——Bill Summary-

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Article 1: Appropriations

1	Appropriations. Specifies that these appropriations are in addition to earlier funding under Laws 2017, chapter 94.	
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	Department of Commerce. Provides appropriations for the Department of Commerce. (See spreadsheet for details.)	
5	Public Facilities Authority. Provides appropriations for the Public Facilities Authority. (See spreadsheet for details.)	
6	Business and community development. Amends the appropriations in Laws 2017, chapter 94 for the Minnesota investment fund, the Minnesota job creation fund, the greater Minnesota business development public infrastructure grant program, and local community child care grants.	
7	Labor standards and apprenticeship. Amends the appropriation in Laws 2017, chapter 94 for wage theft prevention.	

8 General support. Amends the appropriation in Laws 2017, chapter 94 for the youth skills training program.

Article 2: Employment and Economic Development

- **1 Dislocated worker rapid response activity.** Reserves at least \$650,000 of the dislocated worker program funding for rapid response services for employees who will be affected by the Electrolux plant closure in St. Cloud. Dictates a specific service provider and requires the commissioner to take all necessary steps to begin providing services to affected workers before December 31, 2018.
- 2 Use of local government loan repayment funds. Retroactively allows funds received by a local government from loan repayments under the Minnesota investment fund to be committed to a business revolving loan fund partially funded by the federal government, until July 1, 2018. Clarifies that funds committed in this way may then be used for any purpose allowed by the federal program that provided that partial funding.
- **3 Revisor's instruction; MIF name change to N-SODA.** Instructs the revisor to rename the "Minnesota investment fund" (i.e. program under Minnesota Statutes, section 116J.8731) the "North Star Opportunity and Development Account."

Article 3: Energy

1 [116C.779] Subd. 1. Renewable development account. Limits the annual contributions Xcel Energy must make to the renewable development account to a flat \$20 million annually, rather than an amount tied to the (increasing) number of casks storing spent nuclear fuel at Prairie Island and Monticello.

Specifies cost recovery and true-up mechanisms Xcel can use with respect to its contributions and legislatively-mandated expenditures from the account.

Provides a mechanism for determining when sufficient funds are in the account to require a grant cycle.

- 2 [116C.7792] Solar energy incentive program. Increases from 20 kW to 40kW the maximum capacity of a solar energy system eligible to receive a production incentive under Xcel's Solar Rewards program.
- 3 [116C.7793] Prairie Island net zero project. Appropriates \$20 million in FY 2019 and an additional \$20 million through FY 2023 for a grant to the Prairie Island Indian Community to promote the development of renewable energy.
- 4 [216A.03] Subd. 10. Offices. Requires the Minnesota Public Utility Commission to relocate its offices to Virginia, Minnesota.
- 5 [216B.16] Subd. 131. Pension rate base. Requires the commission to allow a public utility to include certain employer pension contributions in its rate base.

- 6 [216B.164] Subd. 5. Dispute resolution. Provides that a net metering dispute between a cooperative association and a customer may be resolved by the Public Utilities Commission (PUC) if the cooperative has not opted to adopt rules to settle such disputes internally.
- 7 [216B.1691] Subd. 2d. Commission order. Requires the PUC to include in an order criteria evaluating whether at least 50 percent of the construction hours at a generation facility contributing to fulfillment of the utility's renewable energy standard are provided by Minnesota residents or workers who live within 100 miles of the facility.
- 8 216B.1691 Subd. 2f. Solar energy standard. Increases from 20 kW to 40kW the maximum capacity of solar energy projects Xcel Energy can apply toward fulfillment of its solar energy standard.
- 9 [216B.1691] Subd. 3a. Reports on state and local employment opportunities. Requires reporting of statistics to the commission and the legislature on the employment of Minnesota and non-Minnesota residents on projects that contribute to fulfilling a utility's renewable energy standard.
- **10** [216B.1691] Subd. 9. Local benefits. Requires the commission to maximize the creation of high-quality employment opportunities for Minnesota workers in implementing the renewable energy standard statute.
- 11 [216B.243] Subd. 3. Showing required for construction. Requires the commission, in determining whether to issue a certificate of need for the construction of a large energy facility, to assess whether the applicant has demonstrated that at least 50 percent of the construction hours are to be worked by Minnesota residents or workers who live within 100 miles of the facility.
- 12 [216B.243] Subd. 3c. Reports on state and local employment opportunities. Requires reporting of statistics to the commission and the legislature on the employment of Minnesota and non-Minnesota residents on energy construction projects granted a certificate of need by the commission.
- 13 [216B.243] Subd. 8. Exemptions. Excludes wind and solar projects whose capacity is five megawatts or more, including those engaged in a repowering project (as defined here), from the requirement to obtain a certificate of need from the commission prior to construction.
- 14 [216C.419] Residential biomass heating system grant program. Establishes a program to award a grant for 33 percent of the purchase and installation costs of certain residential biomass heating systems, up to \$5,000.
- 15 [216C.437] Local government emerald ash borer removal grant program. Establishes a grant program for a St. Paul district heating and cooling cogeneration facility to process trees removed due to emerald ash borer contamination and to transport the processed biomass to the facility or to a storage facility.
- 16 [216E.03] Subd. 9. Timing. Allows the commission to extend by 30 days the time limit for a final decision regarding a site or route permit for a large electric generating plant (50 MW or greater) or high-voltage transmission line.

