

# HOUSE RESEARCH

## Bill Summary

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Article 2 Unemployment Insurance Anita Neumann (651-296-5056)

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### Overview

Omnibus Economic Development, Labor and Industry Policy Bill; SAFE Act; and Minnesota Appraisal Management Company Licensing and Regulation Act.

### Article 1: Employment and Economic Development

#### Section

- 1** **Definitions.** Adds increased use of “green chemistry” to the products, processes, methods, technologies or services that are the intended goals of green economic activity.
- 2** **Response team.** Directs DEED to operate a fast action economic response team to contact business identified as at risk for relocating within or without the state within 24 hours of identification.
- 3** **Purpose.** Broadens the scope of the Minnesota Investment Fund to provide technical assistance in addition to financial assistance.
- 4** **Eligible expenditures.** Allows funds to be used to provide private entrepreneurs with training, other technical assistance, and financial assistance similar to that provided through the small cities development block grant program.
- 5** **Eligible projects.** Expands eligibility to projects supporting the development of microenterprises (defined in federal law) through financial assistance, technical assistance, and advice or business services.
- 6** **Definitions.** Defines and adds veteran-owned small businesses to the category of businesses eligible for an interest-free loan of up to \$20,000. Under current law these loans are

available for economic injury to a business for the loss of essential employees called to active military service.

- 7** Purpose; duties. Expands the responsibilities of the Governor’s Workforce Development Council to include providing recommendations made to the governor to the legislature and commissioner of DEED as well. Also charges the council with working in consultation with local workforce councils and DEED to identify and address gaps in local workforce services. This reflects a recommendation contained in a recent report released by the Legislative Auditor.
- 8** Staffing. Directs DEED to provide staff, including professional, technical and clerical to the Minnesota Workforce Development Council.
- 9** Funding. Directs the commissioner of DEED to develop recommendations for a funding formula that allocates Workforce Investment Act (WIA) funds to the council; specifies a minimum yearly allocation of \$350,000. The commissioner must report the formula recommendations by January 15, 2011.
- 10** Workforce program outcomes. Directs the commissioner of DEED to develop and implement a standard set of ways to assess the outcomes of workforce programs including comparisons of outcomes for workforce program participants and non-participants. The department is also directed to monitor programs receiving legislative appropriations on a pass through basis and develop means of assessing recipients for the costs associated with monitoring. This reflects a recommendation contained in a recent report released by the Legislative Auditor.
- 11** **Citation.** Provides that this chapter may be cited as the Minnesota Science and Technology Authority Act.
- 12** **Definitions.** Defines terms used in this chapter.
- 13** **Minnesota Science and Technology Authority.** Provides that the authority consists of five commissioners: DEED, MMB, Revenue, Commerce, and Agriculture. The commissioner of DEED is the chair. Authorizes members to delegate to the chair, vice-chair, or executive director authority for reviewing and approving projects. Requires the authority to employ an executive director, with the initial director being the current director of the Office of Science and Technology.
- 14** **Powers and duties.** Specifies duties for the authority including:
- coordinating efforts to obtain federal funding for research and development projects of primary benefit to small and medium-sized businesses; promoting contractual relationships between Minnesota businesses that receive federal grants and prime and subcontractors; working with higher education and nonprofit entities to promote collaborative efforts to respond to federal funding opportunities; developing a framework to establish sole-source relationships with federal agencies; providing grants or other forms of financial assistance; coordinating workshops and assistance with higher education institutions; and development of a comprehensive science and technology economic development strategy;
  - assisting businesses in identifying qualified supplier and vendors; and

- providing commercialization assistance to specified types of Minnesota firms.

Authorizes the authority to enter into contracts, accept gifts, and charge fees. Requires an annual report to legislative committee chairs. Authorizes the authority to provide consultative and technical services to assist eligible projects.

Provides that financial information received or prepared by the authority regarding financial assistance is private data.

- 15 Project financial assistance.** Requires the authority to assist eligible recipients in identifying and applying for grants or other sources of financial assistance. Requires the authority to review proposed financing for each project submitted to the authority. Requires grants over \$50,000 to be approved by the authority. Provides that grants under this amount may be approved by the executive director. Authorizes the authority to reject proposed financing for a project if a majority of members believe financing would not be in the best interests of the state or would be detrimental to the authority's funds or programs.
- 16 Advisory commission.** Creates an advisory commission of 18 members to assist the authority in developing a comprehensive science and technology economic development plan, and in fulfilling other duties under this chapter.
- 17 Money of the authority.** Specifies procedures for receiving and paying out money.
- 18 Nonliability.** Provides that members and staff of the authority do not have personal liability, and that the state is not liable for authority loans, agreements or contracts.
- 19 State pledge against impairment of contracts.** Provides that the state pledges not to limit or alter rights vested in the authority to fulfill terms of agreements or to impair rights and remedies.
- 20 Reserves.** Authorizes the authority to establish reserves, funds, and accounts to carry out its purposes.
- 21 Workforce focus.** Directs the MNSCU Board of Trustees to identify its colleges offering flexible programs to accommodate the needs of laid-off workers and assist other institutions in the system in decisions about whether and how to offer similar programs. This reflects a recommendation contained in a recent report released by the Legislative Auditor.
- 22 Public records; accessibility.** Clarifies language passed earlier in the session relating to record accessibility:
- Records means those that are “publicly available;
  - Records to be made available upon request within a reasonable time period;
  - New requirements do not apply to most technology procured or developed before January 1, 2013, or to records that cannot be reasonably modified without an undue burden;
  - Penalties capped at \$15,000 per individual or class;
  - Reasonable attorney fees limited to \$15,000; and

