

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 729  
**Version:** Conference Committee Report

**DATE:** May 15, 2013

**Authors:** Mahoney

**Subject:** Omnibus Jobs and Economic Development Bill

**Analyst:** Anita Neumann - Jobs and Economic Development  
Tom Pender and Bob Eleff - Commerce  
Mary Mullen - Housing

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

---

### Article 1: Appropriations

#### Section

- 1 **Jobs and economic development appropriations.** Summary of appropriations.
- 2 **Jobs and economic development.** Clarifies terms.
- 3 **Department of Employment and Economic Development (DEED).** Provides individual appropriations. See spreadsheet for details.
- 4 **Housing Finance Agency.** Provides individual appropriations. See spreadsheet for details.
- 5 **Explore Minnesota Tourism.** Provides individual appropriations. See spreadsheet for details.
- 6 **Department of Labor and Industry (DOLI).** Provides individual appropriations. See spreadsheet for details.
- 7 **Bureau of Mediation Services.** Provides individual appropriations. See spreadsheet for details.
- 8 **Board of Accountancy.** Provides individual appropriations. See spreadsheet for details.

## Section

- 9 **Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design.** Provides individual appropriations. See spreadsheet for details.
- 10 **Board of Cosmetologist Examiners.** Provides individual appropriations. See spreadsheet for details.
- 11 **Board of Barber Examiners.** Provides individual appropriations. See spreadsheet for details.
- 12 **Workers' Compensation Court of Appeals.** Provides individual appropriations. See spreadsheet for details.
- 13 **Department of Commerce.** Provides individual appropriations. See spreadsheet for details.
- 14 **Public Utilities Commission.** Provides individual appropriations. See spreadsheet for details.
- 15 **Transfers.** Transfers approximately \$7,500,000 each year of the biennium from the UI contingent account to the general fund and transfers \$10,000,000 in assets of the workers' compensation assigned risk plan to the general fund by June 30, 2014.

## **Article 2: Labor and Industry**

- 1 **License; exemptions.** Technical corrections; updating references.
- 2 **Compliance orders.** Adds the statute prohibiting misrepresentation of employment relationships to the list of laws for which the commissioner may issue a compliance order.
- 3 **Limitation.** Adds elevator contractors to the list of those exempt from laws that regulate engineers, architects, landscape architects, surveyors, geoscientists, and interior designers.
- 4 **Applicable law.** Adds a statutory cross reference to combative sports to the list of applicable laws over which the commissioner of labor and industry has jurisdiction.
- 5 **Licensing orders; grounds, reapplication.** Authorizes the commissioner to deny, suspend, limit, revoke, or otherwise not approve licensing or permits for persons in violation of a consent order or final order of the commissioner.
- 6 **Examination results.** Doubles the amount of time from 90 to 180 days for payment of licenses.
- 7 **Policy and purpose.** Adds use of buildings and structures to items covered by the building code.
- 8 **Public building.** Clarifies that public building includes a charter school building project.
- 9 **Application.** Updates to reference use of buildings.

## Section

- 10**        **Directs supervision.** Provides definition.
- 11**        **Elevator contractors.** Provides definition.
- 12**        **Limited elevator contractor.** Provides definition.
- 13**        **Limited elevator work.** Provides definition.
- 14**        **Elevator work.** Provides definition.
- 15**        **Master elevator constructor.** Provides definition.
- 16**        **Limited master elevator constructor.** Provides definition.
- 17**        **Limited journeyman elevator constructor.** Provides definition.
- 18**        **Journeyman elevator constructor.** Provides definition.
- 19**        **Registered unlicensed elevator constructor.** Provides definition.
- 20**        **Residential dwelling.** Provides definition.
- 21**        **Responsible licensed individual.** Provides definition.
- 22**        **Licenses.** Sets out the requirements for the licensing and registration of elevator constructors and contractors; requires bond and insurance; provides for designation of a responsible master or limited elevator constructor; requires a written and oral examination to determine competence prior to licensure; sets out exemptions from licensing and provides for reciprocity for licensure in other states.
- 23**        **Permits.** Adds elevator repairs to items needing a permit. Provides that a permit is valid for work that begins within 12 months of application and completed within two years of application. If no work is started within 12 months of application, the applicant may cancel a permit and request a refund of inspections fees.
- 24**        **Department permit and inspection fees.** Specifies elevator permit and inspection fees.
- 25**        **Operating permits and fees; periodic inspections.** Adds vertical reciprocating conveyors to items not requiring an operating permit fee subsequent to initial permit fees.
- 26**        **Rules.** Removes reference to electrician's license in elevator constructor rule authority.
- 27**        **Request for inspection.** Provides definition.
- 28**        **License, registration, and renewal fees; expiration.** Makes necessary changes in the Minnesota Electrical Act to reflect new language for elevator constructors and contractors.
- 29**        **Exemptions from licensing.** Makes necessary changes in the Minnesota Electrical Act to reflect the new provisions for elevator constructors and contractors.

