and Economic Growth Finance and Policy
3219 Minnesota Senate Building
95 University Avenue West
Saint Paul, MN 55155

Chair Pratt and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, we are writing in support of Senate File 1076, a bill appropriating money to the Minnesota Investment Fund and Job Creation Fund.

This past year, Medical Alley Association convened working groups composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that in order to realize this vision, there were four major challenges that needed to be addressed. One of these challenges is that Minnesota must provide a business environment that attracts investment and increases the opportunity for health technology organizations to succeed.

These programs have assisted with the creation of more than 10,000 jobs in Minnesota – many in the health technology industry. These incentives have helped make Medical Alley home to the headquarters of Smiths Medical, ABILITY, and Cardiovascular Systems. These programs also helped attract Heraeus Medical Components and the Olympus Surgical Innovation Center to Minnesota. In addition, the average wage for key sectors in the health technology industry is nearly 77% higher than the average wage for all industries. Funding each of these programs is important for continuing to grow and attract high paying jobs, growing Minnesota's economy, and realizing the vision of Medical Alley as the global epicenter of health innovation and care.

Medical Alley Association strongly supports SF1076 and urges the committee to include it as part of any finance bill this legislative session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



February 27, 2019

Dear Chair Moran and members of the House Health and Human Services Policy Committee,

The following organizations urge your support of HF 815, legislation that will expand Minnesota's step therapy law and ensure all Minnesotans are protected and being provided quick access to the medicines they need.

Step therapy protocols (sometimes referred to as "fail first") require patients to try and fail at least one medication chosen by a health plan before the plan will cover the medication that was originally prescribed by a provider. For those living with a serious or chronic illness, prolonging ineffective treatment (and delaying access to the right treatment) may result in possible irreversible progression of a disease, loss of function, and adverse effects.

Last session, the Minnesota legislature unanimously approved a bill (HF 3196) that created a process to allow providers to request an exception to a step therapy protocol when they believe it in their patient's best interest. The law does not ban the practice of step therapy or mandate drug coverage. A provider may use one of the following circumstances when requesting an override:

1. The drug required under step therapy is likely to cause an adverse reaction, could negatively impact a person's daily life, or would be physically or mentally harmful.
2. The patient has tried a drug required under step therapy which is in the same pharmacologic class or has the same mechanism of action.
3. The patient is currently stable on a prescription drug selected by the doctor while on a current or previous insurance plan.

Implemented on January 1, 2019, this legislation applies only to health plans in the private marketplace and state employee plans. HF 815 would extend protections of this law to public programs such as Medical Assistance and MinnesotaCare, ensuring that all Minnesotans that seek coverage under a state regulated plan would have these protections.

Please help ensure Minnesotans have access to the medicines they need and support SF 1026/HF 815.



February 27, 2019

Senator Roger Chamberlain
Chair, Senate Taxes Committee
3225 Minnesota Senate Building
95 University Avenue West
Saint Paul, MN 55155

Chair Chamberlain and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, we are writing in support of Senate File 996 (Senjem). This bill would strengthen Minnesota's first-in-the-nation Research and Development Credit and signal our desire for the jobs and wages that comes with the investment.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must provide a business environment that attracts investment and increases the opportunity for health technology and care organizations to succeed.

A robust research and development credit is a critical part of meeting this challenge. Research and development is the lifeblood of the health innovation industry, and competition for the investment these dollars bring is fierce. Countries from around the world – not to mention other states – are vying for the high-paying jobs, technology, and expertise that comes with investing in research and development activities.

The proposed changes in these bills improve access to this important incentive by simplifying compliance. All too often, we hear from small and emerging companies that they do not utilize the credit for fear of costly audits or spending more to comply with the credit's documentation requirement than they received in credits. Establishing a state-level alternative simplified credit helps ensure that innovators are not locked out from accessing the credit by complicated formulas and high compliance costs. This change will enable them to invest these dollars back into further research and development and growing their companies, instead of activities that do not add value.

Medical Alley Association strongly supports positive changes to the Minnesota Research & Development Credit and urges including this and others as part of a tax bill this legislative session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



February 28, 2019

Representative Tim Mahoney
Chair, House Jobs and Economic Development Finance Division
365 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Mahoney and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of House File 955, a bill providing grants for the SciTechsperience program. With nearly 14,000 job openings currently available in STEM fields, programs such as this provide an important talent pipeline for employers throughout Minnesota.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must grow our existing talent pool and better prepare our existing workforce to impact the future of healthcare. Providing real world experience for STEM students is a critical part of meeting this challenge and the SciTechsperience program does just that.

This program placed more than 360 interns in 2018 alone. Throughout the life of this program, 80 percent of former interns have stayed in Minnesota and 98 percent of them are in STEM careers. The biotech and life sciences sector utilized this program significantly, accounting for 24 percent of the interns placed in 2018. State support for programs that help fill the local talent pool for the health innovation and care industry – and other STEM industries – with real world talent will continue to spur innovation and economic growth throughout the state.

Medical Alley Association strongly supports HF955 and urges its adoption this legislative session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 5, 2019

Senator Michelle Benson
Chair, Senate Health and Human Services Finance and Policy Committee
3109 Minnesota Senate Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Benson and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of Senate File 973, authored by Senator Jeremy Miller, that creates a Rare Diseases Advisory Council.

Medical Alley Association members are innovating every day to save lives and improve patient outcomes in a variety of ways. Patients are living longer, healthier lives thanks to new medical devices, personalized medicine, and advances in digital health that were created because our members work constantly to improve patient outcomes in less invasive and more cost-effective ways.

The Rare Diseases Advisory Council will be a resource for families who have a member with a rare disease. This Council will provide information about treatment, coverages, and general material about the disease that will help families better understand what their options are and what their next steps should be. Nearly two million Minnesotans are impacted by rare diseases through family and friends. This Council will provide them a voice and help give them hope – by connecting them with others impacted and with critical information.

This Council also seeks to leverage Minnesota's position as a global leader in health research. Already, the University of Minnesota – a world-class research institution – and the world-renowned Mayo Clinic are on the forefront of developing treatments and cures for the toughest diseases. This council will serve as a catalyst for translational research by bringing the significant expertise and resources at each of these institutions together with other Minnesota experts, and lead to better, more accessible treatments and cures for those impacted by rare diseases.

Medical Alley Association supports SF973 and asks for the committee's support to move this bill forward.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 6, 2019

Senator Eric Pratt
Chair, Senate Jobs & Economic Growth Finance and Policy Committee
95 University Avenue W.
Minnesota Senate Bldg., Room 3219
Saint Paul, MN 55155

Chair Pratt and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of Senate File 1652, a bill providing grants for the SciTechsperience program. With nearly 14,000 job openings currently available in STEM fields, programs such as this provide an important talent pipeline for employers throughout Minnesota.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must grow our existing talent pool and better prepare our existing workforce to impact the future of healthcare. Providing real world experience for STEM students is a critical part of meeting this challenge and the SciTechsperience program does just that.

This program placed more than 360 interns in 2018 alone. Throughout the life of this program, 80 percent of former interns have stayed in Minnesota and 98 percent of them are in STEM careers. The biotech and life sciences sector utilized this program significantly, accounting for 24 percent of the interns placed in 2018. State support for programs that help fill the local talent pool for the health innovation and care industry – and other STEM industries – with real world talent will continue to spur innovation and economic growth throughout the state.

