

HOUSE RESEARCH

Bill Summary

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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:

- Changes the assessment rate for the workforce development fund;
- 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 fund the program;
- Limits local penalties for tobacco sales to minors and local imposition of fees on fireworks sellers;
- Extends the Petrofund program through 2007;
- Changes certain features of Minnesota Technology, Inc., including eliminating its state appropriation, 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 1

Economic Development Appropriations

1 **Economic development; appropriations.** Summarizes appropriations and reductions in this bill.

2 **Trade and economic development.**

Subd. 1. Total appropriation.

Subd. 2. Business and community development.

- ▶ \$2,203,000 per year for Minnesota investment fund grants.
- ▶ \$150,000 per year for the rural policy and development center.
- ▶ \$2,875,000 for Minnesota investment fund grants for flood relief.
- ▶ \$750,000 for rehabilitation grants for flood relief.
- ▶ \$1,125,000 for infrastructure in the flood relief area.
- ▶ \$500,000 for engineering and design plans related to flood relief.

Subd. 3. Minnesota trade office.

Subd. 4. Workforce development.

- ▶ \$7,435,000 per year for the job skills partnership and pathways programs.

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.

Subd. 6. Administration.

Subd. 7. Workforce services.

- ▶ \$1,257,000 per year for youth intervention programs. Future base funding specified.

Subd. 8. Rehabilitation services.

- ▶ \$1,325,000 per year for grants to the centers for independent living. Future base funding specified.

Subd. 9. State services for the blind.

3 **Minnesota Technology, Inc.** \$2,000,000 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.

5 **Commerce.**

6 **Board of accountancy.**

7 **Board of architecture, engineering, land surveying, landscape architecture, geoscience,**

- and interior design.**
- 8 Board of barber examiners.**
- 9 Labor and industry.** \$345,000 per year is for boiler inspections, and is recovered through a \$5 charge in section.
- 10 Bureau of mediation services.**
- 11 Workers' compensation court of appeals.**
- 12 Public utilities commission.**
- 13 Minnesota historical society.** Requires the society to first take budget reductions from administrative costs, and to consult with local groups or individuals in certain cases before closing sites.
- 14 Council on black Minnesotans.**
- 15 Council on Chicano-Latino affairs.**
- 16 Council on Asian-Pacific Minnesotans.**
- 17 Indian Affairs Council.**
- 18 Board of the arts.** Appropriates \$5,767,000 per year for grants programs and \$2,422,000 per year for regional arts councils.
- 19 Department of education.** Includes funding for transitional housing and emergency services.
- 20 Cancellations and transfers.**

- ▶ The unexpended balance from the capital access program.
- ▶ The unexpended balance from the nongame wildlife tourism program.
- ▶ \$800,000 of the unexpended balance from the Indian business loan program account, with a provision that \$500,000 is restored in the 2006 fiscal year.
- ▶ \$800,000 of the money appropriated in 2001 for fair housing education.
- ▶ \$90,000 of the money in the consumer education account.
- ▶ \$15,000 of the money appropriated in 1999 for education regarding mortgage flipping.
- ▶ \$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.
- ▶ \$1,000,000 each year from the workforce development fund.
- ▶ \$2,500,000 from the contractor's recovery fund.
- ▶ \$500,000 from the liquefied petroleum gas account.

Article 2

Department of Commerce

Policy Provisions

- 1 1 Government controlled or owned company prohibited from transacting business.** Prohibits government owned or controlled insurers from doing business in the state. (b) Provides that this section does not apply to an insurance company if its sole business in this state involves providing worker's compensation insurance to businesses located in the insurer's home state, whose employees may be eligible for Minnesota's worker's compensation benefits (because they may get injured while working in this state), if the employer's operations in this state are for less than 30 consecutive days and if the employer

has no other significant contacts with this state.

2 2 **Fees other than examination fees.** Eliminates a \$250 fee for LRARO filings and increases a \$75 fee for filing forms and rates to \$110.

3 3 **Prefiling of rates.** Amends an existing law permitting the large risk alternative rating option (LRARO) for workers' compensation insurance for very large employers. The LRARO permits use of a premium rate for that one employer, and the commissioner cannot disapprove the rate. The effect of this section is apparently to eliminate the current requirement that the premium rate be filed.

