

House Research Act Summary

CHAPTER: 128

SESSION: 2003 Regular Session

TOPIC: Omnibus Agriculture, Environment, and Jobs Finance Bill (Economic development articles only)

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Overview

This bill reduces the appropriations for a variety of programs and agencies in the economic development area. It also makes policy changes to these programs, including the elimination of enabling statutory language in some cases.

Among the provisions of the bill are that it:

- Provides flood relief related to the 2002 flood in the Roseau area;
- Establishes a per-apprentice fee for the apprenticeship program, using the money collected to provide some of the program's funding;
- Limits local imposition of fees on fireworks sellers;
- Changes certain features of Minnesota Technology, Inc., including eliminating its state appropriation after fiscal 2004, removing most requirements for the composition of its board of directors, and not requiring it to deposit all its funds in a state account; and
- Makes certain changes to DTED programs.

Article 10: Economic Development Appropriations

- 1 **Economic development; appropriations.** Summarizes appropriations and reductions in this bill
- 2 **Trade and economic development.**

Section**Subd. 1. Total appropriation.****Subd. 2. Business and community development.**

- ▶ \$35,000 (from base) for Blue Earth county Rural Advanced Business Facilitation program;
- ▶ \$1,203,000 per year for Minnesota investment fund grants;
- ▶ \$2,000,000 for a joint partnership between the University of Minnesota and the Mayo clinic related to biotechnology;
- ▶ \$150,000 per year for the rural policy and development center.
- ▶ \$2,000,000 for Minnesota investment fund grants for flood relief.
- ▶ \$750,000 for petrofund grants for flood relief.

Subd. 3. Minnesota trade office.

- ▶ \$127,000 one-time is for transfer to the department of agriculture for agricultural trade promotion.

Subd. 4. Workforce development.

- ▶ \$6,785,000 per year for the job skills partnership and pathways programs.
- ▶ \$100,000 each year from the workforce development fund for Lifetrack Resources.
- ▶ \$250,000 each year for Twin Cities Rise.
- ▶ \$100,000 each year for the Metropolitan Economic Development Association.
- ▶

Subd. 5. Office of tourism.

- ▶ From the base, \$50,000 for a grant to the Mississippi River parkway commission to support the increased promotion of tourism along the Great River Road.
- ▶ From the base, \$175,000 each year for the film board.

Subd. 6. Administrative support.**Subd. 7. Workforce services.**

- ▶ \$990,000 each year for displaced homemaker programs, of which \$750,000 each year is workforce development fund and \$240,000 each year comes from an increase in the marriage license fee.
- ▶ \$875,000 each year for Opportunities Industrialization Center programs from the workforce development fund.
- ▶ \$1,257,000 each year for youth intervention programs. Future base funding specified.
- ▶ \$4,154,000 each year for the Minnesota youth program, of which \$400,000 is available immediately for summer programs.
- ▶ \$754,000 each year for Youthbuild.
- ▶ \$20,000 from the workforce development fund for the University of Minnesota

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Duluth to continue workforce survey activities.

Subd. 8. Rehabilitation services.

- ▶ \$11,737,000 each year for extended employment services for people with severe disabilities. Of this appropriation, \$6,920,000 is from the workforce development fund.
- ▶ \$1,325,000 per year for grants to the centers for independent living. Future base funding specified.
- ▶ \$150,000 each year for the employment center for the deaf and hard of hearing.
- ▶ \$1,000,000 each year for employment support services for people with mental illness.
- ▶ \$60,000 the first year is for HIV/AIDS education for employers.

Subd. 9. State services for the blind.

- 3 Minnesota Technology, Inc.** \$3,000,000 the first year, with specific direction that there is no base funding for future years.
- 4 Housing finance agency.**

Subd. 1. Total Appropriation.**Subd. 2. Roseau Flood Assistance.****Subd. 3. Affordable Rental Investment Fund.****Subd. 4. Family Homeless Prevention.****Subd. 5. Challenge Program.****Subd. 6. Rental Assistance for Mentally Ill.****Subd. 7. Home Ownership Education, Counseling, and Training.****Subd. 8. Housing Trust Fund.****Subd. 9. Urban Indian Housing Program.****Subd. 10. Tribal Indian Housing Program.****Subd. 11. Capacity Building Grants.****Subd. 12. Housing Rehabilitation and Accessibility.****Subd. 13. Home Ownership Assistance Fund.****5 Labor and industry.**

- ▶ \$345,000 per year is for boiler inspections, and is recovered through a \$5 charge elsewhere in the bill.
- ▶ \$350,000 each year is from the workforce development fund for the apprenticeship program, which also will receive funding through a \$30 per apprentice fee elsewhere in the bill.
- ▶ \$100,000 each year is from the workforce development fund for labor education and advancement program grants.