Medical Alley Association strongly supports SF1652 and urges its adoption this legislative session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 7, 2019

Senator Paul T. Anderson
Chair, Senate Higher Education Finance and Policy Committee
2103 Minnesota Senate Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Anderson and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of Senate File 973, authored by Senator Jeremy Miller, that creates a Rare Diseases Advisory Council.

Medical Alley Association members are innovating every day to save lives and improve patient outcomes in a variety of ways. Patients are living longer, healthier lives thanks to new medical devices, personalized medicine, and advances in digital health that were created because our members work constantly to improve patient outcomes in less invasive and more cost-effective ways.

The Rare Diseases Advisory Council will be a resource for families who have a member with a rare disease. This Council will provide information about treatment, coverages, and general material about the disease that will help families better understand what their options are and what their next steps should be. Nearly two million Minnesotans are impacted by rare diseases through family and friends. This Council will provide them a voice and help give them hope – by connecting them with others impacted and with critical information.

This Council also seeks to leverage Minnesota's position as a global leader in health research. Already, the University of Minnesota – a world-class research institution – and the world-renowned Mayo Clinic are on the forefront of developing treatments and cures for the toughest diseases. This council will serve as a catalyst for translational research by bringing the significant expertise and resources at each of these institutions together with other Minnesota experts, and lead to better, more accessible treatments and cures for those impacted by rare diseases.

Medical Alley Association supports SF973 and asks for the committee's support to move this bill forward.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'. The signature is fluid and cursive, with a large 'B' and 'P'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 12, 2019

Representative Mike Freiberg
Chair, House Government Operations Committee
509 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Freiberg and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of House File 684, authored by Representative Alice Mann, that creates a Rare Diseases Advisory Council.

Medical Alley Association members are innovating every day to save lives and improve patient outcomes in a variety of ways. Patients are living longer, healthier lives thanks to new medical devices, personalized medicine, and advances in digital health that were created because our members work constantly to improve patient outcomes in less invasive and more cost-effective ways.

The Rare Diseases Advisory Council will be a resource for families who have a member with a rare disease. This Council will provide information about treatment, coverages, and general material about the disease that will help families better understand what their options are and what their next steps should be. Nearly two million Minnesotans are impacted by rare diseases through family and friends. This Council will provide them a voice and help give them hope – by connecting them with others impacted and with critical information.

This Council also seeks to leverage Minnesota's position as a global leader in health research. Already, the University of Minnesota – a world-class research institution – and the world-renowned Mayo Clinic are on the forefront of developing treatments and cures for the toughest diseases. This council will serve as a catalyst for translational research by bringing the significant expertise and resources at each of these institutions together with other Minnesota experts, and lead to better, more accessible treatments and cures for those impacted by rare diseases.

Medical Alley Association supports HF684 and asks for the committee's support to move this bill forward.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'. The signature is fluid and cursive, with a large 'B' and 'P'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 12, 2019

Representative Connie Bernardy
Chair, Higher Education Finance & Policy Division
369 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
St. Paul, MN 55155

Chair Bernardy and Esteemed Committee Members:

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing to support House File 2100, a bill appropriating money to the Spinal Cord Injury and Traumatic Brain Injury (SCI/TBI) Research Grant Program. As the leading trade association for the health technology industry, Medical Alley Association is familiar with both the life-saving implications of medical and medical device research, as well as the arduous and costly process new technologies must pass through in order to be developed and brought to patients.

This grant program funds research into new and innovative treatments and rehabilitation efforts for the functional improvement of people with spinal cord and traumatic brain injuries. It also helps keep research and innovation in Minnesota, which is well-known for its health technology and care industry. This research is being done, for example, at world-renowned centers for research, such as Mayo Clinic and the University of Minnesota, among others.

The request for funding will go toward developing significantly improved care options for the tens of thousands of Minnesotans living with these disabilities. There have been recent advances in the field that can help reduce suffering, improve quality of life, and decrease the cost of care for patients with these injuries. The lifetime cost of care for individuals with SCI/TBI ranges from just under \$2 million to nearly \$5 million.

Last session, the legislature funded the SCI/TBI Research Grant Program at \$3 million a year for FY2018 and 2019. In 2019 alone, the SCI/TBI Advisory Council received 36 research grant proposals totaling more than \$9.9 million – the highest volume of applications ever received. Of these, 19 received funding for a total of \$3.46 million. The high demand for these grant dollars indicates the need for additional grant dollars to allow researchers to continue finding new treatments and rehabilitative efforts for the functional improvement of people with spinal cord injuries and traumatic brain injuries.

Medical Alley Association strongly supports HF2100 and urges the committee to include it as part of any finance bill moving forward this session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'. The signature is written in a cursive, flowing style.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 19, 2019

Representative Tim Mahoney
Chair, House Jobs and Economic Development Finance Division
365 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Mahoney and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of House Files 1185 and 1186 that have appropriations for the Job Creation Fund (JCF) and Minnesota Investment Fund (MIF) programs. These are important incentives for the state to utilize to attract investment and grow jobs in Minnesota.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must provide a business environment that attracts investment and increases the opportunity for health technology and care organizations to succeed. These two programs are an important part of meeting this challenge.

These programs have assisted with the creation of more than 10,000 jobs in Minnesota, many in the health technology industry. They have helped make Medical Alley home to the headquarters of Smiths Medical, ABILITY, and Cardiovascular Systems and helped attract Heraeus Medical Components and the Olympus Surgical Innovation Center to Minnesota. Ensuring these programs have sufficient resources enables the state to remain competitive for job expansions by both new arrivals and existing companies throughout the state and across industries.

Medical Alley Association strongly supports HF1185 and HF1186, as well as other bills strengthening the Minnesota Investment Fund and Job Creation Fund, and urges the committee to include them in any finance bill this legislative session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 26, 2019

Senator Paul Anderson
Chair, Higher Education Finance & Policy Committee
2103 Minnesota Senate Building
95 University Avenue W.
St. Paul, MN 55155

Chair Anderson and Esteemed Committee Members:

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing to support Senate File 2086, a bill appropriating money to the Spinal Cord Injury and Traumatic Brain Injury (SCI/TBI) Research Grant Program. As the leading trade association for the health technology industry, Medical Alley Association is familiar with both the life-saving implications of medical and medical device research, as well as the arduous and costly process new technologies must pass through in order to be developed and brought to patients.

This grant program funds research into new and innovative treatments and rehabilitation efforts for the functional improvement of people with spinal cord and traumatic brain injuries. It also helps keep research and innovation in Minnesota, which is well-known for its health technology and care industry. This research is being done, for example, at world-renowned centers for research, such as Mayo Clinic and the University of Minnesota, among others.

The request for funding will go toward developing significantly improved care options for the tens of thousands of Minnesotans living with these disabilities. There have been recent advances in the field that can help reduce suffering, improve quality of life, and decrease the cost of care for patients with these injuries. The lifetime cost of care for individuals with SCI/TBI ranges from just under \$2 million to nearly \$5 million.