## Section

- 30 Exemptions from inspections.** Makes necessary changes in the Minnesota Electrical Act to reflect the new provisions for elevator constructors and contractors.
- 31 Utility interconnected wind generation installations.** Provides for calculation of fees.
- 32 Agreement with municipality.** Updates statutory cross reference.
- 33 Fees for plan reviews and audits.** Eliminates special fees for accelerated reviews.
- 34 Permits; fees.** Sets out plumbing fees.
- 35 Definition.** Updates references.
- 36 License prerequisites.** Provides that an applicant for a manufactured home dealers license does not have to satisfy the two year prior experience requirement if the applicant sells or brokers used manufactured homes or has met all other licensing conditions, is the owner of a manufactured home park, and is selling new homes installed in the park.
- 37 Commissioner.** Expands definition of commissioner for purposes of combative sports to be the commissioner of labor and industry and also to include a designee from within or outside of the department.
- 38 Advisory council.** Updates combative sports references to reflect that it is under the jurisdiction of DOLI.
- 39 Commissioner duties.** Clarifies duties of the commissioner with regard to combative sports. Authorizes the commissioner to suspend an individual combatant license for a mandatory rest period.
- 40 Jurisdiction of commissioner.** Authorizes the commissioner to suspend or revoke a combative sports license using the enforcement provisions generally available to the commissioner under construction codes and licensing authority.
- 41 Prelicensure requirements.** Requires promoter bonds of at least \$10,000. Requires a mixed martial arts combatant national identification number or a federal boxing identification number unique to each applicant.
- 42 Expiration and renewal.** Provides that combative sports licenses expire each year on December 31.
- 43 Fee schedule.** Makes changes in combative sports license fees.
- 44 Repealer.** Repeals obsolete continuing education requirements that are dealt with elsewhere in statute and statutory language and rules that are in conflict or not applicable under the new elevator constructor/contractor licensing structure.

## Section

### **Article 3: Employment, Economic Development, and Workforce Development**

- 1**      **Cost of living study; annual report.** Requires the commissioner of DEED to conduct a yearly cost of living study, adjusted for family size, by county. The study must also include an analysis of statewide and county employment and job vacancy data and recommendations to assist in the assessment of employment and economic development planning in the state. The report must be given to the governor and chairs of the appropriate legislative committees by February 1 each year.
- 2**      **Labor market information data production requirement.** Requires the commissioner of employment and economic development to work with the Office of Higher Education and local workforce center boards to publish labor market analysis. The reports must include: information on industry sectors and occupations; current and projected job growth; identification of high growth and high vacancy jobs; information on educational attainment; graduates in credential and degree programs; and completion rates and average debt.
- 3**      **Host community economic development grants.** Creates a host community economic development grant program to finance the capital costs for acquiring or improving public land building or other publicly owned capital improvements. Eligible projects are development and redevelopment projects that will generate economic development in a host community. A host community is a city in the seven county metropolitan area that is the site of a waste disposal facility that accepts unprocessed mixed municipal solid waste generated in the metro area.
- 4**      **Administration.** Authorizes the commissioner to provide forgivable loans directly to private business without passing through a local government entity under the Minnesota Investment Fund (MIF) and expands MIF to include development authorities as entities eligible for the state funded portion of the fund if the governing body of the municipality approves, by resolution, the application of the development authority.
- 5**      **Eligible expenditures.** Authorizes loans as well as grants for infrastructure under the Minnesota Investment Fund (MIF).
- 6**      **Disaster contingency account; repayments.** Specifies that repayment of MIF loans by a development authority is deposited in the disaster contingency account.
- 7**      **Requirements for assistance.** Technical changes as well as addition of a specific reference to development authority for the purposes of recovery loans under MIF.
- 8**      **Minnesota job creation fund.** Establishes the Minnesota job creations fund; sets forth requirements for designation and certification and outlines benefits available under program. Provides for different thresholds and benefits in the 11-county metropolitan area and the nonmetro area.

## Section

- 9 Trade policy advisory council.** Establishes a trade policy advisory council to advise and assist the governor and the legislature regarding United States trade agreements. The 15-member council consists of representatives of organized labor, environmental interests, family farmers, business and industry, and international trade and development, and members of the house and senate. Council members serve two-year terms. Others may join as nonvoting members.
- 10 Minnesota trade office in foreign markets.** Directs the commissioner to establish three new trade offices in key foreign markets.
- 11 Minnesota STEP grants.** Directs the creation of a State Trade and Export Promotion (STEP) grant program to provide assistance to small businesses interested in exports. Makes grants of up to \$7,500 available on a reimbursement basis for approved activities.
- 12 Invest Minnesota.** Establishes a marketing initiative to brand Minnesota's economic development initiatives and promote business opportunities.
- 13 Office of Broadband Development.** Creates an office of broadband development within DEED.
- 14 Coordination of broadband infrastructure development.** Provides for the coordination of infrastructure related to broadband development.
- 15 Workforce center; credential assistance.** Directs the commissioner to provide services through workforce centers to assist in identifying and obtaining needed credentials for jobs.
- 16 Film production jobs program.** Moves oversight of the program from the Department of Administration to the Department of Employment and Economic Development. Specifies that no more than five percent of the amount appropriated for the program may be used for administrative costs, including the costs of independent audits or financial review of projects.
- Specifies that production costs include above-the-line talent fees for nonresident talent and costs incurred during post-production. Film includes internet pilots, programs, or series.
- Increases the reimbursement allowed under the program to 25 percent of production costs for films that locate production outside of the metro area, or that incur a minimum Minnesota expenditure in excess of \$1,000,000 in a 12-month period; or up to 20 percent of production costs for films that incur production costs that do not exceed \$1 million in the metro area within a 12-month period.
- 17 Job placement impact on program review; information to students.** Directs MNSCU to use the compiled labor market information when making course and program offering decisions.
- 18 Fiber collaboration database.** Requires MNDOT to post upcoming construction projects so broadband providers can coordinate the installation of infrastructure with the highway projects.

