

Subject Labor Finance Bill

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Overview

This is the Labor finance bill. It includes appropriations and the following bills heard in Labor Committee this session:

- **Article 1:** Appropriations
- **Article 2:** Combative Sports (H.F. 5224)
- **Article 3:** Construction Codes and Licensing (H.F. 5338 and H.F. 4242)
- **Article 4:** Bureau of Mediation Services (H.F. 5217)
- **Article 5:** Public Employment Labor Relations (H.F. 3415)
- **Article 6:** University of Minnesota Collective Bargaining Units (H.F. 4508)
- **Article 7:** Miscellaneous Labor Provisions – personnel records (H.F. 3522) worker blood lead levels (H.F. 4713), and TIF financing (H.F. 4994)
- **Article 8:** Broadband and Pipeline Safety (H.F. 4659 and H.F. 4626)
- **Article 9:** Employee Misclassification Prohibited (H.F. 4444)
- **Article 10:** Minors Appearing in Internet Content (H.F. 3488)

Article 1: Appropriations

Modifies and makes appropriations to the Department of Labor and Industry (DLI), Bureau of Mediation Services (BMS), Department of Health (MDH), and Department of Employment and Economic Development (DEED) for fiscal year 2025. See fiscal spreadsheet for details.

Article 2: Combative Sports

Makes a variety of policy and technical changes to the regulation of combative sports. It also increases the maximum payment per licensee from the contractor recovery fund.

Section Description - Article 2: Combative Sports

- 1 Payment limitations.**
Increases the maximum payment per licensee from the contractor recovery fund from \$75,000 to \$100,000.

Effective July 1, 2024.
- 2 Rules.**
Adds the Unified Rules of Muay Thai to the list of rules incorporated into the chapter of law regulating combative sports. Allows a promoter to hold a kickboxing event governed by a different set of kickboxing rules if approved by the DLI commissioner.
- 3 Regulatory authority; martial arts and amateur boxing.**
Makes a conforming change allowing exceptions from combative sports regulations for youth competitions.
- 4 Regulatory authority; youth competition.**
Exempts combative sports and martial arts contests for minors from state regulation on combative sports provided that the contest is regulated by a local government or a widely recognized organization that regularly oversees youth competition.
- 5 Jurisdiction of commissioner.**
Removes convenience and necessity from the list of qualities that may warrant issuance of a combative sports license.
- 6 Prelicensure requirements.**
Requires as a precondition for licensure as an amateur combatant that an individual document six months of training in a combative sport or provide a letter of recommendation from a trainer or coach. Requires as a precondition for licensure as a professional combatant that an individual document participation in at least four sanctioned combative sports contests or evidence of sufficient skill and experience.
- 7 Fee schedule.**
Provides a structure for paying the combative sports event fee for combative sports contests in which promoters do not sell tickets but receive a flat payment for administration.

Section Description - Article 2: Combative Sports

8 Medical records.

Allows the DLI commissioner to provide a combatant's medical information to a physician involved in a combative sports contest.

9 Civil penalties.

Expands the list of statutes the DLI commissioner may penalize a person for violating to include the regulations this bill would apply to youth competitions.

Article 3: Construction Codes and Licensing

Modifies construction codes and licensing provisions. Section 1 requires the commissioner to adopt a residential energy code at least as efficient as the International Energy Conservation Code, with the goal of reducing annual net energy consumption by 70 percent by 2038. Sections 2 to 4 add recovery related to a swimming pool installation to the possible grounds to seek recovery from the contractor recovery fund.

Section Description - Article 3: Construction Codes and Licensing

1 Adoption of code.

Requires the DLI commissioner to adopt each new published edition of the International Energy Conservation Code, beginning in 2026. Requires the 2038 residential energy code to achieve a 70 percent reduction in annual net energy consumption reduction using the 2006 International Energy Conservation Code State Level Residential Codes Energy Use Index for Minnesota as a baseline. Requires annual reporting by the DLI commissioner to the legislature on progress towards these goals.

2 Residential real estate.

Allows homeowners who have suffered financial harm due to a licensed swimming pool contractor or remodeler's fraud, negligence, or failure of performance, etc. to seek compensation from the contractor recovery fund if they meet existing statutory requirements. Among other requirements, the individual performing the work must be licensed, and the homeowner must obtain a judgment from the licensed contractor or remodeler to be able to apply for compensation.

3 Special skill.

Along with section 4, clarifies that a swimming pool is part of the "residential real estate" so that swimming pool installers would be subject to existing contractor and remodeler licensure requirements and fees.

Section Description - Article 3: Construction Codes and Licensing

4 Definitions.

Along with section 3, removes swimming pools from the special skills category of existing statute so that swimming pool installers would be subject to existing contractor and remodeler licensure requirements and fees.

Article 4: Bureau of Mediation Services

Requires the Bureau of Mediation Services (BMS) to pay for peace officer grievance arbitrator required training and repeals the Labor Management-Committee Grant Program laws and rules.

Section Description - Article 4: Bureau of Mediation Services

1 Training.

Removes obsolete language. Requires BMS to pay all costs for required training of peace officer grievance arbitrators.