Last session, the legislature funded the SCI/TBI Research Grant Program at \$3 million a year for FY2018 and 2019. In 2019 alone, the SCI/TBI Advisory Council received 36 research grant proposals totaling more than \$9.9 million – the highest volume of applications ever received. Of these, 19 received funding for a total of \$3.46 million. The high demand for these grant dollars indicates the need for additional grant dollars to allow researchers to continue finding new treatments and rehabilitative efforts for the functional improvement of people with spinal cord injuries and traumatic brain injuries.

Medical Alley Association strongly supports SF2086 and urges the committee to include it as part of any finance bill moving forward this session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'. The signature is written in a cursive, flowing style.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 26, 2019

Senator Scott Newman
Chair, Senate Transportation Finance and Policy
3105 Minnesota Senate Building
95 University Avenue W
Saint Paul, MN 55155

Chair Newman and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, we are writing in support of Senate File 2236. This bill creates a tool that could be utilized by health innovation and care organizations to enhance and streamline their transportation network, resulting in a more stable supply chain and lower costs for patients.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must provide a business environment that attracts investment and increases the opportunity for health technology and care organizations to succeed. This bill takes a step towards meeting that challenge.

Optimization tools are used by private organizations to streamline supply chains, determine site selection, and reduce costs. Similarly, other states – such as Iowa – are already using a similar tool to improve synergies between highway, railway, airports, and barge networks, as well as to show companies how locating there can reduce transportation and supply chain costs relative to other states. Minnesota can use this tool to help inform decisions around public infrastructure investments, economic development, and business attraction and expansion. Additionally, this tool could be used to strengthen the development of key industry clusters in the state, such as medical device and biotechnology, and be a key part of realizing the vision of Medical Alley being recognized as the global epicenter of health innovation and care.

Medical Alley Association strongly supports Senate File 2236 and urges its inclusion as part of any finance bill moving forward this session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 27, 2019

Representative Tim Mahoney
Chair, House Jobs and Economic Development Finance Division
365 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Mahoney and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of House File 2287, a bill providing grants to increase apprenticeships in information technology (IT). I'd like to thank Representative Noor for bringing this bill forward and for his dedication and commitment to this important issue.

This past year, Medical Alley Association convened working groups, composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that, in order to realize this vision, there were four major challenges that needed to be addressed. One of these was that Minnesota must grow our talent pool and better prepare our existing workforce to make a positive impact on the future of healthcare. Providing real-world experience for IT talent is a critical part of meeting this challenge, and this bill takes an important step in that direction.

There is a large and growing need for information technology talent in Minnesota. Last year alone, there were more than 45,000 job postings in IT in the seven-county metro area and nearly 10,000 in Greater Minnesota. Openings in the health innovation and care industry alone accounted for more than 5,300 of these – a number that is expected to grow rapidly over the next decade. State support for programs to help fill the local talent pool with workers that have proper training and real-world experience, like the IT apprenticeship program proposed in this bill, will continue to spur innovation and economic growth throughout Minnesota.

Medical Alley Association strongly supports HF2287 and urges its adoption this legislative session.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 27, 2019

Representative Tim Mahoney
Chair, House Jobs and Economic Development Finance Division
365 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Mahoney and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of House File 1216, which would create a regional exchange district in Duluth. Modeled after the successful Destination Medical Center initiative in Rochester, the effort to make Duluth a center for investment and development focused on the health innovation and care industry is a laudable one that the Medical Alley Association wholeheartedly supports.

For Medical Alley to be recognized as the global epicenter of health innovation and care, Minnesota must more effectively capitalize on resources available throughout the state. This effort also requires strong partnerships between industry and the public sector. The best example of this can be seen in the investment and successful research happening in Rochester as a result of the creation of the Destination Medical Center (DMC).

The State's willingness to support public infrastructure funding as part of the DMC project has directly led to significant private investment flowing into Rochester. Just last week, the DMC Corporation announced that private investment into the district totaled more than \$262 million in 2018 – a 100 percent increase from the previous year. The influx of private money will in turn unlock \$13.5 million in public infrastructure funding that helps support the growth of the city. Additionally, the number of overall health technology patent applications coming from Rochester grew by 23 percent since 2018 and has nearly the same number per capita as established health technology hubs like Boston, MA.

This legislation seeks to build the same type of public/private partnership in Duluth that has been so successful in Rochester. Duluth already has a thriving healthcare industry; Essentia Health and St. Luke's employ about 10,000 people in the Duluth area and pay nearly \$1.5 billion in wages and benefits. Both of them already are investing tens of millions of dollars in local construction, including Essentia Health's Vision Northland. Combining this economic impact with a corresponding commitment from the state will accelerate Duluth's growth as a hub for investment and innovation in the health technology and care industry.

Medical Alley Association strongly supports this legislation and looks forward to working with Regional Exchange District Advisory Board to promote Duluth as a key part of the global epicenter of health innovation and care.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'. The signature is written in a cursive, flowing style.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



March 28, 2019

Representative Tina Liebling
Chair, House Health & Human Services Finance Division
477 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Liebling and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of House File 684, authored by Representative Alice Mann, that creates a Rare Diseases Advisory Council.

Medical Alley Association members are innovating every day to save lives and improve patient outcomes in a variety of ways. Patients are living longer, healthier lives thanks to new medical devices, personalized medicine, and advances in digital health that were created because our members work constantly to improve patient outcomes in less invasive and more cost-effective ways.

The Rare Diseases Advisory Council will be a resource for families who have a member with a rare disease. This Council will provide information about treatment, coverages, and general material about the disease that will help families better understand what their options are and what their next steps should be. Nearly two million Minnesotans are impacted by rare diseases through family and friends. This Council will provide them a voice and help give them hope – by connecting them with others impacted and with critical information.

This Council also seeks to leverage Minnesota's position as a global leader in health research. Already, the University of Minnesota – a world-class research institution – and the world-renowned Mayo Clinic are on the forefront of developing treatments and cures for the toughest diseases. This council will serve as a catalyst for translational research by bringing the significant expertise and resources at each of these institutions together with other Minnesota experts, and lead to better, more accessible treatments and cures for those impacted by rare diseases.

Medical Alley Association strongly supports HF684 and urges the committee to continue moving it forward.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



April 1, 2019

Representative Mary Murphy
Chair, Capital Investment Division
343 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd
Saint Paul, MN 55155

Chair Murphy and Esteemed Committee Members,

On behalf of Medical Alley Association and its more than 600 members that make up Minnesota's health innovation and care industry, I am writing in support of House File 1216, which would create a regional exchange district in Duluth. Modeled after the successful Destination Medical Center initiative in Rochester, the effort to make Duluth a center for investment and development focused on the health innovation and care industry is a laudable one that the Medical Alley Association wholeheartedly supports.

For Medical Alley to be recognized as the global epicenter of health innovation and care, Minnesota must more effectively capitalize on resources available throughout the state. This effort also requires strong partnerships between industry and the public sector. The best example of this can be seen in the investment and successful research happening in Rochester as a result of the creation of the Destination Medical Center (DMC).

The State's willingness to support public infrastructure funding as part of the DMC project has directly led to significant private investment flowing into Rochester. Just last week, the DMC Corporation announced that private investment into the district totaled more than \$262 million in 2018 – a 100 percent increase from the previous year. The influx of private money will in turn unlock \$13.5 million in public infrastructure funding that helps support the growth of the city. Additionally, the number of overall health technology patent applications coming from Rochester grew by 23 percent since 2018 and has nearly the same number per capita as established health technology hubs like Boston, MA.

