

HOUSE RESEARCH

Bill Summary

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Authors: Garofalo

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Analyst: Anita Neumann – Articles 1 & 2
Bob Eleff – Articles 11 to 13
Ben Weeks – Articles 3 & 5 to 10
Mary Mullen – Article 4

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Article 1: Appropriations

Section

- 1 **Appropriations.** Specifies definitions of fiscal years.
- 2 **Department of Employment and Economic Development.** Provides appropriations for the Department of Employment and Economic Development. See spreadsheet for details.
- 3 **Housing Finance Agency.** Provides appropriations for the Housing Finance Agency. See spreadsheet for details.
- 4 **Explore Minnesota Tourism.** Provides appropriations for Explore Minnesota Tourism. See spreadsheet for details.
- 5 **Department of Labor and Industry.** Provides appropriations for the Department of Labor and Industry. See spreadsheet for details.
- 6 **Bureau of Mediation Services.** Provides appropriations for the Bureau of Mediation Services. See spreadsheet for details.
- 7 **Department of Commerce.** Provides appropriations for the Department of Commerce. See spreadsheet for details.
- 8 **Public Utilities Commission.** Provides appropriations for the Public Utilities Commission. See spreadsheet for details.

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- 9** **Public Facilities Authority.** Provides appropriations for the Lewis and Clark Regional Water System. See spreadsheet for details.
- 10** **St. Cloud Somali Youth.** Amends 2015 session law to reallocate appropriation to St. Cloud Somali Youth Organization.
- 11** **Insurance.** Amends 2015 session law to earmark \$125,000 fiscal year 2017 appropriation for insurance fraud enforcement.

Article 2: Jobs and Economic Development

- 1** **Authorization to issue appropriation bonds.** Along with section 2, makes technical, clarifying changes to the statute enacted in the 2015 special session that authorized state appropriation bonds for the Lewis and Clark Regional Water System. Does not authorize a new bond issue. Effective the day after enactment.
- 2** **Appropriation of proceeds.** Along with section 1, makes technical, clarifying changes to the statute enacted in the 2015 special session that authorized state appropriation bonds for the Lewis and Clark Regional Water System. Does not appropriate new money. Among the changes, specifies that the appropriation of the proceeds is to the Public Facilities Authority to make the grant to the Lewis and Clark Joint Powers Board. Effective the day after enactment.
- 3** **Definitions.** Modifies the definition of the following terms related to the Host Community Economic Development Program.
1. Provides clarification to the current definition of “capital costs” to specify that it means expenditures for public acquisition of land and buildings in addition to: betterment of public lands and buildings, for other publicly owned capital improvements, and expenditures for predesign, design, engineering, and similar activities for identified eligible projects.
 2. Specifies that an “eligible project” is one that will generate economic development within five years or facilitate the preparation of long term economic development within a host community.
 3. Specifies that “economic development” means assistance in preparation of a redevelopment or development area that results in at least one of the following:
 - (a) job creation, including jobs related to construction or temporary jobs;
 - (b) an increase in the tax base;
 - (c) the ability of a project to attract private investment;
 - (d) long term economic development;
 - (e) needed public infrastructure or transportation-related improvements to facilitate long-term redevelopment or development; or
 - (f) other objective criteria established by the commissioner.

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4. Provides a definition of “long-term economic development” to mean the capital costs associated with economic development projects identified by a host community comprehensive plan or redevelopment plan that will generate eligible economic development.

4 Application. Removes language that when awarding grants, required the commissioner to give priority to projects that had the highest return on investment based on a cost-benefit analysis.

5 Certification of qualified investors. Modifies Minnesota angel investment tax credit. Under present law, the credit is allowed to “accredited investors” (defined under federal SEC rules) that invest in qualifying securities. These individuals must have either substantial incomes or high net worths under SEC rules. Other investors (i.e., non-accredited investors) can also qualify for the credit if they invest via offerings that are exempt from securities registration under Minnesota law (35 or fewer investors and meet other requirements) or that qualify under the small corporate offering registration provisions.