- 17 [216E.04] Subd. 2. Applicable projects. Allows a high-voltage transmission line exceeding 200 kilovolts that has gained voluntary easements from all property owners along the right-of-way to be subject to a less burdensome permitting process.
- **18** [216E.04] Subd. 7. Timing. Allows the commission to extend by 30 days the time limit for a final decision regarding a site or route permit for certain smaller energy projects subject to a less burdensome permitting process.
- **19** [216F.01] Subd. 2. Large wind energy conversion system or LWECS. Amends the definition to include transmission lines necessary to connect the facility with the transmission grid.
- 20 [Laws 2017, ch. 94, art. 10, § 28] Program administration: "Made in Minnesota" solar thermal rebates. Technical correction.
- 21 [Laws 2017, ch. 94, art. 10, § 29] Renewable development account: transfer of unexpended grant funds. Technical corrections.
- **22 Repealer.** Repeals section 216B.2423 (Xcel Energy's wind mandate, achieved in 2002)

Article 4: Housing

- 1 [14.1275] Rules impacting residential construction or remodeling; legislative notice and review. Provides a procedure for legislative review and approval of proposed administrative rules that increase the cost of residential construction or remodeling by \$1,000 or more per unit. The initial determination of a rule's impact is made by the agency, but is subject to review by an administrative law judge. Sets standards for calculating the costs of a rule. Requires notice to the legislature if the costs of a proposed rule exceed the \$1,000 threshold, as determined either by the agency or by the administrative law judge. States that a proposed rule, or portion of a proposed rule, that meets or exceeds the cost threshold may not be adopted until adjournment of the next annual legislative session convened on or after the date of the notice.
- 2 Fees. Cuts the licensing fee for manufactured home installers from \$300 to \$180.
- **3 Modular home.** Defines "modular home" as a building manufactured at an off-site location before final assembly on site where it is attached to a permanent foundation and occupied as a single-family dwelling.
- 4 [327.335] Placement of modular homes. Allows modular homes to be placed in manufactured home parks. Grants modular homes installed in manufactured home parks the same legal rights, obligations, duties, and tax treatment as manufactured homes.
- 5 **327B.041 Manufactured home installers.** Removes language stating that licensure as a manufactured home installer is a business license for the purposes of calculating fees under Minnesota Statutes, section 326B.092.
- **6 Public hearing; relocation compensation; neutral third party.** Clarifies that the neutral third party appointed to administer the closure of a manufactured home park must be "qualified," meaning familiar with manufactured housing and the relevant laws. Allows the

municipality to select a neutral third party if the parties cannot. Requires the neutral third party keep a detailed accounting of payments under this section, which must be provided to the park owner, the municipality, and the Minnesota Housing Finance Agency, which must in turn include this information in its yearly report.