This legislation seeks to build the same type of public/private partnership in Duluth that has been so successful in Rochester. Duluth already has a thriving healthcare industry; Essentia Health and St. Luke's employ about 10,000 people in the Duluth area and pay nearly \$1.5 billion in wages and benefits. Both of them already are investing tens of millions of dollars in local construction, including Essentia Health's Vision Northland. Combining this economic impact with a corresponding commitment from the state will accelerate Duluth's growth as a hub for investment and innovation in the health technology and care industry.

Medical Alley Association strongly supports this legislation and looks forward to working with Regional Exchange District Advisory Board to promote Duluth as a key part of the global epicenter of health innovation and care.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



May 8, 2019

Representative Paul Marquart
Chair, House Taxes Committee
597 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Boulevard
Saint Paul, MN 55155

Senator Roger Chamberlain
Chair, Senate Taxes Committee
3225 Minnesota Senate Building
95 University Avenue West
Saint Paul, MN 55155

Re: Omnibus Tax Bill, House File 2125

Chairs Marquart and Chamberlain and Members of the Conference Committee,

On behalf of Medical Alley Association's more than 600 members, I'd like to thank you for the opportunity to provide input on House File 2125. Medical Alley Association acknowledges the difficult decisions facing this conference committee and appreciates the dedication and commitment it will take to come to an agreement on this legislation. Below are a few provisions Medical Alley Association is pleased to support, as well as some we have concerns with.

Support

Reinstatement of the Angel Investment Tax Credit

House: Article 2, Secs. 1 – 7, 30, 32; Senate: Article 2, Secs. 1 – 3, 32

Medical Alley Association greatly appreciates the reinstatement of the Angel Investment Tax Credit (AITC) being included in each chamber's bill. MAA urges the conference committee to adopt the House position reinstating the AITC for two years, at \$10 million per year, as this will allow more innovators throughout the state to access this important source of capital.

The AITC is vital to keeping Minnesota a destination for entrepreneurs across technology sectors. The AITC, which was first available in 2010 but expired at the end of 2017, resulted in more than \$421 million in private investment in Minnesota startups and emerging companies during that time. Additionally, nearly half of all states have programs similar to the AITC – including regional competitors like Illinois, Iowa, and Wisconsin – making the program vital to continuing to attract investment dollars for Minnesota innovators. Reinstating the AITC is one important thing the state can do to continue growing Minnesota's startup ecosystem and generate growth for the decades to come.

Full Conformity to Section 179 Expensing

House: Article 2, Secs. 21, 35; Senate: Article 2, Sec. 62

Medical Alley Association thanks both the House and Senate Taxes Committees for including full conformity to Section 179 Expensing in their omnibus bills and eliminating the 80% add-back. Medical Alley Association supports the adoption of either provision into the final bill.

Full conformity to increased Section 179 Expensing at the federal level provides an important tool for increasing investment in Minnesota by health technology companies, large and small. This change provides another reason to invest in Minnesota and to keep the industry growing here, rather than other potential locations where there isn't a similar disadvantage.

Duluth Regional Exchange District

House: Article 10, Secs. 5 – 11

Medical Alley Association supports language creating the Duluth Regional Exchange District. Modeled after Rochester's Destination Medical Center (DMC), the district would help make Duluth a center for investment and development focused on the health innovation and care industry.

This legislation seeks to build the same type of public/private partnership in Duluth that has been so successful in Rochester. Duluth already has a thriving healthcare industry; Essentia Health and St. Luke's employ about 10,000 people in the Duluth area and pay nearly \$1.5 billion in wages and benefits. Both of them already are investing tens of millions of dollars in local construction, including Essentia Health's Vision Northland project.

For Medical Alley to be recognized as the global epicenter of health innovation and care, Minnesota must more effectively capitalize on resources available throughout the state. This effort also requires strong partnerships between industry and the public sector, like the Rochester DMC. This proposal builds on that and will accelerate Duluth's growth as a hub for investment and innovation in the health technology and care industry.

Changes to the State General Levy

House: Article 5, Sec. 34; Senate: Article 4, Sec. 22

Medical Alley Association strongly supports the Senate's reduction to the Statewide General Levy. While other state policies, such as single sales apportionment and the research and development credit, encourage growth and investment in Minnesota, the Statewide General Levy discourages it. Both urban and rural businesses are already subject to property taxes at the local level and face some of the highest tax rates in the country. Additionally, the assessment of the Statewide General Levy is completely disconnected from the profit, loss, or sales of the business paying it.

We urge the conference committee to adopt the Senate position reducing the Statewide General Levy and to decline the House position, which increases property taxes on businesses throughout the state.

Concerns

Changes to the Qualified Data Center Program

House: Article 3, Sec. 11, Article 14, Sec. 2

Medical Alley Association is very concerned about the proposed changes to the qualified data center program contained in the House bill. We urge the conference committee to not adopt any language that is not prospective in nature.

Applying these changes to agreements that have already been entered into reflects poorly on Minnesota and would have a significantly negative impact on Minnesota's competitiveness in attracting investment in the future – keeping in mind several of the investments made through this program were from companies already headquartered, or that have a significant presence, in Minnesota. Any changes to the program should be made for new investments only and should not seek to penalize those that have used this program in good faith and met all requirements.

Capture and Taxation of Foreign Income

House: Article 1, Secs. 57 – 60

Medical Alley Association urges the conference committee to not adopt the proposed changes to the capture and taxation of foreign income contained in the House bill.

The changes to the corporate tax system at the federal level were made to increase competitiveness and investment. Instead of seeking to do the same, the House proposal penalizes Minnesota-based

companies for doing business overseas by subjecting them to an increased tax base. This, combined with Minnesota's already uncompetitively high state corporate income tax rate, makes the state a less appealing place for health innovation companies to remain and to invest in.

Thank you again for the opportunity to share our input on this legislation. Please let me know if we can provide any additional information or be a resource for this conference committee.

Sincerely,

A handwritten signature in blue ink that reads "Bobby Patrick, VI". The signature is written in a cursive style with a large, stylized initial "B".

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



May 9, 2019

Representative Tim Mahoney
Chair, House Jobs and Economic Development
Finance Division
365 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Boulevard
Saint Paul, MN 55155

Senator Eric Pratt
Chair, Senate Jobs and Economic Growth
Finance and Policy Committee
3219 Minnesota Senate Building
95 University Avenue West
Saint Paul, MN 55155

Re: Omnibus Jobs and Economic Development, Energy and Climate, and Telecommunications Policy and Finance Bill

Chairs Mahoney and Pratt, and Members of the Conference Committee,

On behalf of Medical Alley Association's more than 600 members, I'd like to thank you for the opportunity to provide input on House File 2208. Medical Alley Association acknowledges the difficult decisions facing this conference committee and appreciates the dedication and commitment it will take to come to an agreement on this legislation. Below are a few provisions Medical Alley Association supports:

Minnesota Innovation Collaborative

House: Article 1, Sec. 2, Subd. 2(b); Article 4, Sec. 17

Medical Alley Association strongly supports creation of the Minnesota Innovation Collaborative and urges the conference committee to adopt language authorizing it.