4 **Penalties.** Conforms to section 3.

5 **Other weights and measures.** Provides that weights and measures will not inspect liquid petroleum gas measuring equipment or charge fees to do so.

6 **Petroleum inspection fee.** Increases this fee from 85 cents per 1,000 gallons to \$1.00 per 1,000 gallons, and specifies additional enforcement uses of this money. Requires functions to be performed by departmental staff.

7 **Eligibility.** Removes language making humanities commission employees eligible for a state retirement plan. Language elsewhere in the bill repeals the statutes that govern the humanities commission.

8 **Suspension of mortgage credit certificate aid.** Suspends operation of this program for two years.

9 **Ambulance service liability insurance study.** Requires the commissioner of commerce to study the availability and cost of ambulance vehicle and malpractice insurance. Requires a report to the legislature by January 10, 2004, on the study, including recommendations on how to ensure the availability of affordable insurance for ambulance service providers.

10 **Unclaimed property.** Requires the commissioner of commerce to sell certain unclaimed property identified in a recent legislative auditor's report.

11 **GATS review and report.** Requires the department of commerce to report to the legislature on the positive and negative impacts of this international trade agreement.

12 **Repealer.** Repeals the statute recognizing the humanities commission.

Article 3

Department of Labor and Industry

Policy Provisions

1 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 \$50 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 pay 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 **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.
- 11 **Repealer.** Repeals the authorization for the labor education and advancement program.
- 12 **Effective date.** Makes section 10 effective July 1, 2003.

Article 4

Department of Economic Security

Policy Provisions

- 1 1 **Rehabilitation council for the blind.** Permits this council to meet by telephone or electronic means if certain conditions are met.
- 2 **Determination and collection of special assessment.** The existing assessment for the workforce development fund is .07 percent of taxable wages. This section would allow the assessment to be set at .05, .07, or 0.1 percent, depending on economic conditions and at the discretion of the commissioner.
- 3 **Meetings.** Allows the state rehabilitation council and independent living council to conduct meetings by telephone or by electronic means if certain conditions are met.
- 4 **Plan to reduce number of workforce service areas.** Requires the governor's workforce development council to study the state's number and layout of workforce service areas.

Article 5

PetroFund

Overview

This article makes several amendments to the Petroleum Tank Release Cleanup Program, otherwise known as the Petrofund.

- 1 1 **Definitions; tank.** Defines tank as any vessel used to contain, dispense, store or transport petroleum.
- 2 **Authorized expenditures from Petrofund.** Authorizes use of Petrofund to assess and remove abandoned underground storage tanks under section 5.
- 3 **Reimbursement; release from a tank in transport.** Authorizes reimbursement from the Petrofund for costs over \$10,000, with maximum reimbursement not to exceed \$100,000, for costs associated with a release from a tank in transport. Also, authorizes the board to issue a multiparty check, upon request of an applicant.
- 4 **Reimbursement; natural disaster area.** Authorizes reimbursement from the Petrofund in the case of a natural disaster for up to 50 percent:
- ▶ of an applicant's estimated building market value before the disaster; or
 - ▶ if the applicant conveys title of the real estate to local or state government, of the pre-natural-disaster estimated total market value, not to exceed one acre.

5 **Abandoned underground storage tanks.** Defines an abandoned underground storage tank as one that was:

- ▶ taken out of service prior to December 22, 1988; or
- ▶ taken out of service after that date, but the current owner did not know of the existence of the tank and cannot reasonably be expected to have known of the tank's existence.

Authorizes the Petrofund board to contract for a statewide assessment of abandoned underground storage tanks; the removal of an abandoned tank; and the removal and disposal of petroleum-contaminated soil if removal is required.

6 **Registration of consultants and contractors.** Authorizes the board to deny registration to a consultant or contractor in certain specified circumstances.

7 **Repealer.** Adds section 5 to the list of Petrofund statutes that are set to sunset, and pushes back the sunset date from 2005 to 2007.

Article 6

Department of Trade and Economic Development

Policy Provisions

Overview

This bill 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, and repeals statutory language relating to the Minnesota world trade center. It also changes the administrative cost ceilings for the dislocated worker program and changes the way money for that program is allocated between large and small layoffs.