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- 6 Bureau of mediation services.**
- ▶ \$100,000 each year for labor-management cooperation grants.
- 7 Workers' compensation court of appeals.**
- 8 Minnesota historical society.**
- ▶ Requires the society to attempt to avoid closing sites if possible.
 - ▶ Eliminates funding for Project 120.
- 9 Board of the arts.**
- 10 Children, families, and learning.** Includes funding for transitional housing and emergency services.
- 11 Cancellations and transfers.**
- ▶ The unexpended balance from the capital access program.
 - ▶ The unexpended balance from the nongame wildlife tourism program.
 - ▶ \$361,000 from a 1997 appropriation to DTED.
 - ▶ \$700,000 of a 2000 appropriation to the public facilities authority.
 - ▶ \$800,000 of the unexpended balance in the tourism loan account.
 - ▶ \$550,000 each year from the workforce development fund to the general fund.
- 12 Special compensation fund.** Transfers an additional \$15,000,000 out of the workers' compensation special compensation fund to the general fund.
- 13 Effective date.** Delays the transfer of the workers' compensation fraud unit from the department of labor and industry to the department of commerce for one year.
- 14 Federal fund approval.** Approves requests to spend federal funds as shown in biennial budget documents.
- 15 Repealer.** Repeals the statute recognizing the humanities commission.

Article 11: Department of Labor and Industry Policy Provisions

- 1 Established.** Conforms to changes moving the apprenticeship program into the labor standards division.
- 2 Creation.** Conforms to changes moving the apprenticeship program into the labor standards division.
- 3 Powers and duties.** Removes language transferring powers and duties of the previously existing division of women and children to the department of labor standards. Also conforms to changes moving the apprenticeship program into the labor standards division.
- 4 Purposes.** Conforms to changes moving the apprenticeship program into the labor standards division.
- 5 Establishment of division.** Conforms to changes moving the apprenticeship program into the labor standards division.
- 6 Director of labor standards and apprenticeship.** Conforms to changes moving the apprenticeship program into the labor standards division.
- 7 Registration fee.** Creates a \$30 fee per apprentice in the apprenticeship program, to be paid by the sponsor. The money collected would go into a special account that would be used to

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provide a portion of the funding for the apprenticeship program.

- 8 Investigation.** Conforms to changes moving the apprenticeship program into the labor standards division.
- 9 Posting of law.** Conforms to changes moving the apprenticeship program into the labor standards division.
- 10 OSHA criminal penalties.** Increases the current OSHA criminal penalties from a maximum of \$20,000 in current law to a maximum of \$70,000 for a first violation, and from a maximum of \$35,000 in current law to a maximum of \$100,000 for a subsequent violation.
- 11 Boiler inspection and license fee surcharge.** Requires the commissioner of labor and industry to impose a \$5 surcharge on boiler license and inspection fees during the fiscal years 2004 and 2005.
- 12 Workers' compensation working group.** Requires the commissioner of labor and industry to convene a group to study the medical cost drivers in the workers' compensation system.

Article 12: Department of Trade and Economic Development; Policy Provisions, Part One

- 1 Rehabilitation council for the blind.** Permits this council to meet by telephone or electronic means if certain conditions are met.
- 2 Electronic or telephonic meetings.** Allows the state rehabilitation council and independent living council to conduct meetings by telephone or by electronic means if certain conditions are met.
- 3 Term of license; fee; premarital education.** Raises the fee for a marriage license without premarital education from \$70 to \$80, with the increase going to provide funding for the displaced homemaker program. The fee for a license for those who have completed premarital education does not change.
- 4 Disposition of license fee.** Provides for the fee in section 3 to be directed as that section shows.
- 5 Workforce enhancement fee.** Temporarily increases the workforce development fund assessment on employers from the current .07 percent of taxable wages to .1 percent of taxable wages, with the commissioner of DTED having discretion to raise the fee to .12 percent if the need exceeds the resources. This increase would last only through the end of calendar year 2005, at which time the assessment would revert to the statutory .07 percent, as in current law. (Note that these numbers all appear .02 percent higher in the language, because this assessment is currently collected along with an assessment of .02 percent for technology improvements in the unemployment insurance system, which remains unchanged by this section.)