The Minnesota Innovation Collaborative (MIC) will serve as a hub for fostering startup growth in all sectors and in every corner of the state. Through providing direct grants to innovators, as well as education and outreach to current and future entrepreneurs, the MIC seeks to help startups access the tools they need to be successful at every stage of development. Further, establishing an advisory council made up of representatives from business and higher education will enable the MIC to continually provide the most proven, cutting-edge guidance to startups for any challenge they may face, as well as help to plot a course for stronger public/private partnerships continuing to move the mission of the MIC forward.

Metropolitan Job Training Grants

House: Article 1, Sec. 2, Subd. 2(w); Article 4, Sec. 7

Medical Alley Association appreciates the inclusion of this language as part of the House bill and asks the conference committee to adopt these provisions.

Modeled off of the successful Jobs Training Incentive Program (JTIP), dollars awarded through the Metropolitan Job Training Grants will enable companies seeking to grow an opportunity to partner with the public sector to train employees for newly created positions. By limiting the program to only manufacturing and IT sectors, it focuses in on not only where some of the greatest needs are, but some of the highest wages as well. There were more than 117,000 job postings for manufacturing and IT jobs in 2018; and these two industries have average wages \$43,000 higher than the average wage for all other industries. Truly realizing the vision of Medical Alley being recognized as the global epicenter of health innovation and care requires addressing our workforce shortage, and this language takes a significant step in meeting that challenge.

Broadband Grants to Coworking Spaces Pilot Program

House bill: Article 1, Sec. 2, subd. 2, (n)(1) and (2)

Medical Alley Association supports the House provision providing broadband grants to coworking spaces located in unserved or underserved areas of the state and urges the conference committee to adopt this language.

Coworking spaces are an important part of the startup ecosystem as they provide resources and space that otherwise may not be accessible to entrepreneurs. Broadband access is a key part of growing a business, particularly in the health innovation and care industry, and these grants will help foster this growth throughout the state.

Funding for Minnesota Investment Fund and Job Creation Fund

House: Article 1, Sec. 2, subd. 2(o) and 2(p)(1); Senate: Article 1, Sec. 2, subd. 2(a)(1) and 2(g)

Medical Alley Association strongly supports current funding levels for the Minnesota Investment Fund and the Job Creation Fund and requests the conference committee adopt the Senate position maintaining them, as well as the House position increasing the ceiling for awards under the Minnesota Investment Fund (Article 4, Sec. 2).

These provisions help provide an environment that attracts investment and increases the opportunity for health innovation and care organizations to succeed.

The Minnesota Investment Fund (MIF) and Job Creation Fund (JCF) have been key to growing the health innovation and care industry in Minnesota. Smiths Medical used MIF to build its new headquarters in Plymouth. Takeda leveraged it for its new Global Center of Excellence in Brooklyn Park. In Rochester, Vyriad received assistance in building a state of the art manufacturing facility for anti-cancer vaccines. Cardiovascular Systems, Lifecore Biomedical and Cantel Medical leveraged the JCF to expand and create hundreds of jobs in Medical Alley. These are just some of the success stories of MIF and JCF funded projects. Additionally, increasing the MIF ceiling gives the state additional flexibility in tailoring awards to potential recipients, enables the state, and makes maximum awards consistent across similar programs.

Thank you again for the opportunity to share our input on this legislation. Please let me know if we can provide any additional information or be a resource for this conference committee.

Sincerely,



Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



May 14, 2019

Honorable Tim Walz
Governor, State of Minnesota
130 State Capitol
75 Rev. Dr. Martin Luther King, Jr. Blvd
St. Paul, MN 55155

Representative Melissa Hortman
Speaker, Minnesota House of Representatives
463 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155

Senator Paul Gazelka
Majority Leader, Minnesota State Senate
3113 Minnesota Senate Building
95 University Ave. W.
St. Paul, MN 55155

Governor Walz, Speaker Hortman, and Senator Gazelka,

On behalf of Medical Alley Association, I am writing to ask that you consider funding for the Minnesota Innovation Collaborative (MIC) when setting the budget target for the conference committee on House File 2208. As the association representing the health innovation and care industry across Medical Alley, Medical Alley Association works with hundreds of innovators in the healthcare space each and every year. The Minnesota Innovation Collaborative would be a tremendous asset to them, us, and entrepreneurs in all industries throughout the state.

This past year, Medical Alley Association convened working groups composed of healthcare leaders from all sectors, to put together a 10-year vision with the goal of Medical Alley being recognized as the global epicenter of health innovation and care. These working groups concluded that in order to realize this vision, there were four major challenges that needed to be addressed. One of these challenges is that Minnesota's environment for support for entrepreneurial ventures must improve to capture and sustain a leadership position. The MIC is a huge step towards meeting this challenge.

The MIC will serve as a hub for fostering startup growth in all sectors and in every corner of the state. Through providing direct grants to innovators, as well as education and outreach to current and future entrepreneurs, the MIC seeks to help startups access the tools they need to be successful at every stage of development. Further, establishing an advisory council made up of representatives from business and higher education will enable the MIC to continually provide the most proven, cutting-edge guidance to startups for any challenge they may face, as well as help to plot a course for stronger public/private partnerships continuing to move the mission of the MIC forward.

The Medical Alley Association strongly supports the Minnesota Innovation Collaborative and again asks that it be taken into account when determining the budget target for House File 2208.

Thank you.

Sincerely,

A handwritten signature in blue ink that reads 'Bobby Patrick, VI'.

Bobby Patrick, VI
Director, Government Relations
Medical Alley Association



APPENDIX B

BUILDING MEDICAL ALLEY AS THE GLOBAL EPICENTER OF HEALTH INNOVATION AND CARE INVOLVES EVERYONE HAVING A SEAT AT THE TABLE, GIVING THEM A STAKE IN ACHIEVING SUCCESS



2019 STATE LEGISLATIVE AGENDA

**REINSTATE AND MAKE PERMANENT
THE ANGEL INVESTMENT TAX CREDIT**

**ESTABLISH A STATE-LEVEL RARE
DISEASE ADVISORY COUNCIL**

**ENHANCE AND SIMPLIFY EXISTING
INCENTIVES FOR GROWTH AND
EXPANSION IN MINNESOTA**

**IMPROVE ACCESS BY ELIMINATING
BARRIERS HINDERING COORDINATED CARE
AND IMPEDING CARE DELIVERY**

**PREPARE NEW TALENT BY LEVERAGING EXISTING
PARTNERSHIPS AND DEVELOPING NEW ONES**

**DEVELOP AND INCREASE USE OF NON-OPIOID
PAIN MANAGEMENT TECHNIQUES**

2019 MEDICAL ALLEY ASSOCIATION STATE LEGISLATIVE AGENDA

Reinstate and Make Permanent the Angel Investment Tax Credit

- Unlock up to \$80 million in investment annually by making \$20 million in credits available each year
- Develop a more robust and diverse startup community by making capital more accessible and providing long-term stability to the program
- Make Minnesota-based startups more attractive to out-of-state investors