1 **1 Departmental duties.** Removes a reference to the Minnesota world trade center.

2 **Small business development loans; preferences.** Adds job enhancement as a project goal permissible in this program.

3 **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.

4 **Mission.** Adds improving the quality of existing jobs to the mission of the department of trade and economic development.

5 **Job enhancement.** Defines "job enhancement" to mean increasing the wages as well as the responsibility, skill level, or amount of education and training of a person in a particular job.

6 **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.

7 **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.

8 **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.

9 **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.

10 **Revolving fund administration.** Removes language referring exclusively to revolving loans in the rural challenge grant program.

11 **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.

12 **Required content.** Provides an alternate method of appraising certain properties.

13 **Qualifying sites.** Provides an alternate method of appraising certain properties.

14 **Purpose.** Adds job enhancement to the purposes of the Minnesota investment fund.

15 **Eligible projects.** Adds job enhancement to the project eligibility criteria for the Minnesota investment fund.

16 **Grant limits.** Increases the limit for a single Minnesota investment fund grant from \$500,000 to \$1,000,000.

17 **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.

18 **Enrollment of loans without commissioner's full premium payment.** Allows the capital access program to continue making loans in the absence of state funding.

19 **Expenditure of account.** Updates language.

20 **Generally.** Removes a reference to the Minnesota world trade center, and authorizes the commissioner to spend money for food, lodging, travel, and other expenses of consultants and speakers to promote trade.

21 **Wage and job goals.** Adds job enhancement to the types of wage and job goals called for by the business subsidy law.

22 **Economic grants.** Adds language referring to job enhancement to requirements relating to economic development appropriation riders.

23 **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.

24 **Partnership program.** Allows up to 25 percent of a grant to be used to pay for training.

25 **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.

26 **Grants.** Allows up to 25 percent of a health care worker training grant to be used for preemployment training.

27 **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.

28 **Allocation of funds.** Changes the date by which dislocated worker allocations must be made from April 15 to June 15.

29 **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.

30 **Rapid response activities.** Provides for the commissioner to provide rapid response activities in response to layoffs.

- 31 **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 below 80 percent.
- 32 **NAFTA and FTAA review and report.** Requires the department of trade and economic development to report to the legislature on the effects of these agreements.
- 33 **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 7 Overview

This article:

- ▶ requires the installation and use of equipment to recover hydrocarbons emitted during the transfer of gasoline from a delivery vehicle to an underground storage tank in the metropolitan area;
- ▶ provides for reimbursement of up to 90 percent of reasonable costs incurred to retrofit retail gasoline distribution locations in the metropolitan area, and transport vehicles to comply with these requirements; and
- ▶ establishes penalties for failure to install, maintain or use this equipment.

- 1 1 **Reimbursement from Petrofund.** Requires the petroleum tank release compensation board to reimburse 90 percent of an applicant's costs for retrofitting retail locations and transport vehicles to comply with sections 7 and 8, provided:

- ▶ the retrofits were completed between January 1, 2001 and January 1, 2006; and
- ▶ the board determines the costs were incurred and reasonable.

Limits reimbursement to \$3,000 per retail location and \$3,000 per transport vehicle.

"Retail locations" is defined as a facility in the seven county metropolitan area where gasoline is offered for sale to the general public for use in automobiles and trucks.

"Transport vehicles" is defined as a liquid fuel cargo tank used to deliver gasoline into underground tanks during 2002 at a retail location.

- 2 **Field citations.** Authorizes the issuance of a field citation for failure to install or use vapor recovery equipment during the transfer of gasoline from a transport vehicle into an underground storage tank at a retail location, as required in sections 7 and 8.

- 3 **Amount of penalty.** Establishes a penalty for field citation issued under section 2 of \$250 per delivery to be levied against:

- ▶ the retail location if vapor recovery equipment is not installed or maintained properly;
- ▶ the carrier if the transport delivery vehicle is not equipped with vapor recovery equipment; or
- ▶ the driver for failure to use supplied vapor recovery equipment.