- Action must be commenced within one year of violation.
- 23 Continuing education; accessibility.** Clarifies that accessibility provided upon request within a reasonable time period and caps penalties and reasonable attorney fees at \$15,000 each.
- 24 Adoption by governing body.** Changes the municipalities' voting requirements with respect to adoption and amendments to a comprehensive plan by specifying that a majority vote is necessary for amendments to permit affordable housing development. Current law requires a 2/3 votes for adoption and amendments.
- 25 Area of operation.** Provides opt in and opt out options to townships with respect to economic development authority participation.
- 26 Services performed by governmental units/joint powers.** Provides that if government units make an agreement that has the effect of eliminating or replacing a public employee who is part of a collective bargaining agreement, and there is no provision in the agreement to deal with the situation, negotiations on the effects must be conducted between the exclusive representative and the employer.
- 27 Amendment to 2009 session law.** Expands use of construction mitigation grants; and expanded use of funding for renewable energy projects funded by the Minnesota Minerals 21<sup>st</sup> Century fund.
- 28 Report on at-risk business; fast action response economic team.** Requires the commissioner of DEED to report to the relevant legislative committees within 30 days on retention methods and plan for intervening.
- 29 Customer service.** Directs the commissioner of DEED in consultation with workforce service area staff to develop and implement processes and procedures to make seamless assistance available to unemployed Minnesotan's seeking a variety of services—including applying for unemployment benefits—through local workforce centers.
- 30 Workforce services report and recommendations.** Requires report to legislature by Governor's Workforce Council on performance and outcomes of workforce centers and identification of service gaps.
- 31 DEED block grant report.** Requires study and recommendations on use of block grants to distribute workforce funds.
- 32 Study of division of general fund revenue account.** Requests the Carlson School at the U of M to study feasibility of dividing the state general fund revenue accounts among community financial institutions.
- 33 Comparative study of state regulation affecting small business start-ups.** Provides \$65,000 in fiscal year 2011 to the legislative coordinating commission to fund a study comparing small business start-ups in Minnesota, Wisconsin, Iowa, North Dakota and South Dakota. The LCC is also directed to seek a grant to fund the study. Any remaining amount unexpended from the appropriation is transferred to the Science and Technology Authority.

- 34 Appropriation.** Appropriates \$107,000 per year beginning in fiscal year 2011 to the Minnesota Science and Technology Authority; sets aside \$300,000 of Petro Fund money to DEED for a grant to the Minneapolis Park and Recreation Board for contaminated soils clean-up.
- 35 Transfer.** Provides for transfer of any remaining funds in the appropriation to the Office of Science and Technology to the new Minnesota Science and Technology Authority.
- 36 Repealer.** Repeals section 116J.657—Office of Science and Technology due to creation of Science and Technology Authority.

## **Article 2: Unemployment Insurance**

- 1 Immediate family members.** Replaces “the applicant’s” with “an individual’s.”
- 2 Non-covered employment.** Clarifies that a family member providing personal care attendant services to another family member under the state personal care assistance program is not covered employment for unemployment insurance purposes.
- 3 Staffing service.** Defines a staffing service as an employer whose business involves employing individuals directly for the purpose of furnishing temporary assignment workers to clients of the staffing service.
- 4 Suitable employment.** Specifying that suitable employment does not include employment with a staffing service if less than 75 percent of the applicant’s wage credits are from a job assignment with the client of a staffing service. A job assignment with a staffing service is considered suitable employment if at least 75 percent of the applicant’s wage credits are from temporary job assignments and the job assignment meets the other requirements of suitable employment outlined in section 268.035, subdivision 23a, paragraph (a).
- 5 Tax accounts assigned.** Provides covered employment status for certain officers of a taxpaying employer.
- 6 Tax rates.** Changes how the tax rate is computed when the trust fund has a negative balance.
- 7 Tax rate for new employers.** Sets the tax rate for new employers in high experience rating industries at the average computed rate for high experience rating employers.
- 8 Tax rate buydown.** Provides a tax discount to an employer that has had layoffs if they prepay their future unemployment taxes.
- 9 Election by state or political subdivision to be taxpaying employer.** Modifies effective date of changes made by government employers in their method of paying unemployment insurance costs.
- 10 Election.** Modifies effective date of changes made by nonprofit employers in their method of paying unemployment insurance costs.
- 11 Benefit account.** Specifies the requirements needed to establish a new benefit account

within 52 weeks of the expiration of the benefit year of a prior account; makes technical changes.