Enhance and Simplify Existing Incentives for Growth and Expansion in Minnesota

- Encourage increased investment in Minnesota by companies of all sizes by making it easier to claim the research and development tax credit
- Attract new businesses and retain existing ones by increasing the maximum Minnesota Investment Fund grant to \$2 million

Prepare New Talent by Levering Existing Partnership and Developing New Ones

- Expand and modify the Jobs Training Incentive Program to increase utilization and develop needed talent throughout the state
- Engage students in hands-on science education through the Science from Scientists program
- Continue funding the successful SciTechSpierience internship program that pairs STEM students with small- and medium- sized businesses

Establish a State-Level Rare Disease Advisory Council

- Provide resources to affected families and catalyze translational research to treat and cure rare diseases

Improve Access by Eliminating Barriers Hindering Coordinated Care and Impeding Care Delivery

- Continue to protect patient privacy while reducing complexity, stress, and unnecessary treatment duplication and delays by modernizing Minnesota law to allow for the release of clinically appropriate health information as allowed by HIPAA
- Reform existing statutes and rules to improve patient outcomes across the continuum of care

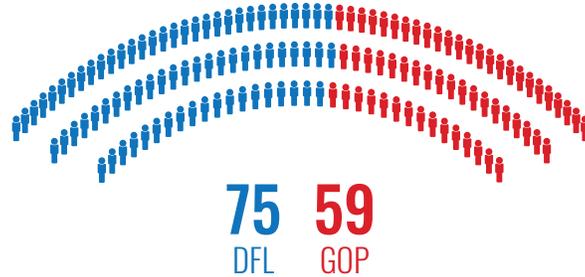
Develop and Increase Use of Non-Opioid Pain Management Techniques

- Encourage the development of treatment, recovery, and pain management solutions through the establishing of an Opioid Technology Challenge Program
- Improve accessibility to, and encourage the use of, non-opioid pain management technology

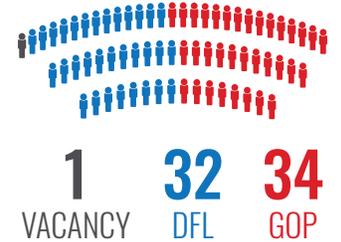


2019-2020

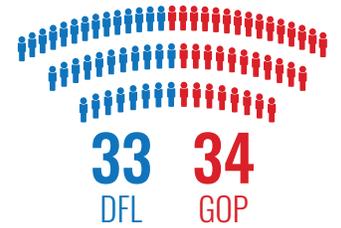
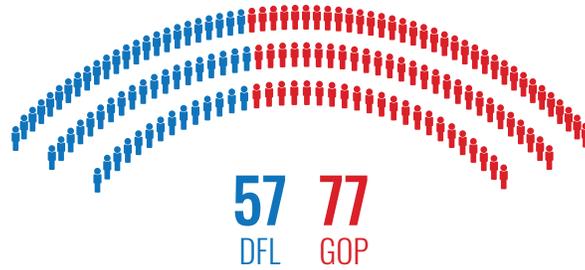
MINNESOTA HOUSE OF REPRESENTATIVES



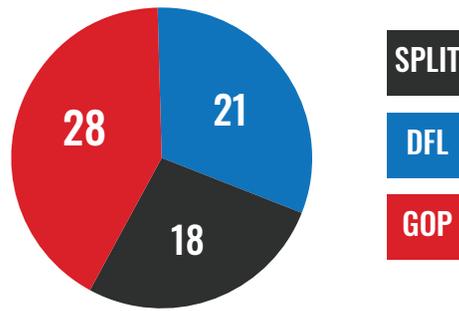
MINNESOTA SENATE



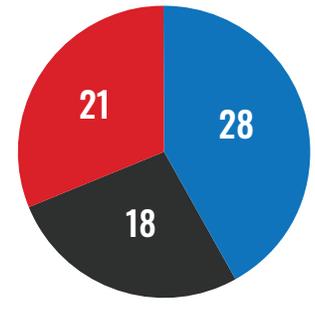
2017-2018



DISTRICTS WITH ALL GOP OR DFL REPRESENTATION

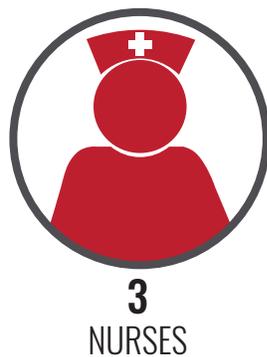


2017-2018

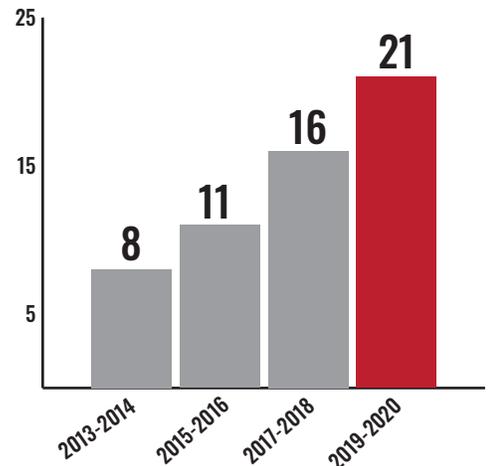


2019-2020

MEMBERS WITH HEALTHCARE BACKGROUND



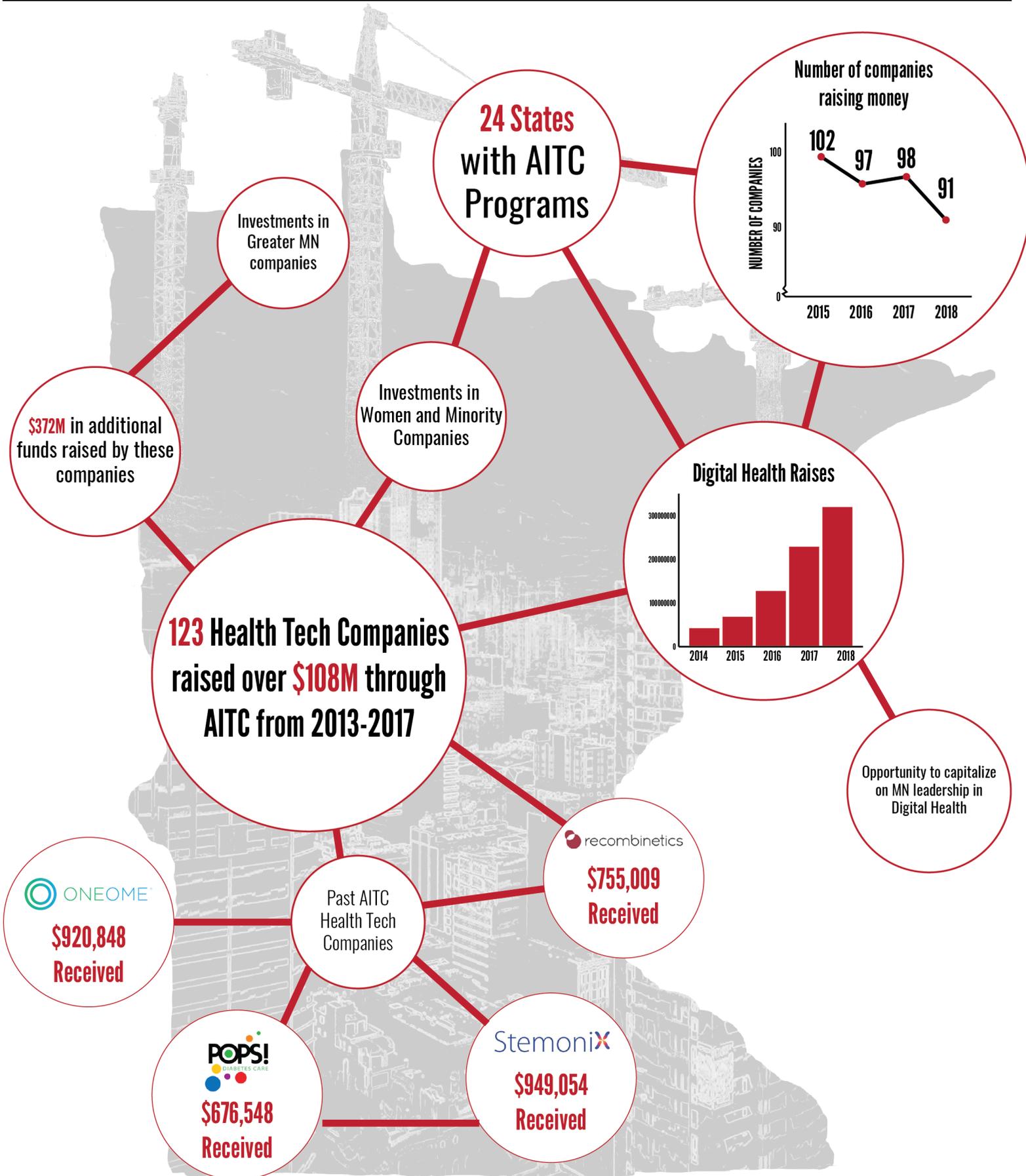
PEOPLE OF COLOR SERVING IN THE LEGISLATURE