## Section

- 19 Availability of community support services.** Restates the required design of the community supports services programs for adults with serious and persistent mental illness to improve their ability to find and maintain competitive employment. Encourages counties to fund evidence-based practices.
- 20 Employment support services for persons with mental illness.** Makes technical and policy changes that emphasize efforts for those with mental illness who wish to work and focuses on competitive employment. Directs that projects funded should ensure that services are integrated with mental health treatment, provide benefits counseling, and conduct rapid job search.
- 21 Employment support services and programs.** Makes changes conforming with sections 15 and 16.
- 22 Dakota County community development agency: Minnesota Investment Fund.** Allows the Dakota County community development agency to be treated as a general purpose local government unit for the purposes of MIF under certain prescribed conditions.
- 23 Employment supports and independent living services for individuals with high functioning autism, Asperger's syndrome, nonverbal learning disorders, and pervasive developmental disorders not otherwise specified; pilot program.** Provides definitions of terms used in the bill. Specifies that an employment support plan must include employment goals, ongoing support services, program outcomes that focus on competitive employment, and independent living services.
- 24 Customized training pilot program for skilled manufacturing industries. .**

**Subd. 1. Program.** Directs the commissioners of the DEED and DOLI to collaboration with four MnSCU institutions and employers to develop a customized training program for manufacturing industries that integrate academic instruction and job-related learning in the workplace. Directs the commissioner to actively recruit participants from targeted groups including: secondary and postsecondary school systems; individuals with disabilities, dislocated workers; veterans; MFIP enrollees, previously incarcerated persons; and individuals residing in labor surplus areas (defined by the U.S. Department of Labor) and other disadvantaged groups. Participating MnSCU institutions are: Alexandria Technical and Community College, Century College, Hennepin Technical College and Central Lakes College.

**Subd. 2. Definitions.** Provides definitions. An eligible employer is defined as a skilled manufacturing employer within the state who enters into an agreement with MnSCU and the state.

**Subd. 3. Employer agreement.** Directs the commissioner, MnSCU, and eligible employers to enter into agreements specific to the identified manufacturing training needs of an employer. Specifies information required to be included in the agreements.

**Subd. 4. Participation agreement.** Directs the commissioner, prospective

## Section

participant, and employer to enter into participation agreements specific to the manufacturing training to be provided to the participant. Specifies information required to be included in the agreements.

### **Subd. 5. Minnesota State Colleges and Universities (MnSCU) instruction.**

Directs MnSCU institutions to collaborate with employers to provide instruction that the employer thinks is necessary to instruct participants; instruction must be career-level as negotiated by the commissioner and the MnSCU institution.

Instruction may be non-credit or for credit and may be transferred to a degree seeking program. A completion certificate shall be issued to participants that successfully complete the program.

- 25 Skilled manufacturing reports.** Directs the commissioner to study the training needs of employers in the skilled manufacturing industry and report finding to the legislature by March 1, 2014.
- 26 State broadband strategy; report.** Requires the office to research and report recommendations to improve and promote expansion and efficient use of broadband.
- 27 Pilot programs; combining career and higher education advising.** Directs the workforce council in the Hennepin/Carver, Northeast Minnesota, Stearns/Benton, and rural Minnesota CEP service areas along with one public high school in the services area to cooperate in assisting high school student in selecting careers.

## **Article 4: Unemployment Insurance**

- 1 Use of funds.** Authorizes the use of dislocated worker funds for the training and assistance under the CLIMB program.
- 2 Converting layoffs into Minnesota businesses (CLIMB).** Creates a state program similar to a federal initiative utilized in Minnesota in the past to assist dislocated workers in starting or expanding a business. CLIMB is to offer entrepreneurial training, business consulting, and technical assistance to dislocated workers trying to start or expand a business.
- 3 Tax rate for new employers.** Modifies the standard for assigning a “new employer” tax rate to an employer who had previously registered for a tax account but who had no taxable wages during the experience rating period. The previous standard required that the employer file a “no wages paid” report in order to qualify. Many employers who cease operations fail to file the report required under current law.
- 4 Limitations on applications and benefit accounts.** Makes a technical change that clarifies that backdating of a benefit application is available to an applicant who was unemployed. Current law refers to an applicant having no employment which creates unintended consequences for applicants who have more than one job.