- 12     **Eligibility.** Technical, removes reference to “waiting” period.
- 13     **Business owners.** Modifies provisions allowing a business owner and family member of a business owner to collect UI benefits. Provides that an officer of a taxpaying employer is covered.
- 14     **Actively seeking suitable employment defined.** Provides that actively seeking a suitable job assignment or other employment with a staffing service is considered actively seeking suitable employment.
- 15     **Quit defined.** Provides that an employee is considered to have quit if within five days of completing a job assignment from a staffing service, if they fail to request an additional suitable job assignment.
- 16     **Discharge defined.** Specifies that the end of a job assignment with the client of a staffing service is considered a discharge from employment with the staffing service unless the applicant fails to request an additional suitable job assignment within five days.
- 17     **Employment misconduct defined.** Modifies provisions specifying conduct that does not constitute misconduct.
- 18     **Telephone number.** Requires that for any unemployment benefit determination, a telephone number must be prominently displayed for applicants or employers to contact with questions or to request further information.
- 19     **Unemployment law judges.** Ties salary range for unemployment law judges to that in effect for workers’ compensation judges.
- 20     **Shared work agreements.** Authorizes the shared work program in a high experience rating industry.
- 21     **Administrative penalties.** Directs the commissioner to penalize employers who make offers of employment to an applicant when in fact, there are no jobs available.
- 22     **Special state extended unemployment.** Creates a new special state extension, of up to 13 weeks and replaces the special state emergency compensation program enacted in 2009. The new program is decoupled from federal extensions. Provides that any special state emergency unemployment benefits an applicant received are deducted from the new extended benefits.
- 23     **Leaves of absence.** Extends the special provisions for voluntary leaves of absence taken to prevent the layoff of another employee to leaves taken by employees of 3M at the New Ulm location.
- 24     **Special emergency compensation.** Provides that an applicant has received special state emergency compensation for a week prior to June 10, 2010, (the current law expiration date of the special state emergency unemployment compensation program) they may continue to draw those benefits until they are exhausted or until March 26, 2011, whichever comes first.

- 25 New benefit accounts.** Provides for minimum levels of unemployment benefits for persons establishing a new state benefit account within 39 weeks of the expiration of a benefit year on a previous account.
- 26 Vacation pay and unemployment benefits.** Specifies that certain Hibbing Taconite employees are not considered overpaid under the unemployment insurance system due to receipt of vacation pay.
- 27 Revisor instructions.** Renumbering of definitions section of the law, putting the definitions in alphabetical order.

### Article 3: Labor Standards and Wages; Licensing and Fees

- 1 Applications.** Extends independent contractor exemption certificate duration to four years.
- 2 Inflatable amusement equipment.** Provides for regulation of inflatable amusement equipment for commercial use.
- 3 Definitions.** Modifies definitions of applicant, license, licensee, notification date, and renewal deadline.
- 4 Fees.** Based on one-year licenses. Fees are doubled for two-year licenses and tripled for three-year licenses. Lapsed license renewals must include all license renewal fees during lapsed period. License renewals must include base fee, board fees, continuing education fees, and contractor recovery fund fees.

	Base Fee Renewal	Exam Fee	Late Fee (1/2 of Renewal Fee)	Continuing Education Fee	Board Fee
Type of License/Registration	One-Year Licenses			One-Year Licenses	One-Year Licenses
Entry Level	\$10	\$50	\$5	\$10	\$4
Journeyman	\$20	\$50	\$10	\$10	\$4
Master	\$40	\$50	\$25	\$10	\$4
Business	\$90	\$50	\$50	\$10	\$4

- 5 Licenses requiring examination.** Requires license application to demonstrate applicant is qualified to take examination and allows for a one-time rescheduling of examination (within one year) if applicants don't take examination at scheduled time. If examination not taken within one year, application is denied and fees nonrefundable. Requires commissioner to notify applicant of a passing score within 60 days of passing the test; applicant has 90 days

thereafter to pay license fee.