BUILDING THE GLOBAL EPICENTER



REINSTATE & MAKE PERMANENT THE AITC



BUILDING THE GLOBAL EPICENTER



TALENT PREPARATION & COMPETITIVENESS

CHALLENGE

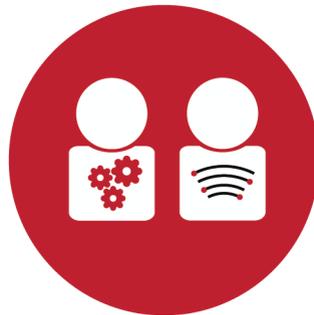
SOLUTION

In 2017, the number of establishments in MN Healthcare IT and Manufacturing grew over 900% faster than the number of employees



Expand availability of the Jobs Training Incentive Program by increasing the available award and overall program funding

Over 117,000 job postings for IT and Manufacturing jobs in Minnesota in 2018, with average wages \$43,000 higher than average wage for all industries



Grow and train workers in high-wage jobs and fast-growing industries by limiting the Jobs Training Incentive Program to IT and Manufacturing

Lack of flexibility and losing out on major projects (such as Army Future Command)



Keep Minnesota competitive by raising the maximum MIF award to \$2 million

ANGEL INVESTMENT TAX CREDIT

Reinstating the Angel Investment Tax Credit (AITC) is a key part of cultivating Minnesota's startup ecosystem and generating economic growth for decades to come. Without it investment dollars will go elsewhere and innovators will struggle to reach their full potential.

FUNDING THE AITC AT \$10 MILLION PER YEAR AT LEAST THE NEXT TWO YEARS WILL KEEP MINNESOTA A DESTINATION FOR INNOVATORS ACROSS TECHNOLOGY SECTORS.

Since 2010

\$421M

Invested in startup and early stage companies via the

AITC

101 companies received \$45 million in investment through AITC in 2017



\$10 million invested into Greater MN in 2017

From 2015-2017, women or minority owned/managed companies received more than \$30 million in investment through AITC



\$15M AITC AVAILABLE

2015

\$0 AITC UNAVAILABLE
2018

11% DROP
IN HEALTH TECHNOLOGY COMPANIES RECEIVING INVESTMENT

Investments in seed and early-stage companies was

**80%
HIGHER**

when AITC was in place than the 8 years prior

AITC NOT IN PLACE
2002-2009

\$328.6M

AITC IN PLACE
2010-2017

\$608.5M

"The AITC lowered the risk for the investors and gave them an incentive to invest more than they would have."

-LEE A. JONES
CEO & CO-FOUNDER
REBIOTIX INC.

 ONEOME


Rebiotix
Microbiota Restoration Therapy

 zipnosis


POPS!
DIABETES CARE


SANSORO
HEALTH

"The AITC helps MN companies compete on a global stage."

-PING YEH
CEO
STEMONIX

 Stemonix

ORGANIZATIONS THAT SUPPORT THE AITC

 **AGRI GROWTH**
Growing MN Food & Agriculture™

 clean energy
economy mn


center for entrepreneurship
CARLSON SCHOOL | 

 **MEDICAL ALLEY
ASSOCIATION**

 **METRO CITIES**
Association of Metropolitan Municipalities


MINNESOTA
CHAMBER OF
COMMERCE
GROWING MINNESOTA


mhta
Driving Innovation & Technology

 redwing ignite


UEL
University Enterprise Laboratories



2019 MINNESOTA LEGISLATIVE SESSION

BY THE NUMBERS



2,379 | 2,722 | 2,921
2015 | 2017 | 2019

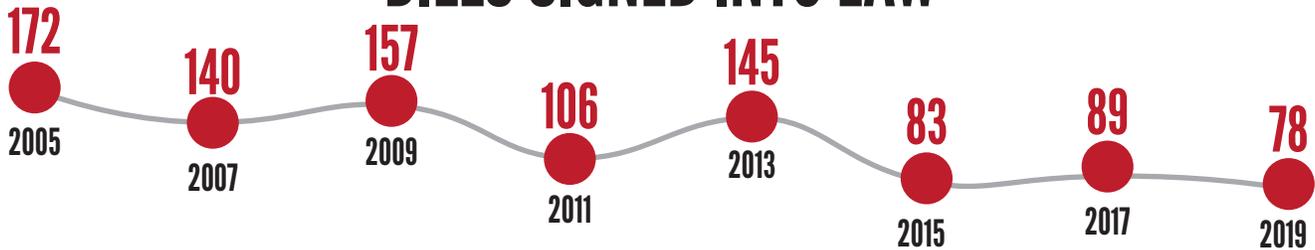
HOUSE

BILLS INTRODUCED

2,226 | 2,443 | 2,923
2015 | 2017 | 2019

SENATE

BILLS SIGNED INTO LAW



HOUSE

AUTHOR OF MOST BILLS

REP. HUOT (53 BILLS)

CO-AUTHOR OF MOST BILLS

REP. HUOT (332 BILLS)

SENATE

AUTHOR OF MOST BILLS

SEN. HOUSLEY (88 BILLS)

CO-AUTHOR OF MOST BILLS

SEN. ABELER (321 BILLS)