- 7 Intent to convert use of park at time of purchase. Allows an entity to purchase a park during the statutory notice period only if the entity agrees in writing to continue to operate the park for at least six years after the date of closing.
- 8 Payment to the Minnesota manufactured home relocation trust fund. Requires that the Minnesota manufactured home relocation trust fund must have a balance of at least \$3,000,000, rather than \$1,000,000, or an assessment on park owners is triggered. Changes the payment deadline for that assessment from September 15 to November 15. Stipulates that if the commissioner of management and budget fails to notify and assess park owners by August 30 of any given year, the park owners' payment obligations are waived for the year. Specifies that the letter explaining the assessment must be sent with the assessment notice.
- 9 Change in use, relocation expenses; payments by park owner. Increases the maximum payment from the Minnesota manufactured home relocation trust fund for a single-section home from \$7,000 to \$9,000. Requires the neutral third party to process all relocation expense payments from the trust fund within 14 days. Allows \$3,000, rather than \$1,000, in demolition and site cleanup costs to be deducted from payments to manufactured home owners who tender title to their home because it is unable to be moved. Changes the deadline for Minnesota Housing Finance Agency's reports from January 15 to October 15, requires the report be posted to its Web site as well, and, starting in 2019, specifies many more details this report must include. Makes technical corrections.
- **10 Reporting of licensed manufactured home parks.** Adds a new subdivision requiring the Department of Health (and local governments it has delegated to) to provide the Department of Management and Budget license information for each manufactured home park by March 31 each year so invoices for assessments can be sent.
- 11 Allocation procedure. Exempts certain projects from the Minnesota Housing Finance Agency's allocation plan, stating that as long as the project meets the requirements of Minnesota Statutes, section 474A.047 and section 42 of the Internal Revenue Code, it satisfies all allocation plan requirements and the agency must issue the determination letters. To qualify for the exemption, (1) the project must be eligible for an allocation of credits under section 42(h)(4) of the Internal Revenue Code and (2) either the Minnesota Housing Finance Agency must be the issuer of the bonds or the issuer must be located outside the jurisdiction of a city or county that has received reserved tax credits.
- **12 Aggregate bond limitation.** Defines "aggregate bond limitation" as up to 55 percent of the reasonably expected aggregate basis of a residential rental project and the land on which the project is or will be located.
- **13 AMI.** Defines "AMI" as the area median income for the applicable county or metropolitan area as published by the Department of Housing and Urban Development, as adjusted for household size.

- 14 **LIHTC.** Defines "LIHTC" as low-income housing tax credits under section 42 of the Internal Revenue Code.
- **15 Preservation project.** Defines "preservation project" as a residential rental project (including age-restricted projects) which (1) receives federal project-based rental subsidies and (2) does not request an amount of bonds that would exceed the aggregate bond limitation.
- **30 percent AMI residential rental project.** Defines "30 percent AMI residential rental project" as a residential rental project which (1) is not a preservation project, (2) is expected to generate federal low-income housing tax credits from all of its residential units, (3) either (i) reserves all residential units for at least 30 years for tenants with incomes of 30 percent of AMI or less, or (ii) is located in an area where the median gross income is less than the statewide median, (4) has all residential units rent-restricted for at least 30 years, and (5) does not request an amount of bonds that would exceed the aggregate bond limitation.
- **17 50 percent AMI residential rental project.** Defines "50 percent AMI residential rental project" as a residential rental project which (1) is not a preservation project or 30 percent AMI residential rental project, (2) is expected to generate federal low-income housing tax credits from all of its residential units, (3) reserves all residential units for at least 30 years for tenants with incomes of 50 percent of AMI or less, (4) has all residential units rent-restricted for at least 30 years, and (5) does not request an amount of bonds that would exceed the aggregate bond limitation.
- 18 100 percent LIHTC project. Defines "100 percent LIHTC project" as a residential rental project which (1) is not a preservation project, 30 percent AMI residential rental project, or 50 percent AMI residential rental project, (2) is expected to generate federal low-income housing tax credits from all of its residential units, and (3) does not request an amount of bonds that would exceed the aggregate bond limitation.
- **19 20 percent LIHTC project.** Defines "20 percent LIHTC project" as a residential rental project which (1) is not a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, or 100 percent LIHTC project, (2) is expected to generate federal low-income housing tax credits from at least 20 percent of its residential units, and (3) does not request an amount of bonds that would exceed the aggregate bond limitation.
- 20 Under federal tax law; allocations. Removes the reservation of 31 percent of the housing pool for single family housing programs.