- 6      **License renewal.** Prohibits licensee from performing licensed work if license expires; licensee has two years after license expiration to apply for renewal.
- 7      **Incomplete applications.** Specifies commissioner’s duties and applicant’s responsibilities in event of an incomplete application.
- 8      **License reinstatement.** Sets for the requirements for license reinstatement after revocation including retaking the examination and payment of a \$100 reinstatement application fee in addition to other applicable license fees. Reinstatement after suspension must be done within two years and include \$100 reinstatement fee. Reinstatement after voluntary termination requires \$100 fee and application no later than date the license would have expired if not terminated.
- 9      **Prohibition of transfer.** Prohibits a license from being sold or transferred.
- 10     **Continuing education.** Specifies that department seminar offerings may be rescheduled once within one year and that course fees are not refundable.
- 11     **Accessibility.** Strikes obsolete language rewritten in another section of law.
- 12     **Designation.** Provides that municipal building officials must be designated for each certification category created by statute or rule.
- 13     **Applications; renewal; fees; expiration.** Codifies language regarding applications for initial and renewal of certification of building officials.
- 14     **Certification criteria.** Strikes the \$70 non refundable fee for applying for examination and certification.
- 15     **Certification categories.** Codifies certification categories of building officials, certified building official-limited and accessibility specialist.
- 16     **Continuing education.** Codifies language regarding continuing education requirements and time extensions.
- 17     **Failure to renew.** Provides that individuals not making timely applications for renewal may not be certified and cannot be designated as the building official for any municipality.
- 18     **Enforcement of requirements for persons with disabilities.** Relocates and rewrites language related to municipal enforcement of the state building code related to requirements for persons with disabilities.
- 19     **Contractor bonds.** Changes yearly bond requirements to biennial requirements and increases fee from \$15 annually to \$100 biennially.  
  
Provides that bond must be given and maintained.
- 20     **Examination.** Changes reflect consolidation of examination requirements.
- 21     **License registration, renewal and expiration/electrical licenses.** Changes reflect consolidation of licensing and other fees accomplished in section 2 and requires employers exempt from licensing requirements to file a certificate of “responsible person” along with a



\$100 fee.

- 22     **Reciprocity.** Clarifies requirements for license reciprocity.
- 23     **Exemption from licensing/responsible persons.** Requires that an employer must pay a file fee to file a certificate of responsible person. The certificate is valid for two years from the date of filing. To maintain a certificate the employer must resubmit a certificate of responsible person every two years.
- 24     **Contractor.** Provides definition of contractor.
- 25     **Plumbing contractor.** Provides definition of plumbing contractor.
- 26     **Responsible licensed plumber.** Provides definition of responsible licensed plumber.
- 27     **Restricted plumbing contractor.** Provides definition of restricted plumbing contractor.
- 28     **Local regulation.** Conforming changes to new definitions set forth above.
- 29     **Licensing; bond and insurance.** Sets out differences between an individual licensee and a business licensee for license exemptions, master plumber and restricted master plumber requirements, and bond and insurance requirements. Provides a limited exemption for well/boring contractors licensed and bonded by the Department of Health.
- 30     **Plumber apprentices.** Sets out requirements for supervision of apprentices by a licensed supervising master, restricted master, journeyman or restricted journeyman licensed and employed by the same employer as the apprentice. Apprentices may only work under the direct supervision of a licensed plumber and cannot supervise any plumbing work or make assignments of work to unlicensed persons.
- 31     **Use of license.** Clarifies reference to use of census data (for determining population of cities and towns) to be the last federal census.
- 32     **Renewal.** Specifies that renewal of plumbing licenses must be made within 12 months of license expiration date.
- 33     **Application, exam and license fees/plumbing license.** Makes conforming changes.
- 34     **Responsible licensed master.** Provides definitions of responsible licensed master.
- 35     **Water conditioning contractor.** Provides definitions of water conditioning contractor.
- 36     **Water conditioning journeyman.** Provides definitions of water conditioning journeyman.
- 37     **Water conditioning master.** Provides definitions of water conditioning master.
- 38     **Violations.** Adds licensed water conditioning master and journeyman to those local authorities must report to commissioner when violations found.
- 39     **Licensing in certain cities.** Allows only licensed water conditioning persons to perform work in all areas of state except cities and towns with population of 5,000 or less. Allows plumber apprentices to work on water conditioning installations under supervision of licensed plumber or water conditioning master or journeyman.