DAYS FROM BEGINNING TO END



SPECIAL SESSION



SPECIAL SESSION



SPECIAL SESSION



SPECIAL SESSION

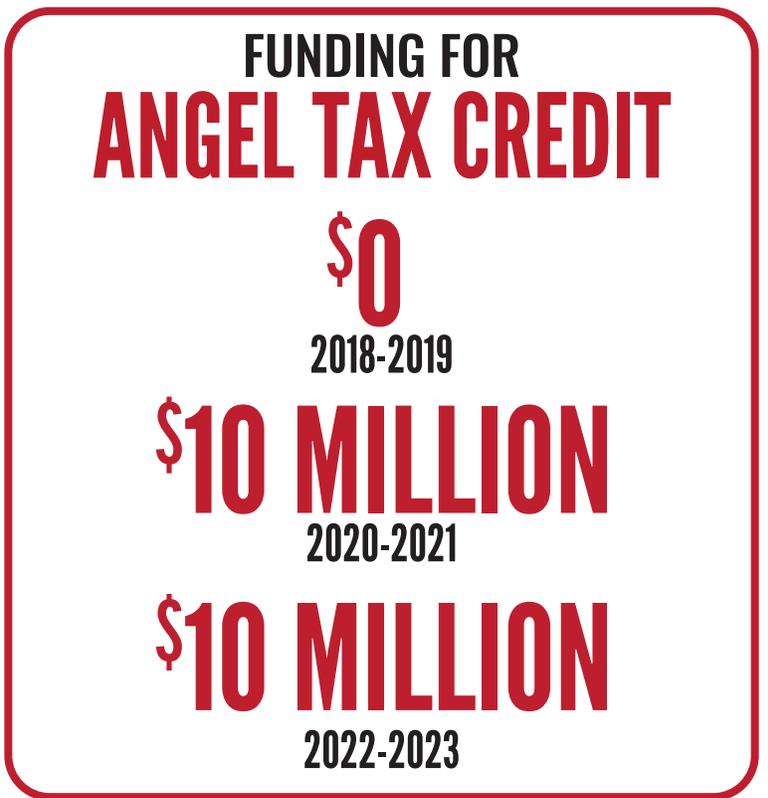
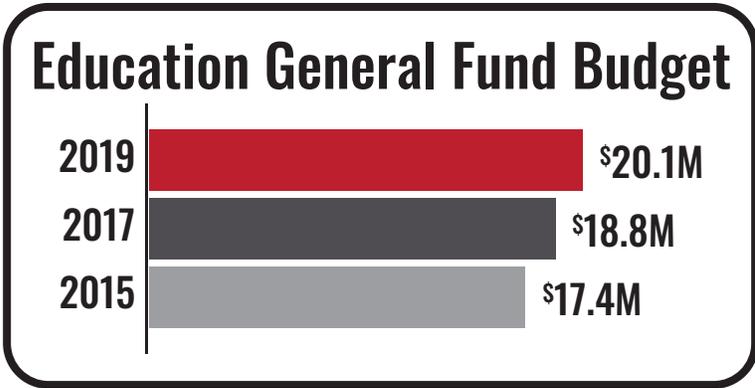
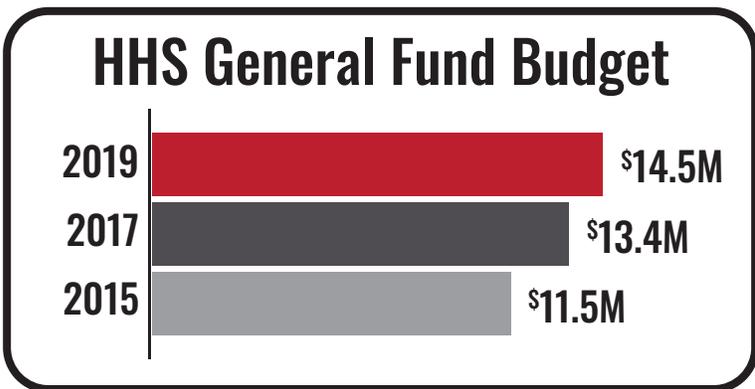
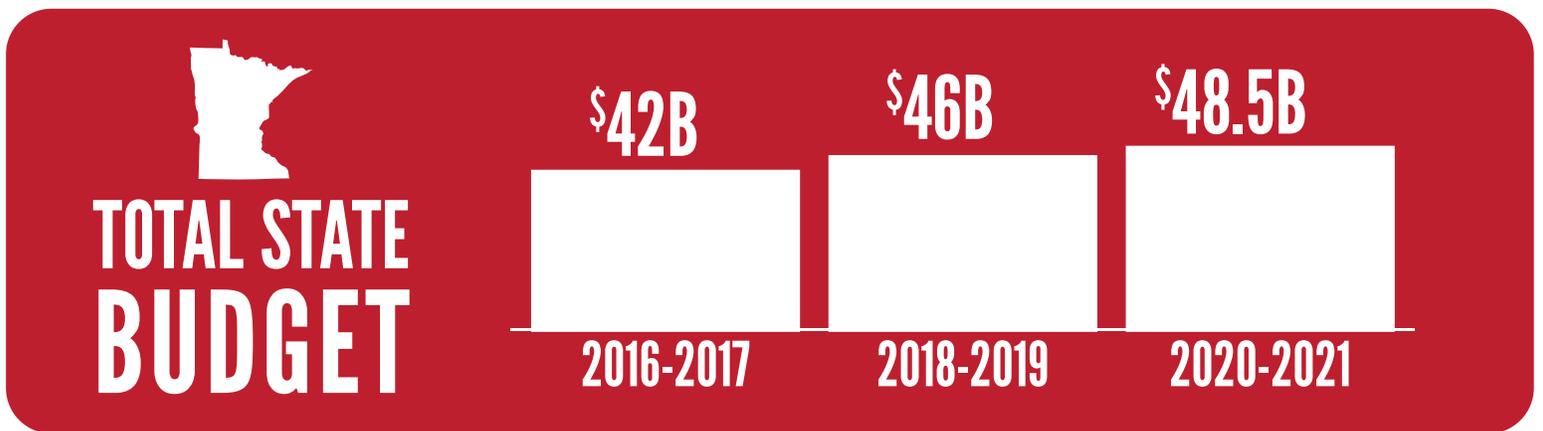


2019 MINNESOTA LEGISLATIVE SESSION

BY THE NUMBERS



GUBERNATORIAL VETOES



SESSION ACCOMPLISHMENTS



Secured Funding for Early-Stage and Startup Growth

- The **Angel Tax Credit Program** is back!
- Drove creation of **Launch Minnesota**, a new state office dedicated to growing Minnesota's startup ecosystem



Solidified Minnesota's Leadership in Treating and Researching Rare Diseases

- The **Rare Diseases Advisory Council** will enhance patient care, connect families with resources, and catalyze translational research that will treat and cure rare diseases



Enhanced Patient Choice for Expanded Therapies

- Extended access to existing step therapy** override protocols public healthcare programs



Established a New Healthcare Development District in Duluth

- This will **attract funding and drive growth** and create another hub for the health innovation and care industry in Medical Alley



Reduced Costs for Health Innovation and Care Organizations located in Medical Alley

- Made it **less expensive** to invest in new equipment and software
- Lowered fixed costs with a **permanent reduction** to the statewide business property tax



Continued to Expand Access to High-Quality Talent

- Funded the **SciTechsperience Internship Program** that helps connect talented workers to the STEM focused organizations that need them