Effective the day following final enactment.

2 Repealer.

Repeals sections 179.81 to 179.85 and related rules for the Labor Management-Committee Grant Program, consistent with the appropriations modifications in article 1.

Article 5: Public Employment Labor Relations

Makes several technical and policy changes to chapter 179A, the Public Employment Labor Relations Act (PELRA), to modernize language and provide additional clarity and organization.

- Sections 1, 3, 5, 7, 8, and 11 are purely technical.
- Section 2 makes technical changes modernizing the language and process for authorizing and remitting payroll deductions, including existing indemnification provisions for public employers.
- Section 4 makes technical language changes and clarifies exclusive representatives' existing access to public employees, including for orientation meetings and other communications and meetings related to collective bargaining, administration, and grievances.
- Section 10 requires rulemaking regarding clarifying petitions for majority verification. Sections 6 and 9 also make technical language changes related to majority verification procedure.

Article 6: University of Minnesota Collective Bargaining Units

Amends PELRA provisions regarding University of Minnesota (UMN) employees to allow the employees—including student employees—more flexibility in organizing their own distinct bargaining units.

Section	Description - Article 6: University of Minnesota Collective Bargaining Units
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| 1 | Public employee or employee.
Amends the list of exceptions to PELRA’s definition of “public employee” to delete provisions excepting student employees, and adds a provision that would specifically include certain UMN student-employees into the definition of “public employee,” making them subject to the rules for collective bargaining under PELRA. |
| 2 | Units.
Amends the appropriate bargaining units for UMN employees to delete several specified units. Allows the commissioner of BMS to designate new UMN employee bargaining units for UMN employees whose positions are not part of the remaining units using the existing process for unit determination under PELRA, section 179A.09, and with special emphasis given to the desires of the petitioning employee representatives. |
| 3 | University of Minnesota employee severance.
Allows UMN employees to separate from the instructional and supervisory bargaining units by representation petition, through obtaining an election, decertification, or certification as outlined under PELRA, section 179A.12, or by excluding the group from a proposed unit in a representation petition. |
| 4 | Joint bargaining.
Permits UMN bargaining units to negotiate their contracts jointly or separately from one another. Requires jointly negotiated contracts to be ratified by each unit. |

Article 7: Miscellaneous Labor Provisions

Contains miscellaneous labor provisions related to prevailing wage requirements, personnel records, and workplace blood lead standards.

Sections 1 and 2 expand prevailing wage requirements to financial assistance for certain tax increment financing (TIF) development projects and to certain local projects that qualify for a construction exemption. Section 3 expands all the rights and protections for personnel records review and access to an employer with one or more employees. Section 4 requires rulemaking to establish lower blood lead levels for workers.

Section Description - Article 7: Miscellaneous Labor Provisions

1 Definitions.

Modifies the definition of “financial assistance” in section 116J.871 to apply prevailing wage requirements to all TIF development projects that are for (1) a multifamily housing development of 25 or more units, or (2) any development receiving \$100,000 or more in TIF assistance. Also expands prevailing wage requirements to low-income housing credit allocations used for multifamily housing projects of more than 10 units, as defined in section 462A.222.

Effective for financial assistance provided after August 1, 2024.

2 Project.

Modifies the definition of “project” in section 177.42 to expand prevailing wage requirements to projects that alter, improve, or restore structures, land, facilities, public buildings or public works, which also includes work that is intended to be, or may be, used by the public or for the public benefit, provided that (1) the project is financed in whole or part by state funds, or (2) the project is owned by a city, county, or school district that uses materials or equipment that qualifies for a construction exemption from sales and use tax under chapter 297A or special law.

3 Employer.

Modifies the definition of “employer” for the purposes of personnel record review and access under Minnesota Statutes, sections 181.960 to 181.966. Currently, private employers with 20 or more employees are subject to these provisions. With this change, an employee of a private sector employer with one or more employees would have all of the rights and protections related to personnel record review and access, consistent with the existing law allowing employee review of personnel records for an employer with one or more employees.

4 Rulemaking; acceptable blood lead levels for workers.

Requires the DLI commissioner, in consultation with the commissioner of MDH, to adopt rules lowering acceptable blood lead levels for workers. MNOSHA has currently adopted by reference the federal OSHA standard for occupational exposure to lead, Lead Standard, [1910.1025](#). See Minnesota Rules, [part 5205.0010, subpart 2](#).

Article 8: Broadband and Pipeline Safety

Establishes and modifies safety-related provisions for broadband Internet installation and pipeline infrastructure.

Sections 1 to 4 require DEED to reserve a certain percentage of grants for applicants who agree to implement specified workplace safety standards; create a state Broadband, Equity, Access,

and Deployment (BEAD) Program at DEED; require safety-qualified installers on underground telecommunications infrastructure near underground utility lines; and give the Public Utilities Commission authority to investigate and enforce damage or unreasonable interference with public utility or cooperative electric association infrastructure.