Effective date: Effective the day following final enactment and expires January 1, 2021.

- 21 Entitlement reservations. Modifies dates related to reallocation of bonds.
- 22 Eligibility. Removes language requiring the Minnesota Housing Finance Agency to certify that the project reserves will be maintained at certain levels before residential rental bonds can be used on the project.
- 23 **15-year agreement.** Adds to the agreement a developer must enter before being issued residential rental bonds. Stipulates that the developer must also agree to maintain the project as the type of project an application was made for.

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[474A.061] Manufacturing, housing, and public facilities pools.

Subd. 1. Allocation application; small issue pool and public facilities pool. Divides the existing subdivision into allocations from the small issue and public facilities pools (still subdivision 1) and allocations from the housing pool (now subdivision 1a). Makes conforming changes in line with limiting this subdivision to only the small issue and public facilities pools. Modifies the application deposit timeline. Allows payment of deposit by wire transfer as well as check.

Subd. 1a. Allocation application; housing pool. Adds a subdivision outlining applications for allocation from the housing pool. Increases the application deposit to two percent of the requested application regardless of when the deposit is paid. Requires two new application items: (1) a sworn statement identifying the type of project and (2) a certification of whether the requested allocation exceeds the aggregate bond limitation. Removes the prior requirement that an application state whether the project preserves existing federally subsidized housing for residential rental project applications and whether the project is restricted to seniors. Allows payment of deposit by wire transfer as well as check.

Subd. 2a. Housing pool allocation. Replaces existing preference for projects that preserve existing federally subsidized housing and are not age-restricted with a new order of priority. Prioritizes applications in this order: (1) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent AMI residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects; (6) after June 1 in calendar years 2018, 2019, and 2020, and after January 1 starting in calendar year 2021, single family housing programs; and (7) other residential rental projects that do not request an amount of bonds that exceeds the aggregate bond limitation. Stipulates that if there are multiple applications at the same priority level and insufficient bonding authority to make full allocations to all of them, that projects will be selected by lot until the remaining authority is insufficient to fulfill a selected project's request, at which point all remaining authority shall be reserved for that project for up to 24 months; if a project that gets only partial funding by lot applies again, it receives funding up to the level of its original application before any new projects with equal priority. Requires that issuers must issue obligations within 180 days of any allocation they receive, unless the applicant submits an additional application deposit of one percent of the allocation amount within 180 days of the allocation, in which case the obligations must be issued within 18 months of the allocation date. Requires that, if that timeline is met, 50 percent of the application deposit will be refunded within 30 days of the obligations being issued and the other 50 percent will be refunded within (i) 30 days of a Form 8609(s) being issued for a project that generates low-income housing tax credits or (ii) 90 days of receipt of documentation of construction completion. Sets eligibility for single-family housing program applications by only the area median income (rather than the greater of the area or statewide median income). Modifies various timelines.

Subd. 2b. Small issue pool allocation. Modifies allocation timelines.Subd. 2c. Public facilities pool allocation. Modifies allocation timelines.

Subd. 4. Return of allocation; deposit refund for small issue pool or public facilities pool. Divides the existing subdivision into deposit refunds for the small issue and public facilities pools (still subdivision 4) and deposit refunds for the housing pool (now subdivision 4a). Makes conforming changes in line with limiting this subdivision to only the small issue and public facilities pools. Modifies the allocation cancellation timeline.

Subd. 4a. Return of allocation; deposit refund for housing pool. Adds a subdivision outlining deposit refunds for the housing pool. Makes conforming changes to keep the process the same as under subdivision 4, but limited to the housing pool and adapted to its new timeline under subdivision 2a.

25 [474A.062] Minnesota Office of Higher Education issuance exemption. Exempts the Minnesota Office of Higher Education from any time limit on the issuance of bonds under this chapter.

26 [474A.091] Allocation of unified pool.