- 40 **Bonding and insurance.** Sets forth bond and insurance requirements for water conditioning contractors.
- 41 **Fees; renewal/water conditioning licenses.** Makes conforming changes.
- 42 **Exemptions.** Specifies that for the purposes of fee calculation, a certificate of exemption is considered an entry level license.
- 43 **Fees.** Specifies that residential contractor, residential remodeler and residential roofer licenses are business licensees for the purposes of fees.
- 44 **Form/residential contractors.** Conforming changes.
- 45 **Examination.** Conforming changes.
- 46 **License.** Conforming changes.
- 47 **Manufactured home installer and licensed residential roofer bonds.** Specifies that bond period is biennial.
- 48 **Sign contractor bonds.** Specifies that bond period is biennial.
- 49 **High pressure piping; business license.** Requires applications for business licenses to include a verified statement of compliance.
- 50 **High pressure piping registration.** Conforming changes.
- 51 **High pressure piping registration and renewal fees.** Conforming changes.
- 52 **High pressure piping license application and renewal.** Conforming changes.
- 53 **Examination and licensing/boats.** Requires all people operating a boat to hold a current master's license or a charter boat captain's license issued by the U.S. Coast Guard.
- 54 **Applications/boilers engineers.** Conforming changes.
- 55 **Applicability.** Provides exemption for certain hobby boiler engineer licenses.
- 56 **Boiler engineer license fees.** Conforming changes.
- 57 **Installation.** Specifies that installation means installation or reinstallation.
- 58 **Used manufactured home.** Sets for the definition of "used manufactured home" as a home offered for sale more than 24 months after the first purchaser took legal ownership.
- 59 **Seller.** Provides definition of seller.
- 60 **Requirement; new manufactured homes.** Requires that the sale or offer for sale of a new manufactured home bear a label required by the secretary.
- 61 **Requirement; used homes.** Prohibits the sale of any used manufactured home made after June 14, 1976, unless the home complies with a signed notice of compliance form that outlines the home's meeting standards related to: cords and plugs for electric ranges and clothes dryers; solid fuel-burning fireplaces or stoves listed for use in manufactured homes

with appropriate installation and adherence to listing standards; gas water heaters and furnaces listed for manufactured home use with appropriate installation and adherence to listing standards; smoke alarms; approved and operational carbon monoxide alarms or CO detectors; egress windows in each bedroom meeting operable and opening requirements; a furnace and water compartment lined with gypsum board; and compliance with snow load and heat zone requirements for the state.

- 62 Alternative design plan.** Provides for alternative frost free design.
- 63 Manufacturer's installation requirements and instructions for new homes.** Requires that new single section manufactured homes and new multi-section homes be installed in compliance with either the manufacturer's installation instruction or the state building code.
- 64 Manufacturer's installation and reinstallation requirements and instructions for used homes.** Requires that used multi-section manufactured homes be installed in compliance with the manufacturer's installation instructions or the state building code.
- 65 Reinstallation for single section homes.** Does not require the reinstallation of a single-section home to be done in accordance with the manufacturer's requirements for a frost-protected foundation system if the installation happens not less than 24 months from the date of installation. Installation made under this section must be installed to meet state rules for above frost line installation or an alternative design stamped by a licensed professional engineer or architect. Sets forth the fee standards.
- 66 Notice requirement.** Sets forth the notice requirements for sellers of single-section used manufactured home being reinstalled.
- 67 Generally.** Corrected reference.
- 68 Sub-agency license.** Provides that a sub-agency license renewal must coincide with the principal license date.
- 69 Licenses; renewal.** Conforming changes.
- 70 Fees.** Conforming changes.
- 71 Limited dealer's license.** Conforming changes.
- 72 Manufactured home installers.** Conforming changes.
- 73 Water free urinals.** Grants the Department of Labor and Industry expedited rule-making authority.
- 74 Revisor instruction.** Technical reference changes related to manufactured homes.
- 75 Repealers.**
- 76 Effective dates.** DOLI licensing and fee changes effective January 1, 2012.

## **Article 4: Minnesota S.A.F.E. Mortgage Licensing Act of 2010**

**1 Title.** States two different names by which this act can be cited.

**2 Definitions.** Defines terms used in this act.

**3 License and regulation required.**

**Subd. 1. Generally.** Prohibits any individual from engaging in the business of making residential mortgage loans in Minnesota unless the individual is licensed under this chapter or exempt under subdivision 2.

**Subd. 2. Exemptions.** Exempts: (1) registered mortgage loan originators when acting for a depository institution (mostly banks and credit unions), for a federally-regulated subsidiary of a depository institution, or for an entity regulated by the federal Farm Credit Administration; (2) intra-family transactions; (3) the owner of the mortgaged property; (4) a licensed attorney acting on behalf of a client in connection with a broader representation of the client, if the attorney is not compensated by the lender or other party to the loan transaction; and (5) conditional on federal approval of this exemption, non-profit organizations or local units of government that are not otherwise engaged in the mortgage loan business, engaged in the financing of housing for low and moderate income households or counseling.

**Subd. 3. Independent contractor loan processors or underwriters.** Does not exempt independent contractors who are loan processors or underwriters from licensure. Requires independent contractors who are licensed to maintain a valid unique identifier in the nationwide registry.

**Effective date:** Provides for this section an effective date of July 31, 2010, or a later date approved by the federal Secretary of Housing and Urban development (HUD).