## Section

- 5 **Additional unemployment benefits; when available.** Authorizes the payment of additional unemployment benefits to an applicant who has stopped working because of a lockout. Additional benefits are not available to professional athletes locked out by a professional sports team.
- 6 **Eligibility conditions.** Specifies that an applicant who is unemployed due to a lockout is eligible for additional benefits if the applicant meets current law eligibility requirements, has exhausted regular benefits, is not eligible for extended benefits, and the lockout is in active progress.
- 7 **Weekly benefit amount.** Sets the additional benefit amount equal to the weekly amount for regular benefits.
- 8 **Maximum amount of unemployment benefits.** Limits the duration of benefits to a maximum of 26 additional weeks as long as the lockout is in active progress.
- 9 **Unemployment benefits while in entrepreneurial training.** Makes unemployment benefits available to workers participating in the CLIMB program.
- 10 **Shared work plan requirements.** Makes technical and conforming changes in the shared work program operating in Minnesota. Conforming changes are to federal modifications of the program.
- 11 **Approval by commissioner.** Technical and conforming changes.
- 12 **Notice to participating employee.** Requires employers to provide a written notice that includes the proposed terms of the plan and that the employee may apply for unemployment benefits, to each participating employee that the employer has submitted a shared work plan.
- 13 **Applicant requirements.** Clarifies work availability requirements.
- 14 **Amount of unemployment benefits available.** Technical and conforming changes and clarifying language about the reduction of unemployment benefits in proportion to hours worked.
- 15 **Cancellation; modification.** Technical and conforming changes and clarifying language about employer requests for modifications of the shared work plan.
- 16 **Severable.** Technical and clarifying changes.
- 17 **Administrative penalties.** Makes a technical change to the law requiring the deposit of penalties to the unemployment insurance trust fund to apply to penalties credited after July 1, 2013. Current law refers to penalties imposed after July 1, 2013.
- 18 **Unemployment insurance employer tax reduction.** Fixes the unemployment tax rate at .1 percent in calendar 2014 and 2015 if the state's unemployment insurance trust fund exceeds threshold amounts of \$800,000,000 for 2014 and \$900,000,000 for 2015.

## Section

- 19 Commissioner authorized to request shared work funds.** Authorizes the state to request federal funding for the shared work program.
- 20 Effective date.** Specifies that shared work plan amendments are effective for plans approved on or after July 1, 2013.

### **Article 5: Miscellaneous**

- 1 Purchases; printing.** Directs public entities to purchase paper made on a machine located in Minnesota whenever practicable.
- 2 Comprehensive examination.** Provides definition of comprehensive examination for barbering.
- 3 Fees.** Adds new barber fees: retake of written examinations: \$10; renewal of student permits: \$25; letter of license verification: \$25; and reinspection: \$100.
- 4 What constitutes barbering.** Specifies that shaving the face or neck and applying lotion to hair is barbering.
- 5 Who may receive certificates of registration as a registered barber.** Specifies that an apprentice who does not pass a comprehensive exam and who fails to pass a onetime retake of the written exam may continue to practice as an apprentice for an additional 300 hours before eligible to retake the comprehensive exam until passed.
- 6 Who may receive certificates of registration as a registered apprentice.** Specifies requirements including recent graduation from barber school, further study requirements for those who graduated more than four years prior to application, testing requirements and registration for incarcerated individuals.
- 7 Qualifications.** Provides requirements for instructors including successful completion of vocational instructor training, high school graduation, and status as a currently registered barber.
- 8 Admission requirements; course of instruction.** Adds chemical waving to required subjects.
- 9 Application; fee.** Requires photo ID.
- 10 Examinations, conduct, and scope.** Authorizes the board to schedule additional written examinations. Requires barber school to post the hours completed by students applying to take the apprentice exam.
- 11 Application.** Requires proof of identity.
- 12 Examination of nonresidents.** Strikes language requiring reciprocity from other states or countries.

## Section

- 13 Examination of nonresident apprentices.** Strikes language requiring reciprocity from other states or countries.
- 14 Certificates of registration and temporary permits to be displayed.** Requires photos that meet passport standards for displaying certificates or permits.
- 15 Effect of failure to renew.** Allows reinstatement within four years of a lapsed certificate.
- 16 Administrative penalties.** Allows the additional imposition of the following penalties and fees: missing or lapsed shop registration discovered upon inspection: \$500; unlicensed or unregistered apprentice or registered barber, first occurrence discovered upon inspection: \$500; and unlicensed or unregistered apprentice or registered barber, subsequent offense, discovered upon inspection: \$1,000.
- 17 Municipalities; regulation authorized.** Cities may regulate barber shop hours in addition to all other applicable local regulations.
- 18 Misrepresentation.** Prohibits anyone from posing as a barber unless they are a barber.
- 19 Symbols; barber pole.** Prohibits anyone who isn't a registered barber or barber shop to display a red or white, or red, white, and blue cylindrical pole.
- 20 Cosmetology.** Adds services performed on the trunk of the body to the list of cosmetology services.
- 21 Manager.** Provides that a school manager must maintain an active salon license.
- 22 Instructor.** Provides that an instructor must maintain an active operator or manager's license in the area in which the instructor license is held.
- 23 Schedule.** Includes nail technician in the three-year license fee schedule. Provides penalties for lapsed licenses discovered upon inspection, failure to dispose of onetime use equipment, implements or materials, use of prohibited items, performing manicure or cosmetology services in salons where those services are not authorized, operators working as independent contractors, and refusal to cooperate with inspections.
- 24 License expiration dates.** Clarifies license expiration dates for salons and schools.
- 25 Testing.** Requires testing to be done by a board-approved provider.
- 26 Renewals.** Subjects license renewals to continuing education requirements.
- 27 Nonresident licenses.** Sets out requirements for nonresident licenses.
- 28 Continuing education requirements.** Sets out continuing education requirements.
- 29 Requirements.** Strikes licensing and inspection requirement prior to commencement of business.