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Article 13: Department of Trade and Economic Development; Policy Provisions, Part Two Overview

This article makes changes to several DTED programs. It increases the amount that can be spent from the petroleum tank release fund to administer the contamination cleanup grant program, makes certain changes to the operation of the rural challenge grant program, converts the Minnesota investment fund to a revolving loan fund, and repeals statutory language relating to the Minnesota world trade center.

- 1 **Cooperation with Minnesota department of trade and economic development.** Transfers primary responsibility for agricultural trade promotion from DTED to the department of agriculture.
- 2 **Departmental duties.** Removes a reference to the Minnesota world trade center.
- 3 **Small business development loans; preferences.** Adds job enhancement as a project goal permissible in this program.
- 4 **Expenditures.** Raises the amount that the commissioner can spend annually from the petroleum tank release fund on administration of the contamination cleanup grant program from \$120,000 to \$180,000.
- 5 **Mission.** Adds improving the quality of existing jobs to the mission of the department of trade and economic development.
- 6 **Job enhancement.** Defines “job enhancement” to mean increasing the wages and the responsibility, skill level, or amount of education and training of a person in a particular job.
- 7 **Organization.** Amends existing rural challenge grant language to provide that the purpose of challenge grants is to provide financial assistance generally and adds job enhancement to the grant program’s purposes.
- 8 **Funding regions.** Existing language allows the commissioner to designate up to \$1,000,000 for each region in the rural challenge grant program. This section amends this provision to instead authorize the commissioner to allocate funds that remain in regional subaccounts in the rural rehabilitation account.
- 9 **Revolving fund.** Removes existing language referring to a revolving loan fund, providing instead for a revolving fund to provide financial assistance more generally, to include loans, loan guarantees, interest buydowns, and other forms of assistance.
- 10 **Assistance criteria.** Rewrites assistance criteria to focus on creation of jobs for low-income individuals and retaining businesses rather than focusing them exclusively on certain types of loans.
- 11 **Revolving fund administration.** Removes language referring exclusively to revolving loans in the rural challenge grant program.
- 12 **Reporting requirements.** Changes a reporting date for grant recipients from February 15 to August 30 of each year. Modifies somewhat the information that recipients must provide.
- 13 **Required content.** Provides an alternate method of appraising certain properties.
- 14 **Qualifying sites.** Provides an alternate method of appraising certain properties.
- 15 **Indian.** For the purposes of the Indian business loan program, amends the definition of an Indian to require only that the person be an enrolled tribe member. Current law also requires that the person be of at least one-quarter Indian blood.
- 16 **Purpose.** Adds job enhancement to the purposes of the Minnesota investment fund.

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- 17 Eligible projects.** Adds job enhancement to the project eligibility criteria for the Minnesota investment fund.
- 18 Grant limits.** Increases the limit for a single Minnesota investment fund grant from \$500,000 to \$1,000,000.
- 19 Contractual obligation.** Adds job enhancement to the permissible goals for a Minnesota investment fund grant.
- Provides for the commissioner to be permitted to delay repayments in some cases where projects are in imminent financial difficulty.
- 20 Job training program grant.** Authorizes DTED to make grants to job training programs meeting certain criteria, including graduation and retention requirements.
- 21 Enrollment of loans without commissioner's full premium payment.** Allows the capital access program to continue making loans in the absence of state funding.
- 22 Expenditure of account.** Updates language.
- 23 Agricultural promotion.** Transfers much of the responsibility for promoting agricultural trade to the department of agriculture.
- 24 Wage and job goals.** Adds job enhancement to the types of wage and job goals called for by the business subsidy law.
- 25 Compilation and summary report.** Current law requires DTED to report on business subsidies annually. This section changes that requirement to every other year rather than every year.
- 26 Compilation.** Conforms to the change in section 25.
- 27 Economic grants.** Adds language referring to job enhancement to requirements relating to economic development appropriation riders.
- 28 Job skills partnership program.** Allows this program to spend funds for training for workers with incomes below 200 percent of the poverty line by making grants to individuals to pay for training.
- 29 Partnership program.** Allows up to 25 percent of a grant to be used to pay for training.
- 30 Pathways program.** Removes language requiring the job skills partnership board to report to the commissioners of economic security and trade and economic development about results of the pathways program.
- 31 Grants.** Allows up to 25 percent of a health care worker training grant to be used for preemployment training.
- 32 Grants.** Requires allocations of funds in the workforce development fund for small layoffs to be based on actual collections, and bases those allocations on the amount in the fund after legislative appropriations for other programs are subtracted. The effect is to take legislative appropriations for other programs both from the amount that would otherwise be available for large and small layoffs; under current law, legislative appropriations out of the fund essentially reduce only the amounts available for large layoffs. Also includes penalty and interest accounts in the amount from which the small layoff allocations are taken.
- 33 Allocation of funds.** Changes the date by which dislocated worker allocations must be made from April 15 to June 15.
- 34 Administrative costs.** Increases the administrative cost limitation at the state level from three percent to five percent of the amount allocated for the dislocated worker program.
- 35 Rapid response activities.** Provides for the commissioner to provide rapid response activities in response to layoffs.
- 36 Low-income area.** Defines a low-income area for the purposes of the urban initiative fund to one with an average income below 60 percent of median to one with an average income