This section expands the securities for which non-accredited investor can claim an angel investment tax credit to include securities registered under the MNVEST registration exemption that was enacted by the 2015 Legislature. This exemption allows certain small offerings typically marketed over the Internet (often referred to as crowdfunding). The offerings are subject to dollar limits (typically \$1 million or \$2 million amounts).

6 Grant allowed. Increases, from \$9,000 to \$11,000, the maximum amount of pay-for-performance grants for certain job training programs.

7 Qualified job training program. Changes requirements for a job training program to be eligible for pay-for-performance grants under section 116J.8747.

8 Creation; membership. Adds the commissioner of human rights to the Urban Initiatives Board.

9 Procedure. Cross-references to section 10.

10 Job order contracting. Gives Hennepin County substantially the same authority as the state has for capital improvement contracts with an estimated cost of no more than \$250,000. The state law was enacted in 2005.

Subd. 1. Definitions. Defines “job order contracting,” “project,” and “request for qualifications.” A “project” is an undertaking to construct, alter, maintain, repair, or enlarge a building, structure, road, or bridge, or make other improvements.

Subd. 2. Authority. Gives Hennepin County authority to use job order contracting for projects that do not exceed \$250,000.

Subd. 3. Job order contracting request for qualifications. Authorizes the county to issue a request for qualifications that includes criteria that will be used for projects. Prohibits criteria from unduly restricting competition or relating to collective bargaining status of the contractor. Specifies notice requirements.

Subd. 4. Qualified contractors. Requires the county to review responses and establish a list of responders who have the ability to enter into the master contract for the project. Permits the county to limit the number of contractors on the list. Permits

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the county to reserve up to 75 percent of the registry for certified small business enterprises that may include minority-owned businesses, women-owned businesses, and veteran-owned businesses. Requires the county to allow contractors to submit qualifications at least every 24 months.

Subd. 5. Construction services bidding. Provides that when using job order contracting: (1) for projects up to \$50,000 the county must request at least two bids; (2) for projects over \$50,000 and not exceeding \$100,000, the county must request at least three bids; (3) for projects over \$100,000 and less than \$250,00, the county must request at least four bids.

Subd. 6. Qualified contractor selection. Requires the county to select the contractor who submits the lowest price bid. Permits the county to reject any or all bids if in the best interests of the county.

Subd. 7. Reasonable distribution of bid requests among qualified contractors. Requires the county to develop a system to ensure a reasonable opportunity for all qualified contractors to bid on construction services.

Subd. 8. Expiration. Section expires December 31, 2019.

Subd. 9. Reporting. Requires reports to the legislature in January of even-numbered years.

- 11 Lake Mille Lacs economic relief program.** Requires Mille Lacs County to create an economic relief program for businesses affected by declines in walleye fishing on Lake Mille Lacs. The program may include provision of grants, loans, and forgivable loans. The program is restricted to areas around Lake Mille Lacs and to businesses in certain industries. Mille Lacs County must create performance measures, which will be monitored by the commissioner of employment and economic development.
- 12 Repealer.** Repeals the Film Production Jobs Program, commonly known as Snowbate. [116U.26].

Article 3: Labor and Industry

- 1 Standard industrial classification list [182.653, subd. 9].** The AWAIR (A Workplace Accident and Injury Reduction program) under Minnesota OSHA (Occupational Safety and Health Administration) requires certain employers to establish accident and injury reduction programs for employees in certain industry types. Employers are required to create such programs within six months of the time their operations are included in the “North American Industry classification”. That list is reflected in Minn. Rule 5208.1500. Under current law, the list must be updated every two years, this section changes that to every five years. The section also deletes an expired provision.
- 2 Repealer.** Repeals the Family Child Care Providers Representation Act. [179A.50 to 179A.53].