## Section

- 30 Instruction requirements.** Specifies that instruction may not be for more than ten hours per day per student and that instruction must be given in a licensed school building. Online instruction is allowed for board-approved theory-based classes. Practice-based classes may not be given online.
- 31 Prohibited uses.** Lists prohibited items, equipment, implements, and materials.
- 32 Office of Collaboration and Dispute Resolution.** Requires the commissioner of mediation services to establish an Office of Collaboration and Dispute Resolution. States the duties of the office, which include promoting use of mediation, assisting government units in improving collaboration and dispute resolution, providing technical assistance and information on best practices, and establishing dispute resolution projects.
- 33 Grants.** Requires the commissioner of mediation services to make grants to nonprofit entities certified by the state court administrator that assist in resolution of disputes. Directs the commissioner to establish a grant review committee. Provides eligibility requirements. Requires grant recipients to agree to comply with guidelines adopted by the state court administrator and current law under chapter 16B. States that the general laws and policies applicable to state grants also apply to grants under this section.
- 34 The office of the commissioner or Iron Range resources and rehabilitation.** Provides for contracting options available to the commissioner and provides an exemption from certain contract review and information technology requirements.
- 35 Distribution; city of Eveleth.** Makes the .20 cent per taxable ton payable to the city of Eveleth permanent.
- 36 Timing.** Fixes the length of time certificates are valid to one year. Currently, the certificate renewal is done on a three-year cycle, while continuing education reporting requirements are done on an annual basis.
- 37 Residents of other states.** Removes obsolete language related to applications depending on whether they were made prior to or on or after July 1, 2006.
- 38 Fees.** Establishes a fee structure for initial and renewal certificates.
- 39 Certificates issued by foreign countries.** Removes obsolete language related to applications depending on whether they were made prior to or on or after July 1, 2006.
- 40 Unlawful acts.** Clarifies that it is not “misleading” if a CPA firm uses a common brand name or network name part—including initials—if the firm is a network as defined by the American Institute of Certified Public Accountants’ Code of Professional Conduct. The firm must, however, comply with the code’s standard of independence if they offer or render services requiring independence under the code’s standards.
- 41 Dedication.** Defines “fair market value” as the value of land as determined by a municipality each year based on tax or other relevant data. In the event of an objection over the valuation, then the valuation must be negotiated.

## Section

- 42**      **Definitions.** Clarifies the definition of “housing infrastructure bonds.”
- 43**      **Dedication fee.** Modifies Minneapolis Park and Recreation Board and city council park dedication fee authorizations.
- 44**      **City of St. Paul dedication fee.** Authorizes St. Paul to require a portion of land to be deduction to the public or to impose a fee in conjunction with the construction permits for new housing units and new commercial and industrial development in the city..
- 45**      **Good cause exemption.** Provides the board of cosmetology with a good cause rule exemption to conform with changes in this act.
- 46**      **2013 distributions.** Provides for taconite tax property tax relief distributions to names municipalities for 2013 distributions of taconite tax funds.
- 47**      **St. Paul RiverCentre Arena.** Reduces repayment amounts in 2014 and 2015 and forgives payments in 2016-2021 by the city of St. Paul. The city must use the funds to be used solely to pay for or finance improvement to the arena.
- 48**      **Whiskey Road improvements.** Requires the payment of interest on project funds being held by St. Louis County.
- 49**      **Revisor instructions.** Directs the revisor to make technical terminology changes.
- 50**      **Repealer.** Repeals:
- obsolete statutory language applicable to activities prior to July 1, 2006 (Minnesota Statutes, section 326A.03, subdivisions 2, 5, and 8);
  - the Science and Technology Authority (Chapter 116W);
  - Rule 1105.0600 regarding fees;
  - Rule 1105.2550 regarding renewal of certificates after 2009; and
  - Rule 1105.2700 regarding requirements prior to July 1, 2006.

## **Article 6: Commerce and Consumer Protection Policy**

- 1**      **Insurance fraud prevention account.** Provides that money may be transferred from the automobile theft prevention account into the insurance fraud prevention account shown in section 3.
- 2**      **Fees other than examination fees.** Increases from \$10 to \$30 the fee charged by the Department of Commerce for filing a document in which an insurance company appoints an insurance agent.