- 4 **Definition of retail location.** Defines retail location as a facility in the seven county metropolitan area where gasoline is offered for sale to the general public for use in automobiles and trucks for the purposes of sections 116.47 to 116.50, relating to the

regulation and operation of storage tanks.

- 5 **Definition of transport delivery vehicle.** Defines transport delivery vehicle as a liquid fuel cargo tank of 3,500 gallons or more used to deliver gasoline into underground storage tanks for the purposes of sections 116.47 to 116.50.
- 6 **Definition of vapor recovery system.** Defines vapor recovery system as a system which transfers vapors from underground storage tanks during the filling operation to the storage compartment of the transport vehicle delivering gasoline.
- 7 **Vapor recovery system.** Requires every underground storage tank at a retail location to be fitted with vapor recovery equipment by January 1, 2006. Specifies that this equipment must be capable of collecting 95 percent of hydrocarbons emitted during gasoline transfers from a delivery vehicle to a storage tank. Prohibits the delivery of gasoline after January 1, 2006 to a retail location that is not equipped with a vapor recovery system.
- 8 **Vapor recovery on transports.** Requires all transport delivery vehicles that deliver gasoline into underground storage tanks in the seven county metropolitan area to be fitted with vapor recovery equipment. Specifies that this equipment must be capable of collecting 95 percent of hydrocarbons emitted during gasoline transfers by January 1, 2006.
- 9 **Preemption.** Preempts local rules or ordinances establishing vapor recovery requirements. Prohibits a state agency from adopting different or additional regulations establishing vapor recovery requirements for underground storage tanks.

Article 8

Miscellaneous

- 1 1 **Public data.** Provides for the classification of data related to housing.
- 2 2 **Percent of appropriations for art.** Current law provides for a limit of one percent of any appropriation for a public building to be used for art. This provides that the one percent can only be up to \$100,000.
- 3 3 **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, as are employees of Minnesota Project Innovation. (Minnesota Project Innovation employees are already eligible under the MTI enabling statutes; this moves them to the same section where the MTI supporting organization employees would be covered.)
- 4 4 **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.
- 5 5 **Advisory committees.** Sunsets the project outreach advisory committee on June 30, 2004.
- 6 6 **Minnesota Technology account.** Removes language requiring Minnesota Technology, Inc. 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.
- 7 7 **Fees.** Increases and sets in statute the fees for the board of barber examiners.
- 8 8 **Members.** Current law requires at least one commissioner of the public utilities commission to live outside the seven-county metropolitan area. This section requires that two commissioners live outside the metropolitan area, of whom one must live in an area *other than* a city of the first or second class.
- 9 9 **Fees.** Increases licensing fees for architects and people in related professions from \$120 to

\$132 per biennium.

- 10 10 Administrative penalties; licensees.** Limits the administrative penalty for selling tobacco to a minor to a maximum of \$500; current law sets the penalty at \$75. Current law also provides for an administrative penalty for a second violation of \$200; this section changes it to a penalty of up to \$1,000. The section allows a penalty of up to \$5,000 for a third violation. For subsequent violations within 24 months of the initial citation, a penalty of up to \$5,000 and a suspension of the seller's tobacco license for up to seven days may be imposed.
- The section also provides that a local licensing authority may suspend or revoke a tobacco license for failure to discipline employees who commit multiple violations; failure to train or retrain employees in compliance issues; and failure to adopt and enforce a written policy to prevent tobacco sales to minors.
- Finally, the section requires the licensing authority to consider certain mitigating factors in setting the penalty for violations.
- 11 11 Effect on local ordinance.** Prohibits local licensing authorities from imposing penalties stricter than those provided in section 10.
- 12 12 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.
- 13 13 Utility regulatory review; rural concerns.** Provides that the chair of the public utilities and the commissioner of commerce shall jointly review the state's regulatory structure for energy and telecommunications providers and provide recommendations to the legislature to ensure that rural concerns are taken into consideration in the regulatory practices of the state.
- 14 14 Repealer.** Repeals cosmetology licensing language enacted in 2001 relating to reciprocity; repeals the rule setting license fees for the board of barber examiners.
- 15 15 Effective date.** Provides that sections 10 and 11 are effective the day following final enactment. Sections 7, 13 and 14 are effective July 1, 2003. Section 8 is effective June 30, 2004.