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Article 4: Housing

- 1 **Establishment (family homeless prevention and assistance program).** Changes the eligibility requirements for a family or person that is eligible to receive assistance through this state program to include individuals who are 24 years of age or younger. The current law allows individuals up to age 22 to use the program if they are single persons who do not have dependent children.
- 2 **Set aside (family homeless prevention and assistance program).** Amends the requirement that provides that a grant must go to an area outside the Twin Cities metropolitan area to allow that grant to go to a single tribe or a group of tribes applying for a grant under the family homeless prevention and assistance program.

Article 5: Workers' Compensation Court of Appeals Proposals

- 1 **Limitation of fees [176.081, subd. 1].** Clarifies the process for attorneys claiming legal fees in workers' compensation cases.
- 2 **Review [176.081, subd. 3].** Clarifies the procedure in the Workers' Compensation Court of Appeals for attorneys appealing their fee awards.
- 3 **Service of writ and bond; filing fee [176.471, subd. 3].** Eliminates the requirement of paying a bond for parties appealing a decision of Workers' Compensation Court of Appeals to the Minnesota Supreme Court. Makes changes to conform to appellate court rules.
- 4 **Bond [176.471, subd. 5].** Deletes language related to the bonds at issue in Section 3. Provides that the Workers' Compensation Court of Appeals may require a bond in extraordinary circumstances.
- 5 **Disbursements; taxation [176.511, subd. 2].** Extends the time limit, from five to ten days, for seeking costs from the losing party in a workers' compensation case. Current law provides that the prevailing party in such a case is entitled to costs incurred during the litigation.
- 6 **Attorney fee allowance [176.511, subd. 3].** Makes stylistic changes and conforming changes based on other provisions in the bill.
- 7 **Effective date.** Sets effective date for all sections in Article 5.

Article 6: Workers' Compensation Department Proposals

- 1 **Electronic transactions [176.135, subd. 7a].** Extends the deadline for compliance to January 1, 2017, the requirement that health care providers and insurers submit and receive certain medical records and reports along with a medical bill. Lack of a consistent standard for attaching the documents has caused problems with submitting such documents to insurers. In addition to extending the time limit for compliance by six months, the bill provides more specificity about the attachment standard to be followed.

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- 2** **Limitation of liability [176.136, subd. 1b].** Extends limitation of liability for employers under this subdivision to include liability for outpatients treated at hospitals with 100 or fewer beds.
- 3** **Preliminary investigation [176.571, subd. 1].** Replaces “management and budget” with “administration” to accurately reflect the state agency workers’ compensation claims of injured state employees.
- 4** **Effective date.** Provides effective date for all sections in Article 6.

Article 7: Workers’ Compensation Litigation-Related Proposals

- 1** **Compensation judge [176.011, subd. 7a].** Deletes out-of-date language.
- 2 to 4** **Remodeling of residence; disabled employees [176.137].** Clarify the process by which a disabled employee may apply for money for home remodeling to accommodate the disability.
- 5** **Proceedings when answer not filed [176.331].** Allows a compensation judge to consider whether good cause exists to grant a continuance of a hearing when a party has failed to timely file an answer to a petition.
- 6 to 12** **Intervention in workers’ compensation disputes [176.361].** Make changes to the section governing intervention in workers’ compensation disputes in response to *Sumner v. Jim Lupient Infiniti*, a 2015 Minnesota Supreme Court decision. In *Sumner* the court held that intervenors must attend all prehearing conferences and hearings. A variety of intervenors, have found this very burdensome. The changes in these sections eliminate the requirement that intervenors attend all prehearing conferences and modify various other intervention requirements and procedures.
- 13** **Effective date.** Provides effective date for all sections in Article 7.