## Section

- 3**        **Program described; commissioner's duties; appropriation.** Permits the transfers described in section 1.
- 4**        **Registration.** Specifies the registration fees that bullion coin dealers and coin dealer representatives may be charged by the Department of Commerce. Permits the department to adjust the fee on an annual basis based on cost.
- 5**        **Petroleum inspection fee; appropriation, uses.** Increases the inspection fee on petroleum products, which is collected by the commissioner of revenue and appropriated by the commissioner of commerce for the Division of Weights and Measures, petroleum supply monitoring, and grants for weatherization.
- 6 - 9**     **Contracts for deed.** Amends existing laws and enacts new laws that govern purchase and sale of real estate by use of a contract for deed. The new provisions provide greater protections to purchasers.
- 10**      **Administrative services.** Amends a 2011 law that involves the fiscal 2014 and 2015 budgets for the unclaimed property program operated by the Department of Commerce.
- 11**      **Solar photovoltaic modules.** Requires that solar photovoltaic modules installed with financing provided in this act be made in this state.
- 12**      **Information on counseling agencies.** Require the commissioner of commerce to consult with stakeholders and study the idea of providing on its website a link to counseling certification entities that list certified mortgage counselors on their websites.
- 13**      **Repealer.** Repeals a law that permits criminal penalties on a purchaser for failure to record a contract for deed in the office of the county recorder or county registrar of titles.

## **Article 7: Utility Regulation**

- 1**        **[216B.16] Subd. 7b. Transmission cost adjustment.** Allows a utility cost recovery outside a general rate case for transmission costs for facilities not located in Minnesota but determined by the Midcontinent Independent Systems Operator to benefit Minnesota consumers.
- 2**        **[216B.1635] Recovery of gas utility infrastructure costs.** Allows for utility cost recovery outside of a general rate case for replacing and updating natural gas distribution pipelines and other infrastructure as required under federal law.
- 3**        **[216B.1691] Subd. 2e. Rate impact of standard compliance; report.** Requires the commission to develop a uniform reporting system for utilities analyzing the rate impact of compliance with the Renewable Energy Standard.

## Section

- 4        **[216B.1692] Subd. 1. Qualifying projects.** Specifies that a utility air emissions control project may be approved by the commission to obtain cost recovery outside of a rate case if the facilities on which the controls are to be installed are located outside the state and are needed to comply with federal or state air regulations and the project has received an advance determination of prudence by the commission.
- 5        **[216B.1692] Subd. 1a. Exemption.** Exempts a project from provisions that are satisfied by the requirement that the project receive an advance determination of prudence from the commission.
- 6        **[216B.1692] Subd. 8. Sunset.** Extends the expiration of this section by five years to 2020.
- 7        **[216B.1695] Subd. 5. Cost recovery.** Allows recovery of costs of an emissions-reduction project in a rider approved under section 216B.1692.
- 8        **[216B.1695] Subd. 5a. Rate of return.** Allows the commission to allow a rate of return on an emissions-reduction project at a rate determined to be in the public interest.
- 9        **Laws 2005, ch. 97, art. 10, § 3. Sunset.** Extends the expiration date of section 1 above by eight years to 2023.

## Article 8: PACE

- 1        **[216C.435] Subd. 3a. Cost-effective energy improvements.** Defines cost-effective energy improvements as those identified in an energy audit or study as having a payback of up to 20 years.
- 2        **[216C.435] Subd. 8. Qualifying real property.** Defines qualifying real property as property that can be benefitted by the installation of cost-effective energy improvements.
- 3        **[216C.436] Subd. 2. Program requirements.** Provides that an energy improvement financing program cannot prohibit the financing of all cost-effective energy improvements.
- 4        **[216C.436] Subd. 7. Repayment.** Provides that an energy financing program that collects loan repayments via a special assessment on property taxes may collect those assessments over 20 years.
- 5        **[216C.436] Subd. 8. Bond issuance; repayment.** Provides that the bonds issued to finance an energy improvement loan program must be payable within 20 years.
- 6        **[429.101] Subd. 2. Procedure for assessment.** Allows special assessments for energy improvement loans to be repaid in 20 years.

## Section

### Article 9: Distributed Generation

- 1 [216B.164] **Subd. 2. Applicability.** Technical.
- 2 [216B.164] **Subd. 2a. Definitions.**
- 3 [216B.164] **Subd. 3. Purchases; small facilities.** Specifies the rate of compensation to be paid for excess electricity generated by generators of different capacities and the different types of utilities with which they are interconnected. These parameters do not change for municipal utilities and cooperative associations. The maximum capacity generator eligible to be governed by net metering is increased from 40 to 1,000 kilowatts for public utilities.
- 4 [216B.164] **Subd. 3a. Net metered facilities.** Provides that a facility with a generating capacity between 40 and 1,000 kW that is interconnected to a public utility may elect to have its net electricity credited and carried forward on its utility bill.
- 5 [216B.164] **Subd. 4. Purchases; wheeling costs.** Requires net metered facilities interconnected with a municipal utility or cooperative association or a facility of 1,000kW or more capacity interconnected with a public utility to be paid the full avoided costs for the electricity sold to the utility.
- 6 [216B.164] **Subd. 4a. Aggregation of meters.** Requires a utility to accommodate a customer who requests the installation of multiple meters within 90 days of the request. The customer may rank order the meters for the purpose of specifying to which meter net metered credits from excess generation are to be applied.
- 7 [216B.164] **Subd. 4b. Limiting cumulative generation prohibited.** Allows the commission to limit additional net metering capacity on a public utility's system once the level reaches four percent of average annual electricity sales.
- 8 [216B.164] **Subd. 4c. Individual system capacity limits.** Allows a public utility to limit the capacity of 40-kW or higher facilities to 120 percent of the customer's annual electricity consumption.
- 9 [216B.164] **Subd. 6. Rules and uniform contract.** Requires the commission to establish a statewide uniform contract for a net metered facility of less than 1,000-kW capacity if interconnected with a public utility and less than 40-kW if interconnected with a municipal utility or cooperative association . Allows exiting contracts for under 40-kW facilities to be terminated if both parties agree.
- 10 [216B.164] **Subd. 10. Alternative tariff; compensation for resource value.** Requires public utilities to file a tariff with the commission to pay solar generators for input to the systema per-kwh amount that is calculated based on a methodology developed by the Department of Commerce reflecting the cost savings to the utility of purchasing electricity from distributed generation facilities (i.e., lower transmission costs, fewer line losses, savings from building fewer power plants, etc.) The tariff applies to facilities