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below 80 percent.

- 37** **Suspension of mortgage credit certificate aid.** Suspends operation of this program during fiscal years 2004 and 2005.
- 38** **Workforce service area study.** Requires the governor's workforce development council to study the current configuration of workforce service areas and report back to the legislature.
- 39** **Dislocated worker program study.** Requires the governor's workforce development council to study the operation of the dislocated worker program and report back to the legislature with legislative recommendations.
- 40** **Repealer.** Repeals references to the world trade center, a definition of a "local government unit," and specific authorizations for the rural challenge grant programs to make microenterprise loans and loans to local government units.

Article 14**Overview**

This bill involves what are known in state law as "sales finance companies." They are companies that buy motor vehicle loans from dealers. The department of commerce regulates these companies and the loans they buy.

- 1** **Finance charges for motor vehicle retail sales.** Makes finance charge in bank-financed purchases the same as the finance charge in manufacturer financed purchases.
- 2** **Cash sale price.** Increases the amount that may be included in the "cash sale price" for loan document preparation from \$25 to \$50. The effect is that this amount is considered part of the price of the vehicle and not part of the finance charge for purposes of the state laws that regulate these loans.
- 3** **Contents.** Amends the list of items that must be specified in a motor vehicle installment sale contract by making several changes in clause (4), which is the clause that lists charges intended to be financed in addition to the cash price of the vehicle. (Those charges are required to be disclosed to the consumer.) The changes include technical improvements, as well as including financing the cost of "discharging an interest" in an existing motor vehicle lease.
- 4** **Vehicle sales finance company violations; remedies.** Changes current references to "intentional failures to comply" with the law to "fraudulent violations."
- 5** **Effective date.** Makes sections 1 to 3 effective immediately. Makes section 4 effective August 1, 2003, and apply to contracts entered into on or after that date.

Article 15: Miscellaneous

- 1** **Public data.** Provides for the classification of data related to housing.
- 2** **Other eligible persons.** Provides that employees of supporting organizations started by Minnesota Technology, Inc. after July 1, 2003, are eligible to remain on the state health insurance system.
- 3** **Board of directors.** Provides that Minnesota Technology, Inc. will have a board of directors as directed in its bylaws, rather than one outlined specifically in statute.
- 4** **Advisory committees.** Sunsets the project outreach advisory committee on June 30, 2004.
- 5** **Minnesota Technology account.** Removes language requiring Minnesota Technology, Inc.

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to place all of its money from all sources into this statutorily-created account. Elsewhere in the bill, state funding for the organization after fiscal year 2004 is eliminated.

- 6** **Fireworks regulation.** Prohibits local units of government from imposing license fees of more than \$350 annually on retail sellers of fireworks. Also prohibits the imposition of other fees and financial guarantee requirements on these sellers.
- 7** **Transfer of responsibilities for Indian business loan program.** Transfers the responsibility of the Indian affairs council for this program to the department of trade and economic development.
- 8** **Seasonal agricultural operations; manufactured home park exclusions.** Allows agricultural operations to use housing for their workers without complying with certain requirements for manufactured homes that would otherwise apply, provided that the housing has indoor plumbing and complies with certain other requirements.
- 9** **Working group on supportive housing for long-term homelessness.** Requires several commissioners to convene a working group to consider ways to reduce long-term homelessness, and to report back to the legislature.