Article 8: Unemployment Insurance Advisory Council Policy

- 1** **Tax rate for new employers [268.051, subd. 5].** Modifies the mechanism for determining experience tax rates for new employers. New employers are assigned the average rate for the industry into which they are assigned. Under the bill, industries are broken down into very specific categories using the North American Industry Classification System. The change should provide a more accurate estimate of what a new employer’s experience rating is likely to be. The provision would take effect in 2018.
- 2** **Limitation on applications and benefit accounts [268.07, subd. 3b].** Allows an applicant seven days after applying for benefits to request backdating of benefits. Current law allows backdating to the Sunday of the week before the application for benefits is filed but only if the applicant requests so on the application. Some applicants do not realize backdating is available, and this change would provide for some flexibility.

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- 3** **Quit [268.095, subd. 1].** Makes several changes to the subdivision allowing exceptions to denial of benefits for applicants who quit previous employment.
- ▶ Removes some subjectivity to a provision that allows benefits for those who quit a job for a better job but do not stay at the new job long enough to satisfy the ineligibility period required under section 268.095, subd. 10.
 - ▶ Eliminates the causal connection required for the exception to denial of benefits for an applicant who quit a new job within 30 days of starting employment. Under the change an applicant is entitled to the exception if the new employment is “unsuitable.”
 - ▶ Restricts the exception for denial of benefits for those who quit a job because a spouse takes a new job. Current law allows the exception whenever a spouse takes a different job. Under the proposed change, an applicant would only be allowed the exception (1) if the spouse is in the military or (2) if the spouse’s employer transferred the spouse to a new location, making it impractical for the applicant to commute.
- 4** **Determination [268.101, subd. 2].** Changes the period in which a determination of ineligibility for benefits due to fraud may be made from four years to 48 months. The change simply brings consistency of time periods used; all other periods for determining eligibility are in months not years.
- 5** **Administrative penalties [268.182, subd. 2].** Conforms to change made in section four above.

Article 9: Unemployment Insurance Advisory Council Housekeeping

- 1** **Covered employment [268.035, subd. 12].** Modifies what constitutes “covered employment” when applying section 268.095. Under current law, because of the definition, any federal or railroad employment cannot be “better work”. Thus, if an applicant quits employment to work for the federal government or a railroad, and the job does not work out, the applicant is denied benefits. This proposal would correct that.
- 2** **Wages [268.035, subd. 29].** Conforms to MN Supreme Court decision that held one aspect of current definition of “wages” preempted by the federal ERISA law. Uses the analogous Wisconsin statute as a model.
- 3** **Not eligible [268.085, subd. 2].** Makes technical change related to timing of ineligibility for fraud.
- 4** **Continued request for unemployment benefits by electronic transmission [268.0865, subd. 3].** Changes deadline for sending electronic request for continued benefits from three weeks to four. Makes technical and stylistic changes.
- 5** **Continued request for unemployment benefits by mail [268.0865, subd. 4].** Changes deadline for sending mail request for continued benefits from three weeks to four. Makes technical and stylistic changes.

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- 6 **Quit defined [268.095, subd. 2].** Clarifies that the concept of “constructive voluntary quit” does not apply in the context of unemployment insurance.
- 7 **Discharge defined [268.095, subd. 5].** Clarifies that the concept of “constructive discharge” does not apply in the context of unemployment insurance.
- 8 **Unemployment benefit overpayments [268.18].** Rewrites the section regarding repayment of benefit overpayments. Does not change substantive law or department practice.
- 9 **Effective date.** Provides effective date of Article 2 as July 31, 2016, unless specified otherwise.

Article 10: Unemployment Insurance Advisory Council Technical

- 1 **Earnings [268.035, subd. 12e].** Defines “earnings.”
- 2 **Noncovered employment [268.035, subd. 20].** Makes stylistic changes, and deletes unnecessary clauses.
- 3 **Nonprofit Organization [268.035, subd. 20b].** Defines “nonprofit organization.”
- 4 **Suitable employment [268.035, subd. 23a].** Makes stylistic changes, and deletes redundant clause.
- 5 **Social Security old age insurance benefits [268.085, subd. 4].** Makes stylistic changes.
- 6 **Deductible earnings [268.085, subd. 5].** Deletes unnecessary language.
- 7 **Revisor’s instruction.** Provides Revisor’s instruction.
- 8 **Effective date.** Provides effective date of Article 3 as July 31, 2016.