## Section

with a capacity of one megawatt or less.

The tariff must: allow for the recovery of costs to provide utility service to these generators; require a generator buy all the electricity they consume and sell all the electricity they generate to the utility; credits the generator's bill for any net input to the utility, carries those credits forward, and eliminates the balance after 12 months; requires at least a 20-year contract; and requires the compensation rate to be no lower than the utility's retail rate for a period of three years.

### **Article 10: Solar Energy**

- 1 **[116C.7792] Solar energy incentive program.** Requires Xcel Energy to provide \$5 million annually for five years for solar energy production incentives to owners of solar energy systems of 20 kW capacity or less, capped at 120 % of the customer's annual energy consumption.
- 2 **[216B.1641] Community solar garden.** Requires Xcel Energy to file a plan with the commission by September 30, 2013 to operate a program that allows individuals to subscribe to purchase a portion of the capacity of a community-based solar generator . Subscriptions may be no larger than 120 percent of the subscriber's annual electricity consumption, and must represent at least 200 watts of the community facility's capacity. Excess electricity generated by the community solar garden is sold to the interconnecting utility. This section lists additional required elements of the plans.
- 3 **[216B.1691] Solar energy standard.** Requires public utilities to generate or procure from solar energy at least 1.5 percent of the utility's total retail electric sales in Minnesota by 2020, ten percent of which must be from solar energy devices with a capacity of 20 kW or less. Retail electric sales to mining extraction and processing facilities, paper mills, and wood products and oriented strand board manufacturers are excluded from the calculation of a utility's total retail sales and costs of meeting this standard may not be included in the electric rates of those customers.
- 4 **[216B.2411] Subd. 3. Other provisions.** Provides that electricity generated from solar photovoltaic devices constructed with funding from a utility's Conservation Improvement Program (CIP) funds (up to 5 percent is allowed to be used for this purpose, and an additional 5 percent may be used with commission approval) may be counted toward a public utility's solar energy standard.

### **Article 11: Made in Minnesota**

- 1 **[216C.411] Definitions.** Defines "Made in Minnesota" and other terms.
- 2 **[216C.412] "Made in Minnesota" solar energy production incentive account.** Establishes an account in the special revenue fund to pay a per-kwh generated incentive for solar modules that have been certified by the commissioner of commerce as "Made in Minnesota." The account is to receive deposits of 5 percent of a public utility's annual required spending

## Section

on its Conservation Improvement Program (CIP) activities for a period of 10 years. Additional funds are to be deposited into the account from Xcel Energy's Renewable Development Fund to total \$15 million annually.

**3 [216C.413] "Made in Minnesota" solar energy production incentive; qualification.** Describes the application process a manufacturer seeking "Made in Minnesota" certification must undergo. The commissioner of commerce will determine whether a manufacturer qualifies, and will issue a certificate to qualified manufacturers.

**4 [216C.413] "Made in Minnesota" solar energy production incentive; qualification.** Describes the application a manufacturer seeking "Made in Minnesota" certification must file. The commissioner of commerce will determine whether a manufacturer qualifies, and will issue a certificate to qualified manufacturers. Any data in the application or collected as a result of an inspection is nonpublic data.

**5 [216C.414] "Made In Minnesota" solar energy production incentive.**

**Subd. 1. Setting incentive.** Requires the commissioner of commerce to set an incentive amount for a solar photovoltaic module that has been certified as "Made in Minnesota" within 90 days of that certification. The per-kilowatt-hour generated incentive amount is paid to an owner for ten years.

**Subd. 2. Criteria for determining incentive amount.** Requires the commissioner to set the incentive amount at a level that allows an owner a reasonable return on the owner's investment, considering the installed cost of the device, federal tax incentives received by the owner, the declining efficiency of the modules over time, and other factors. The commissioner shall revise the incentive amount annually based on these factors. The incentive may not exceed 40 percent of the average installation cost-per-kilowatt, after taxes.

**Subd. 3. Metering of production.** Requires a utility to provide a meter, paid for by the owner of the solar photovoltaic device, to measure production in order for the owner to receive incentive payments, and to submit production data to the commissioner.

**Subd. 4. Payment due date.** Requires incentive payments to be made no later than July 1 following the year of production.

**Subd. 5. Renewable energy credits.** Provides that renewable energy credits attached to electricity generated by a solar photovoltaic device receiving payments under this section belong to the interconnected utility.

