



May 3, 2021

Members of the Jobs and Labor Omnibus Bill Conference Committee,

On behalf of the 835 member cities of the League of Minnesota Cities, we thank you for the opportunity to submit comments as the Conference Committee considers differences between the third engrossment of SF1098 and the first unofficial engrossment of SF1098.

Business Development Public Infrastructure—House and Senate: Article 1, Section 2

The League supports the provision of base level funding of \$3,574,000 over the next biennium in Art. 1, Sec. 2 of both the House and Senate bills for the Minnesota business development public infrastructure grant program. This program helps bolster local economic growth by providing assistance to cities for the cost of public infrastructure needed to retain and create jobs.

Minnesota Investment Fund (MIF) and Job Creation Fund (JCF)—Senate: Article 1, Section 2

MIF and JCF are crucial programs that provide funding opportunities for communities and businesses to develop local and regional economies by creating infrastructure, revitalizing property, and generating jobs. Full funding for these two programs would continue to bolster local community efforts to create, grow, and retain jobs. We are concerned with the \$9,240,000 cut to MIF over the next biennium as well as the \$1 million cut to JCF over the next biennium in the House language (Art. 1, Sec. 2) and the League prefers the funding levels in the Senate bill (Art. 1, Sec. 2) of \$22,712,000 over the next biennium for MIF and base level funding of \$16 million for JCF.

Redevelopment Grant Program

The League is disappointed that neither the House nor the Senate bills included dedicated funding for the Redevelopment Grant and Demolition Loan Program. Redevelopment is a critical part of local economic development and this program helps cities demolish obsolete buildings, develop infrastructure, and make necessary site improvements for new construction. Unfortunately, the program has not received a base appropriation since 2016 and has relied on internal fund transfers from already oversubscribed economic development grant programs. We encourage the provision of base level funding for this important resource that doesn't rely on cuts to existing programs.

Airport Infrastructure Renewal (AIR) Grants—Senate: Article 1, Section 2

The League supports the language in the Article 1, Section 2 of the Senate bill that provides \$1 million in one-time funding for the AIR grant program. The program provides grants to counties, airport authorities, or cities to keep or enhance jobs in the area, increase the tax base, or expand or create new economic development. Investments in airports allow existing businesses to remain and grow, help attract new businesses, increase employment, and lower product and service costs for the benefit of the region. We encourage the inclusion of this appropriation in the final bill.

Greater Minnesota Business Development Infrastructure Flexibility—House: Article 3, Section 3

The League supports the House and Senate inclusion of added flexibility for the Greater Minnesota Business Development Infrastructure Grant Program that allows up to 15 percent of the development of a project to be used for a purpose not specifically outlined in statute. Greater flexibility will allow cities to be able to direct grant funds to costs necessary for a project to move forward. We prefer the House language (Art. 3, Sec. 3) that specifies the ability for a city to use the 15 percent for an ancillary purpose.

Minnesota Investment Fund Job Creation Goals Extension—Senate: Article 3, Section 9

The League appreciates the Senate language in Article 3, Section 9 that provides flexibility to allow Minnesota Investment Fund Grant awardees until December 31, 2022 to meet job creation goals before the grant must be repaid. However, we prefer the House language that provides a longer two-year timeframe for MIF recipients to meet hiring and capital investment commitments. This provision is especially important for businesses impacted by the COVID-19 pandemic and it will be critical to continue state support for local economic growth.

Minnesota Investment Fund and Minnesota Job Creation Fund Flexibility—House: Article 3, sections 3-6

The League supports the flexibility provided in the House bill (Art. 3, Sec. 3) that allows Minnesota Job Creation Fund projects flexibility for an additional one-year period within an active peacetime emergency to meet minimum program capital investment and job creation requirements. We also prefer the House bill language in Article 3, Section 6 that provides up to two years for Minnesota Investment Fund recipients to meet hiring and capital investment commitments.

Earned Sick and Safe Time—House: Articles 9 and 10

The League continues to have some concerns with the Sick and Safe Time provisions in Articles 9 and 10 of the House bill. Although many cities will be able to adjust their current sick leave policies to allow for these uses and to allow for the broader definition of who is eligible, there will be administrative challenges associated with making changes in local payroll systems. In addition, to avoid significant cost increases and to provide clarity, the Legislature should use the same eligibility requirements for public employees outlined in state statute for PERA participation. The League also has concerns about the magnitude of the maximum fine for violations, especially as the earned sick and safe time requirements are initially implemented.

Paid Family Leave—House: Articles 4 and 5

The League continues to have concerns with the Paid Family Leave provisions in Articles 4 and 5 of the House bill.

Opt-out. The opt-out provision (Art. 4, Sec. 15) does not provide for a subgroup of city employees to opt out. Cities negotiate with multiple collective bargaining units and one unit may want to opt out while another may want to utilize the program and subsequently pay the tax to do so. We suggest adding language which allows a bargaining unit of employees to opt out of the program if their benefits meet the requirements of the bill. Additionally, it is unlikely that any city would be approved for an opt out given the amount of leave allowed by the program. While our members

provide comprehensive, thorough benefits and leave programs, it is extremely unlikely that any city would be able to meet the threshold established in this language to opt out.

Total of 24 weeks of paid leave. The House bill (Art. 4, Sec. 5) allows an employee to take both 12 weeks of medical leave and 12 weeks of paid parental leave in the same year. This may make it very difficult to provide essential city services, including police and fire services. We suggest amending the bill to allow an employer to deny leave in situations that create undue hardship for the employer.

Requirement to use employer-provided paid leave before applying to DEED. An employee who uses the leave provided by this program could return to employment and immediately take additional paid leave or vacation, thereby extending beyond the 12 (or 24) weeks allowed by this proposal. It is also unclear how this program would interact with the earned sick and safe time provisions of the legislation, with which the League has concerns. We suggest adding language which allows employers the option to require the use of all or most of an employee's accrued paid leave before utilizing the state program.

Two week waiting period for notification from the DEED. With the two-week notification timeline for DEED (Art. 4, Sec. 11), it will be very difficult for an employer to assist an employee needing to take leave and accommodate the leave if neither the employee nor employer know whether the application has been approved by DEED for two weeks after leave has been applied for. We suggest amending the bill to require DEED to respond within five working days to an application for paid leave.

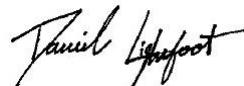
Essential Worker Emergency Leave—House Article 12

Article 12 of the House bill requires retroactive payment to essential employees who were purposely allowed to be excluded from the federal laws on paid sick leave. The federal law allowed cities to exclude these employees in order to ensure that essential services were able to be carried out. In addition, the federal law provided some relief in the form of exemptions from required employer taxes to offset the costs of these benefits. Nearly all Minnesota cities provide very generous paid leave for essential employees and many of them went above and beyond to cover their essential workers during the pandemic. The retroactive nature of this law is particularly problematic as it will be difficult to determine who is eligible without the appropriate documentation being available.

Thank you for your consideration of our positions on the above provisions in the House and Senate versions of the Jobs and Labor Omnibus Bill.



Gary Carlson
Intergovernmental Relations Director
League of Minnesota Cities



Daniel Lightfoot
Intergovernmental Relations Representative
League of Minnesota Cities