Article 11: Telephone Regulation

- 1 **[237.01] Subd. 9. Voice-over-Internet protocol.** Definition.
- 2 **[237.01] Subd. 10. Internet protocol-enabled service.** Definition.
- 3 **[237.037] Voice-over-Internet protocol service and Internet protocol-enabled service.**
Subd. 1. Regulation prohibited. Prohibits any regulation by a state agency of any aspect of VoIP or IP-enabled service, except as provided in this section.
Subd. 2. VoIP regulation. Specifies that, to the extent allowed under federal law, VoIP service is subject to Minnesota’s surcharges for 911 emergency service, telecommunications access Minnesota (TAM, which provides devices to persons with communication disabilities to enable them to use a telecommunications service), and the telephone assistance plan (TAP, which subsidizes the phone bills of low-income persons). Requires VoIP providers to comply with federal requirements to provide access to 911 service and to report annually to the commission how that is accomplished.

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Subd. 3. Relation to other law. Specifies that nothing in this section affects provisions of federal law that allow state Public Utilities Commissions jurisdiction over intrastate access rates and terms, dispute resolutions with respect to intercarrier compensation or wholesale telecommunications services.

Subd. 4. Exemption. Exempts cable video service or any other IP-enabled video service from regulation under this chapter.

Article 12: Broadband Development

- 1 **[116J.394] Definitions.** Amends definitions of “unserved areas” and “underserved areas.”
- 2 **[116J.395] Subd. 4. Application process.** Requires the commissioner of DEED to publish the criteria and weighting scheme that will be used to evaluate or rank applications at least 30 days before applications may be submitted for the current grant cycle.
- 3 **Subd. 5a. Incumbent right of first refusal.** Adds a subdivision requiring an applicant to send a copy of the grant application to all incumbent broadband providers serving the proposed project area. Authorizes the commissioner to cease processing an application if an incumbent provider provides the commissioner written notice of its intent to begin construction of a broadband project that meets or exceeds the state broadband goals within 12 months of the date grant awards are to be made, and to complete construction within 24 months.
- 4 **Subd. 6. Awarding grants.** Requires the commissioner to notify unsuccessful applicants in writing the reasons the grant was unsuccessful within 90 days of the grant awards.
- 5 **Subd. 7. Limitation.** Limits grant awards to 50 percent of total project cost in unserved areas, and to 25 percent in underserved areas.
- 6 **Subd. 8. Application evaluation report.** Requires the Office of Broadband Development to submit an annual report to the legislature listing all grant applications received during the previous year, the grant amounts requested and awarded, and the results of any quantitative scoring system used to rank applications.
- 7 **[116J.397] Updated broadband deployment data and maps.** Requires annual updating of deployment data and maps by the Office of Broadband Development. Provides that data provided by broadband service providers is non-public, but that maps are public data.
- 8 **[116J.398] Broadband prevailing wage exemption.** Exempts last-mile infrastructure from prevailing wage requirements.
- 9 **[237.012] Broadband goals.**
- Subd. 1. Universal access and high-speed goal.** Updates target dates for state broadband goal of universal access to minimum speeds of 25 megabits download and three megabits upload from 2015 to 2022. Adds the goal that by 2026 all households have access to broadband speeds of 100 megabits download and 20 megabits upload.
- 10 **Subd. 2. State broadband leadership position.** Updates to 2020 the target date for Minnesota’s goal to be among the top five states for broadband speed and access.