**6 [216C.415] "Made In Minnesota" solar energy production incentive; payment.**

**Subd. 1. Incentive payment.** Provides for incentive payments to owners of solar photovoltaic devices certified as "Made in Minnesota" whose capacity is less than 40 kilowatts and are installed on residential or commercial property.

## Section

**Subd. 2. Application process.** Requires applications for the incentive to be submitted to the commissioner in January and February. The commissioner shall use a random method to approve the number of applications the commissioner determines will exhaust the funds available for the ten-year duration of the incentive.

**Subd. 3. Commissioner approval of incentive application.** Requires the commissioner to disapprove applications if the commissioner determines that funding is insufficient to pay the incentive for any portion of the ten-year payment period, and to establish an annual cap on the cumulative capacity of projects awarded incentives that year.

**Subd. 4. Eligibility window; payment duration.** Restricts payments to solar photovoltaic devices installed and generating electricity between 2014 and the end of 2023. No payments may be made after 2023.

**Subd. 5. Allocation of payments.** Requires incentive payments to be split evenly between residential and commercial applicants. Encourages the commissioner to distribute incentives throughout all regions of the state.

**Subd. 6. Limitation.** Prohibits an owner that has received an incentive under this section from receiving a “Made in Minnesota” rebate under section 116C.7791 for the same modules.

- 7 **[216C.416] Solar thermal rebates.** Directs the commissioner of commerce to operate a rebate program for individuals who install solar thermal systems manufactured in Minnesota. \$250,000 from the account created in section 2 is available for 10 years for the rebates. The maximum residential rebate is the lesser of 25 percent of the installed cost of the system or \$5,000; commercial rebates may reach a maximum of \$25,000. Rebates are to be divided equally between projects that heat air and water.

## **Article 12: Energy Policy Development**

- 1 **[3.8852] Planning strategy for sustainable energy future.** Requires the Legislative Energy commission to consult with the Department of Commerce, stakeholders, and others to develop a framework for a transition to an economy based 100 percent on renewable energy. A report to the legislature is due by January 15, 2014.
- 2 **[216B.2401] Energy savings policy goal.** Establishes the policy that energy savings are preferred over all other energy resources, and that energy conservation improvements must be cost-effective.
- 3 **[216C.05] Findings and purpose.** Establishes as a policy goal that the state save at least 1.5 percent of annual retail energy sales of electricity and natural gas through cost-effective conservation.

## Section

- 4 **Integration and transmission study for future renewable energy standard.** Directs the commission to order all utilities and transmission companies, under the direction of the Department of Commerce, to conduct an engineering study of the impacts on costs and reliability of extending the Renewable Energy Standard to require that 40 percent of state retail electricity sales be generated or procured from renewable energy sources by 2030, and to develop plans for transmission resources needed to bring that electricity to market. The study is due by November 1, 2014.
- 5 **Value of on-site energy storage study.** Requires the commissioner of commerce to contract for a study to analyze the costs and benefits of installing utility-managed energy storage devices in residential and commercial properties and existing barriers to their installation.
- 6 **Value of solar thermal study.** Requires the commissioner of commerce to contract for a study to analyze the costs and benefits of installing solar thermal devices in residential and commercial properties.
- 7 **Scoping for renewable energy study.** Directs the Legislative Energy Commission and the Department of Commerce to develop the scope for a study of how Minnesota can achieve an economy based on renewable fuels, focusing on the industrial, transportation and electrical sectors. The scoping is due by January 1, 2014.
- 8 **Department of Commerce; Division of Energy Resources; study.** Requires the Division of Energy Resources to conduct a study investigation how to maximum long-term energy savings, and carbon reduction; and provide appropriate incentives to meet the state's energy goals; identify funding sources for projects and programs. The report is due to the legislature by January 1, 2015.

### Article 13: Miscellaneous

- 1 [16C.144] **Subd. 2. Guaranteed energy-savings agreement.** Authorizes the commissioner of administration to extend the term of a guaranteed energy-savings agreement from 15 to 25 years.
- 2 [216B.241] **Subd. 1. Definitions.** Adds definition of "waste heat."
- 3 [216B.241.] **Subd. 1e. Applied research and development grants.** Requires the commissioner of commerce to annually assess utilities \$500,000 annually for a grant to the Clean Energy Resource Teams established under section 216C.385.
- 4 [216B.241] **Subd. 10. Waste heat recovery; thermal energy distribution.** Allows for natural gas or electricity displaced by waste heat recovery for thermal use to count towards a utility's energy savings goal, subject to approval of the commerce department.
- 5 **Severability.** Provides that if any provision of this act is found to be unconstitutional the remaining provisions are valid.

**Section**

- 6**        **Repealer.** Repeals Minnesota Statutes, section 216B.1637, which allows Xcel Energy to recover, outside of a general rate case, costs incurred for cast iron natural gas distribution lines and other equipment.

**Article 14 : Appropriations**

- 1**        **Appropriation.** Appropriates \$364,000 in FY 2014, \$100,000 in 2015, from the general fund that was deposited from the commerce department's assessment on utilities to the commissioner of commerce to carry out the activities required under this act.

Appropriates \$279,000 in FY 2014, and \$263,000 in 2015 from the general fund that was deposited from the Public Utilities Commission's assessment on utilities to the commission to carry out the activities required under this act.