**4 State license and registration application and issuance.** Requires an applicant for a license to fill out a form prescribed by the commissioner of commerce. Gives the commissioner authority to enter into contracts and other relationships with the registry and to perform administrative tasks related to this act. Permits the commissioner to waive or modify, by rule or order, any requirement of this act and to establish new requirements if necessary. Requires applicants for a license to furnish specified information sufficient for a background check. Permits the commissioner to use the registry as a “channeling agent” through which to exchange information with the U.S. Department of Justice or any other source of information needed to administer this act.

**5 Terms of license and fees.** Provides that licenses for mortgage originators expire December 31 and renew January 1 each year. Specifies license fee of \$90, with a fee of \$50 for annual renewal.

**6 Issuance of license.** States the six findings, and sub-findings of some of them, that the commissioner must make before issuing a mortgage loan originator license under this act. The first three relate to character, the second three (including a written test) relate to qualifications, and the seventh one requires a surety bond.

- 7 **Prelicensing and relicensing education of loan originators.** Describes the basic elements of the required prelicensing education for mortgage originators, including courses that comprise eight hours on specific subjects listed in subdivision 1, taught in courses approved by the registry.
- 8 **Testing of loan originators.** Describes the written pre-licensing test required in section 5 above. It is developed by the registry. Specifies what happens if a person fails to pass the test.
- 9 **Standards for license renewal.** Specifies that the license of a mortgage loan originator will be renewed if the licensee still meets the standards in section 5, has satisfied the continuing education requirements in section 9, and has paid the renewal fee.
- 10 **Continuing education for mortgage loan originators.** Provides that the continuing education required for license renewal is eight hours each year of instruction approved by the registry, consisting of three hours on federal law, two hours on ethics, and two hours on lending standards for nontraditional mortgage loans.
- 11 **Authority to require license.** Requires the commissioner to require mortgage loan originators to be licensed and registered through the registry. Permits the commissioner to participate in the registry for that purpose. Requires the commissioner to develop the requirements necessary for the state to participate in the registry, including the payment of fees to apply for and renew licenses.
- 12 **Nationwide mortgage licensing system and registry information challenge process.** Requires the commissioner to develop a process by which mortgage loan originators can challenge information entered into the registry by the commissioner.
- 13 **Enforcement authorities, violations, and penalties.** Permits the commissioner, under chapter 14 (the Administrative Procedure Act), to take any of the enforcement actions listed in the section to enforce this act.
- 14 **Surety bond required.** Requires each mortgage originator's actions to be covered by a surety bond that reflects the dollar amount of loans originated by the person. An employee may be covered by the surety bond of the employee's employer, if the employer is subject to this act.
- 15 **Confidentiality.** Specifies the confidentiality status of information provided to the registry. Permits the commissioner to enter into agreements or sharing arrangements for information with other government agencies and associations of regulators, such as the CSBS. Includes other data-related confidentiality provisions.
- 16 **Investigation and examination authority.** Permits the commissioner to conduct investigations related to the commissioner's responsibilities under this act. Specifies the powers granted to the commissioner in great detail.
- 17 **Prohibited acts and practices.** Lists 14 things that a licensed mortgage originator under this act is forbidden to do. Prohibits an individual who does only underwriting or loan processing to advertise that the individual will do anything that only a mortgage originator is allowed to do.

- 18 Mortgage call reports.** Requires mortgage licensees to provide reports of condition to the registry, complying with the form required by the registry.
- 19 Report to nationwide mortgage licensing system and registry.** Requires the commissioner to report violations of this act and enforcement actions to the registry.
- 20 Unique identifier.** Requires a mortgage originator's unique identifier (provided by the registry) on all forms, advertisements including business cards, Web sites, and other documents.
- 21 Incorporation by reference.** Incorporates the U.S. Department of Housing and Urban Development rules under the Secure and Fair Enforcement of Mortgage Licensing Act of 2008, and related amendments into state law.
- 22 Effective Date.** Makes the act effective July 31, 2010. (This is subject to the more flexible effective date for section 3.)