Subd. 1. Unified pool amount. Modifies the timeline for transfer of bonding authority to the unified pool.

Subd. 2. Application for residential rental projects. Divides the existing subdivision into applications for residential rental projects (still subdivision 2) and applications for all other types of qualified bonds (now subdivision 2a). Makes conforming changes in line with limiting this subdivision to only residential rental projects. Removes the prior requirement that an application state whether the project preserves existing federally subsidized housing for residential rental project applications and whether the project is restricted to seniors. Adds two new application items: (1) a sworn statement identifying the type of project, and (2) a certification of whether the requested allocation exceeds the aggregate bond limitation. Forbids applications requesting in excess of the aggregate bond limitation from applying or being allocated bonding authority until after September 1 each year. Requires that issuers must issue obligations within 180 days of any allocation they receive, unless the applicant submits an additional application deposit of one percent of the allocation amount within 180 days of the allocation, in which case the obligations must be issued within 18 months of the allocation date. Requires that, if that timeline is met, 50 percent of the application deposit will be refunded within 30 days of the obligations being issued and the other 50 percent will be refunded within (i) 30 days of a Form 8609(s) being issued for a project that generates low-income housing tax credits, or (ii) 90 days of receipt of documentation of construction completion.

Subd. 2a. Application for all other types of qualified bonds. Adds a subdivision outlining applications for all types of qualified bonds other than residential rental projects. Makes conforming changes to keep the process the same as it had been under subdivision 2, but limited to non-housing bonds.

Subd. 3. Allocation procedure. Modifies the allocation timeline. Replaces existing preference for projects that preserve existing federally subsidized housing and are not age-restricted with a new order of priority. Prioritizes applications in this order: (1) preservation projects; (2) 30 percent AMI residential rental projects; (3) 50 percent

AMI residential rental projects; (4) 100 percent LIHTC projects; (5) 20 percent LIHTC projects; (6) other residential rental projects that do not request an amount of bonds that exceeds the aggregate bond limitation; and (7) other residential rental projects which apply after September 1 and do not request an amount of bonds that exceeds the aggregate bond limitation. Stipulates that if there are multiple applications at the same priority level and insufficient bonding authority to make full allocations to all of them, that projects will be selected by lot until the remaining authority is insufficient to fulfill a selected project's request, at which point all remaining authority shall be reserved for that project for up to 24 months; if a project that gets only partial funding by lot applies again, it receives funding up to the level of its original application before any new projects with equal priority.

Subd. 3a. Mortgage bonds. Modifies the allocation timeline.

Subd. 5. Return of allocation; deposit refund. Modifies the allocation cancellation timeline. Sets up a different schedule of application deposit returns and amounts for residential rental bond projects from that which applies to all other types of bonds.

Subd. 6. Final allocation; carryforward. Requires that bonding authority that is closest to expiration be used first and that bonding authority that is carried forward be used before new authority.

[474A.131] Notice of issue and notice of carryforward.

Subd. 1. Notice of issue. Makes technical conforming changes.

Subd. 1b. Deadline for issuance of qualified bonds. Sets up a separate set of carryforward procedures for residential rental bonds, keeps current procedures for all other types of bonds. Allows the Minnesota Housing Finance Agency to carryforward allocations for residential rental projects that (1) still have time to issue bonds under section 474A.061, subdivision 2a, or section 471A.091, subdivision 2; or (2) have bonding authority reserved under section 474A.061, subdivision 2a, or section 474A.091, subdivision 3, paragraph (f); as long as the agency keeps the allocation for the original project and issues the bonds as intended by the originally intended issuer. Exempts any such bonds from the debt management policies of the Minnesota Housing Finance Agency and forbids the agency from charging the issuer fees for those bonds, with issuer fees instead going to the original applicant, except the agency may be reimbursed for its reasonable costs in issuing the bonds.

Subd. 2. Carryforward notice. Exempts the Minnesota Housing Finance Agency's carryforward of allocations of residential rental project bonds under subdivision 1b from the notice requirement.