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Article 13: Energy Policy

- 1 **[115C.09] Subd. 1. Reimbursable costs.** Allows the cost of tank removal to be reimbursable if it is part of a corrective action and is approved by the commissioner.
- 2 **Subd. 3. Reimbursements; subrogation; appropriation.** Increases the maximum reimbursement for costs associated with a single tank from \$1 million to \$2 million.
- 3 **[116C.779] Funding for renewable development.**
 - 4 **Subd. 1. Renewable development account.** Provides for exceptions in new subdivision 1a (section 2 below) to the existing requirements for transfers of funds from Xcel Energy to the renewable development account for each nuclear waste storage cask at the company's Prairie Island and Monticello nuclear plants.
 - 5 **[116C.779] Subd. 1a. Payment termination.** Provides that transfers to the renewable development account for a specific nuclear waste storage cask end when the cumulative transfers made for a cask reach \$10 million.
- 5 **[216A.03] Public utilities commission.**
 - 6 **Subd. 1. Members.** Increases the number of PUC commissioners from five to nine, eight of whom represent one of the state's congressional districts.
 - 7 **Subd. 2c. Transition.** Establishes a schedule of congressional district-based appointments to the PUC between 2016 and 2021.
- 7 **[216B.1641] Community solar garden.** Requires that a community solar garden plan approved by the commission include: certification that all marketing materials will be sent to the commission; a mechanism to transfer subscriptions; and a requirement to forward all complaints to the commission. The commission must determine that the plan is financially viable and that a contract between a subscriber and garden owner is fair, reasonable, and not discriminatory.
- 8 **[216B.241] Energy conservation improvement.**
 - 9 **Subd. 1. Definitions.** Amends the definition of "gross annual retail energy sales" to exclude gas or electric sales to a pipeline facility. Defines "pipeline facility."
 - 9 **Subd. 1a. Investment, expenditure, and contribution; public utility.** Excludes revenues from pipeline facilities from the definition of "gross operating revenues," on which the conservation spending requirement of the utility serving the pipeline is based, and prohibits a pipeline facility from participating in a utility conservation program.
- 10 **Subd. 1c. Energy-saving goals.** Requires the commissioner of commerce to automatically approve a request by a municipal utility or cooperative electric association to reduce the utility's annual energy-savings goal of 1.5. The commissioner may approve a similar request from a public utility, but not for a reduction below one percent.

Allows municipal utilities and electric coops to count energy savings from utility infrastructure projects toward a utility's energy-savings goal; public utilities may also do so, but only after achieving a savings of one percent through other conservation investments.

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- 11** [216B.243] **Certificate of need for large energy facility.**
Subd. 8. Exemptions. Exempts an interstate pipeline with termini outside the state from the requirement to obtain a certificate of need from the public utilities commission.
- 12** [216.20] **Subd. 3. Parking ramp.** Authorizes the commissioner of commerce to grant an exemption to allow a commercial parking facility to be heated under certain conditions.
- 13** [216E.023] **Prohibition; siting solar systems; tree cutting.** Prohibits the issuance of a local or state site permit for a solar energy generating system if more than 75 percent of the trees in an area greater than three acres must be cut in order to construct the solar system.
- 14** [216E.03] **Subd. 5. Environmental review.** Requires a finding in an environmental impact statement done for a cogeneration facility regarding the net impact of carbon dioxide emissions, taking into account both the cogeneration facility and the utility serving it.
- 15** [216H.01] **Subd. 1a. Cogeneration facility on combined heat and power facility.**
Definition.
- 16** [216H.03] **Subd.1. Definition; new large energy facility.** Amends the definition of “new large energy facility” to exclude a cogeneration facility served by a public utility.
- 17** **Laws 2001, chapter 130, section 3. Assessment.** Allows the state propane education and research council to assess propane producers and marketers up to the maximum assessment allowed under federal law for the national council, currently capped at one-half cent per gallon, unless a majority referendum vote approves a higher level.
- 18** **Prohibition on expenditure of state funds; clean power plan.** Prohibits the use of state funds to produce a state plan for reduced carbon dioxide emissions from coal plants, as required by the federal Clean Power Plan, unless and until a final decision is reached in the existing court challenge finding that the federal EPA has legal authority to require such plans.