#### **Article 5: Conforming and Transitional Provisions Relating to Minnesota Statutes, Chapter 59**

- 1 Residential mortgage originator licensing requirements.** Eliminates current solvency options for mortgage originators, except for a surety bond described in section 3 of this article.
- 2 Application contents.** Same changes as in section 1. Also eliminates current requirement to keep a roster of information about individuals the company employs as mortgage originators. This will be done as part of the new regulatory mechanisms in article 1.
- 3 Residential mortgage originators.** Specifies a surety bond in the amount of \$100,000 as the only acceptable guarantee of financial responsibility for a mortgage loan originator as defined in article 1 (includes individuals). Requires that the bond cover all individuals who originate mortgage loans for a mortgage loan originator as employees or independent contractors. Says that the surety bond must cover punishment imposed by the commissioner and claims by customers for losses caused by the firm's violation of law or breaches of contracts. Requires that the amount of the surety bond be increased to as much as \$200,000 based upon the dollar value of closed residential loans as shown by the firm's mortgage call report.
- 4 Term of license.** Makes licensure for mortgage originators and servicers expire each year on December 31 and renew on January 1.
- 5 Amounts.** Specifies license fees each type of original license and renewal. The amounts are half or less of the current two-year license fees.
- 6 License renewal.** Makes changes to conform with sections 4 and 5.
- 7 Residential mortgage originators and servicers; transitional license fees and terms.** Requires originators and servicers that have a July 31, 2011, expiration date to pay a prorated renewal fee of \$200 and \$100 respectively payable December 31, 2010, for an

extension to December 31, 2011.

**8 Repealer.** Repeals § 58.126, which imposes a continuing education requirement now replaced by chapter 58A in article 1 of this bill.

**9 Effective date.** Makes this article effective July 31, 2010.

## **Article 6: Commerce**

**1 Examination not required.** Makes a change to conform to later sections of this bill.

**2 Issuance.** Makes changes to conform to later sections of the bill.

**3 Sale of portable electronics insurance.**

**Subd. 1. Definitions.** Defines seven terms used in this section.

**Subd. 2. Licensure of vendors.** Requires vendors of portable electronics to obtain a limited lines insurance agent license if they wish to sell insurance on those products. Provides that the license would allow the vendor's employees to sell that insurance without being individually licensed. Provides that the license covers all locations in this state at which the vendor sells portable electronics. Requires that the vendor keep the Department of Commerce informed of those locations. Provides that the limited lines license does not permit sale of other insurance products.

**Subd. 3. Requirements for sale of portable electronics insurance.** (a) Requires written disclosures to consumers at each retail location where the insurance is offered to customers. The disclosures consist of:

- (1) possible duplication of the coverage with the consumer's homeowner's or renter's insurance;
- (2) purchase of the insurance is not required in order to buy the product;
- (3) a summary of the key terms of the insurance coverage including deductibles, exclusions, and limitations of the coverage;
- (4) the process and requirements for filing a claim, including return of the product and proof of loss; and
- (5) the right to cancel the insurance at any time and get a pro rata refund of unearned premium.

(b) Permits offering the coverage on a month-to-month or other periodic basis under a group policy issued by the insurance company to the vendor, under which individual customers can enroll.

(c) Permits coverage that complies with this section to have whatever terms for modification or termination are in the policy, regardless of any general Minnesota insurance law that would otherwise not allow those terms.

(d) Requires that eligibility and underwriting standards be established for each portable electronics insurance program.

**Subd. 4. Authority of vendors of portable electronics.** (a) Permits employees

and authorized representatives of a portable electronics vendor to sell the insurance if the vendor has a limited lines insurance license permitting sale of that product, arranges for a supervising insurance agency to administer the insurance marketing and train the employees and others who will sell the product to customers, and makes sure no employee or authorized representative claims to be a regular insurance agent.

(b) Permits the vendor to bill for and collect the insurance premiums. Requires that the premiums be itemized separately on the bill. Permits the vendor and the insurance company to agree on how the vendor will handle the premium payments, such as whether they must be kept in a separate account. Provides that insurance payments received by the vendor are considered held in a fiduciary capacity for the insurance company, which seems to imply the insurance company is liable to provide the coverage even if the vendor diverts the funds. Permits the insurance company to pay the vendor for billing and collecting the premiums.

- 4 **Licensing fees.** Sets licensing fees for this new type of limited lines insurance agent license. Specifies an initial and renewal licensing fee of \$100 per location for vendors who sell the insurance at ten or fewer locations in this state, and a fee of \$6,500 for vendors who have more than ten such locations in this state. This license is issued to the retailer and not to the individual employees who sell the product to the customers.
- 5 **Members.** Changes the membership of the Real Estate Appraiser Advisory Board in several ways. Reduces it from 15 to nine members. Requires that at least three members, one in each of the three categories, live or work outside of the Twin Cities seven-county metro area.
- 6 **Conduct of meetings.** Changes the board's quorum requirement to adjust to the reduced number of members.
- 7 **Enforcement data.** Requires the commissioner to provide the board on a regular basis with the commissioner's public enforcement data.
- 8 **Powers of the board.** Permits the board to make recommendations to the commissioner at the board's own initiative, instead of only at the commissioner's request.
- 9 **Title.** Names this article the Minnesota Appraisal Management Company Licensing and Regulation Act.
- 10 **Definitions.** Defines 13 terms used in this article.
- 11 **Licensing.** Creates a system of mandatory licensing of real estate appraisal management companies by the Department of Commerce. Specifies that persons who own a 10 percent or larger ownership interest in an appraisal management company (hereinafter abbreviated "AMC") must have a clean record. Requires an AMC to have a designated controlling person to serve as the AMC's main contact person with the Department of Commerce. Specifies the information that must be provided to the Department of Commerce to apply for a license as an AMC. Provides that initial licenses are valid until August 31 of the expiration year assigned by the Department of Commerce.
- 12 **Term of license.** Makes initial licenses valid for a period of one year or less and expire on August 31 of the year assigned by the Department of Commerce.