Subd. 4. Allocation plan. Adds a subdivision requiring the Minnesota Housing Finance Agency to prepare an annual tax-exempt bond allocation plan which must be available for public comment for at least two weeks. Forbids the Minnesota Housing Finance Agency from filing Internal Revenue Service Form 8328 until the public comment period on that plan is closed, unless required by federal law.

- 28 [474A.14] Notice of available authority. Modifies the date for the Minnesota Housing Finance Agency to post notice on its Web site of the amount of bonding authority available for allocation in the unified pool to make the deadline "as soon after July 1 as possible."
- **29 Assigned risk transfer.** Transfers money to the manufactured home relocation trust fund if there is an excess surplus in the assigned risk plan. This transfer takes place before any similar transfer to the Minnesota minerals 21st century fund. This section expires once a total of \$3,000,000 has been transferred to the rural policy and development center fund.
- **30** Advances to the Minnesota manufactured home relocation trust fund. Allows, until June 30, 2010, the Minnesota Housing Finance Agency to advance up to \$400,000 from its available resources to the Minnesota manufactured home relocation trust fund if necessary to pay claims on the trust fund. States that the agency will be reimbursed from the trust fund for any such advances.
- **31 Repealer.** Repeals the exception to the prohibition on rent control ordinances. Currently, cities, towns, and counties can pass local rent control measures if the measure is approved in a general election and allowed by special legislation.
- **32** Effective date. Sections 11 through 28 effective the day following final enactment except as otherwise specified.

Article 5: Labor and Industry

1 [177.24, subd. 1] Amount. Creates a minimum wage category for tipped employees. Under the bill, an employer must pay an employee, who regularly receives tips of at least \$30 per month, one of two alternative minimum wages depending upon the amount of tips the employee receives during a work week.

For large employers—those with annual gross receipts of \$500,000 or more: (1) if, during a workweek, the employee earns sufficient tips so that the combined average hourly base wage rate plus any tips is \$14 per hour or more, the base wage rate is \$9.65 per hour; (2) if the combined average hourly amount is less than \$14 per hour, the wage rate is the higher of the Minnesota or federal minimum wage.

For small employers—those with annual gross receipts less than \$500,000: (1) if, during a workweek, the employee earns sufficient tips so that the combined average hourly base wage rate plus any tips is \$12 per hour or more, the base wage rate is \$7.87 per hour; (2) if the combined average hourly amount is less than \$12 per hour, the wage rate is the higher of the Minnesota or federal minimum wage.

The bill indexes the combined average hourly amounts of \$12 and \$14 dollars to inflation, so they would increase over time using the same mechanism that increases Minnesota's minimum wage over time. The bill does not index base wage rates of \$9.65 and \$7.87 to inflation, so those would remain the same. Because Minnesota's minimum wages for large and small employers are currently \$9.65 and \$7.87, respectively, the bill would not have any substantive effect until January 1, 2019, when those amounts are scheduled to increase for inflation.

- 2 6 **OSHA fines.** Raises fines for violations of Occupational Safety and Health Administration (OSHA) standards to federal levels, complying with federal law. This was included in the governor's supplemental budget recommendations.
- 7 Increases for inflation. Indexes fines for OSHA standards violations to inflation using the same mechanism used for increasing Minnesota's minimum wage. This was included in the governor's supplemental budget recommendations.
- 8 **Repealer.** Repeals section 177.24, subdivision 2, the prohibition on tip credits against minimum wage in current law.

Article 6: Lake Winona Management

1 Lake Winona management; using offset, adaptive planning. Allows the Alexandria Lake Area Sanitary District to perform lake management activities in Lake Winona and Lake Agnes in order to comply with water quality standards for phosphorus and the total maximum daily load in Lake Winona. A \$600,000 onetime grant for these activities is provided elsewhere in the bill.

Article 7: Telecommunications

- 1 [394.38] Fees; wireless facility. Provides that a county must limit a fee for an application to install a wireless facility on a structure to the actual cost incurred, including consultant costs, but cannot charge a fee exceeding \$3,000.
- 2 [462.353] Fees; wireless facility. Provides that a city or town must limit a fee for an application to install a wireless facility on a structure to the actual cost incurred, including consultant costs, but cannot charge a fee exceeding \$3,000.