- 13 License renewal.** Makes renewal licenses valid for 12 months. Specifies the deadline and procedure for applying for a renewal license. Requires a business that no longer wishes to be licensed to inform the department and surrender the license.
- 14 Exemptions.** Exempts certain types of entities and situations from licensure as AMCs. They are: (1) an employer of appraisers that uses only its own employees as appraisers, supervises them, and accepts all liability for work; (2) a financial institution regulated by the federal government or this state that uses a procedure specified in the bill to obtain appraisals for its own purposes; (3) an arrangement in which an appraisal is signed by the appraiser that did the appraisal and the appraiser that requested it; and (4) any government agency performing appraisals for that level of government and any agency performing ad valorem tax appraisals for county assessors.
- 15 Consent to service of process.** Requires licensees to provide an irrevocable consent to service of process prescribed by the Department of Commerce.
- 16 Licensing fees.** Provides that licensing fees under this article must be retained by the commissioner for purposes of licensing and regulation under this chapter. Sets a \$5,000 fee for initial licensing, and \$2,500 fee for a renewal license. Makes fees nonrefundable except for overpayments.
- 17 Investigations and procedures.** Gives the commissioner the same enforcement powers the commissioner has for the other industries and occupations the commissioner regulates.
- 18 Employee requirements.** Specifies what functions performed by an employee of an AMC must be performed by a licensed appraiser.
- 19 Limitations.** Provides that APMs licensed under this chapter must use only MN-licensed appraisers to perform appraisals in MN.
- 20 Adherence to standards.** Requires an AMC to periodically review the work of appraisers in its network and report certain violations to the commissioner.
- 21 Record keeping.** Requires AMCs to keep detailed records of its appraisal requests and the appraiser that performs it for five years.
- 22 Appraiser independence; prohibitions.** Prohibits AMCs from attempting to influence the result of an appraisal by intimidating or otherwise influencing the appraiser in any way. Specifically prohibits 14 ways this intimidation or other improper influence could occur.
- 23 Adjudication of disputes between an appraisal management company and an independent appraiser.** Specifies the procedure an AMC must follow in removing an appraiser from its network.
- 24 Denial, suspension, revocation of licenses.** Specifies the powers of the commissioner of commerce in taking action against a company or individual that has violated this chapter or other laws related to it.
- 25 Revenue sources.** Modifies the list of revenues to be deposited in the state treasury and credited to the petroleum tank fund.
- 26 Expenditures.** Expands list of expenditures to include expenditures on property acquisition

when the agency has determined that purchasing the property where a release has occurred is the most appropriate corrective action.

**27 Cadmium in children's jewelry.** Prohibits the sale or offer for sale by manufacturers, wholesalers or retailers of children's jewelry containing cadmium.

**28 Appropriation.** Appropriations to the commissioner of commerce.

- **Mortgage originators and servicers.** Appropriates \$261,000 in fiscal year 2011 from the general fund to the commissioner of commerce for purposes of this act. Specifies a base appropriation of \$138,000 in fiscal 2012 and \$142,000 in fiscal 2013.
- **Appraisal management companies.** Appropriates \$223,000 from the general fund to the commissioner of commerce for fiscal 2011 to implement this article of the bill. Specifies base appropriations of \$119,000 for fiscal 2012 and \$123,000 for fiscal 2013.
- **Portable electronics insurance vendors.** Provides \$39,000 to license vendors of portable electronics.

#### **Article 7: Iron Range Resources**

- 1 Amendment to 2010 session law.** Clarifies that St. Louis County is the fiscal agent for 2010 taconite distributions specified in Chapter 216 and expands the allocation to the city of Cook to include land purchase. If the city sells or otherwise disposes of any land purchased with money under this provision within ten years of purchase, the city must transfer a portion of the proceeds equal to the amount of the purchase price paid from taconite money to the IRB commissioner. Also provides an allocation for the Virginia Regional Medical Center.
- 2 Grant agreement.** Provides that a 2008 grant agreement for the Pike River Road Project and St. Louis County Maintenance Garage remains in effect until the project is completed.
- 3 Revisor instruction.** Codifies session law.
- 4 Repealer.** Repeals duplicative session law.