Sections 5 to 9 amend requirements related to work near pipelines or underground and repeal the prevailing wage exemption on some broadband projects.

Section Description - Article 8: Broadband and Pipeline Safety

1 Awarding grants.

Requires DEED to reserve an increasing percentage of Border-to-Border Broadband Development grant dollars each year for those applicants that agree to implement the workforce best practices specified in this section.

2 Broadband, Equity, Access, and Deployment (BEAD).

Requires DEED to implement a program that prioritizes applicants for state broadband funding that embraces the workforce hiring and training standards specified in this section. Requires DEED to make information submitted by applicants publicly available on the agency's website. Specifies that all workforce commitments made by grant applicants must become enforceable conditions of the grant. Requires grantees to provide biannual workforce reports that include specified information. Requires DEED to investigate a successful applicant's failure to fulfill their workforce requirements and take appropriate action, which may include banning the applicant from any future DEED broadband funding opportunity. Authorizes the DEED commissioner not to enforce any requirement that would prevent the state from receiving federal broadband grant funding.

3 Underground telecommunications infrastructure.

Defines key terminology. Requires use of safety-qualified underground telecommunications installers when underground telecommunications infrastructure is installed within ten feet of underground utilities. Requires DLI to approve certification standards for safety-qualified underground telecommunications installers that include certain specified components. Requires DLI to develop an approval process for installer training providers.

4 Telecommunications and cable communication systems.

Grants the Public Utilities Commission (PUC) authority to investigate telecommunications carriers, telephone companies, and cable communications system providers that impact public utility or cooperative electric association infrastructure. Authorizes the PUC to take action if the PUC determines that the entity's conduct damaged or unreasonably interfered with the infrastructure.

Section Description - Article 8: Broadband and Pipeline Safety

- 5 **Authority of Office of Pipeline Safety.**
Makes technical changes, to update obsolete references to federal law.
- 6 **Utility corridor.**
Defines “utility corridor” in the chapter of statutes on pipeline safety, to refer to areas of land that provide access to utility infrastructure or to underground lines or utilities.
- 7 **Delegated duties.**
Makes technical changes, to update obsolete references to federal law.
- 8 **Adoption of federal pipeline inspection rules.**
Sets requirements for individuals who perform work near a utility corridor, to require (1) qualifications as established in federal regulations on pipeline facilities, and (2) drug and alcohol testing as provided under federal regulations adopted by the U.S. Department of Transportation. Makes technical changes, to update obsolete references to federal law.
- 9 **Repealer.**
Repeals an exemption from prevailing wage requirements for broadband projects funded through the state Border-to-Border Broadband Grant Program that connect a provider’s broadband network to a customer’s premises.

Article 9: Employee Misclassification Prohibited

Makes several changes to misclassification provisions in chapters 177, 181, and 326B. Creates a multiagency Intergovernmental Misclassification Enforcement and Education Partnership, allows for data sharing related to misclassification investigation, outreach, prevention, and enforcement. Clarifies and provides for additional penalties and enforcement of misclassification of employees and construction employees, including successor liability. And establishes a new multipart independent contractor test for building construction and improvement services.

Section Description - Article 9: Employee Misclassification Prohibited

- 1 **Examination of records.**
Allows examination of records and questioning of employers for any provisions subject to compliance order enforcement by DLI.

Section Description - Article 9: Employee Misclassification Prohibited

- 2 Submission of records; penalty.**
Adds clarifying language about employment status records.
- 3 Adequacy of records.**
Removes mediation language from adequacy of records provision.
- 4 Compliance orders.**
Adds section 181.723, misclassification of construction employees, as amended in section 8, to the list of sections the commissioner can enforce through a compliance order.
- 5 Employer liability.**
Clarifies that employer liability for an order to comply under this section is additional to any liability or remedies otherwise provided for in the specific violated section.
- 6 Civil action; damages.**
Adds section 181.722, misclassification of employees, and section 181.723, misclassification of construction employees, as amended in sections 7 and 8 to the list of labor sections that can be enforced through a private civil cause of action under section 181.171.
- 7 Misclassification of employees.**
Subdivision 1 specifies prohibited misclassification activities for an individual who is a person's employee, including failing to classify, represent, treat, report, disclose, document, or enter into an agreement with the individual as an employee, or requiring the employee to agree to be misclassified or treated as something other than an employee. Allows for personal liability for engaging in a misclassification violation. Also adds successor liability for outstanding misclassification violation compliance orders if three or more successor factors apply to the successor company or employer. Subdivision 1, paragraph (c), clauses (1) to (7) list the successor factors.

Subdivision 4 provides for additional penalties, investigation, and enforcement by the DLI commissioner for each separate misclassification violation. Damages include compensatory damages, and penalties ranging from \$1000 to up to \$10,000 depending on the type of violation.

Also adds definitions for this section in subdivision 1a, removes existing subdivision 2 prohibiting agreements to misclassify, and makes other minor technical and clarifying changes in subdivisions 3 and 5.

Section Description - Article 9: Employee Misclassification Prohibited

8 Misclassification of construction employees.

Subdivision 1 modifies the definitions used in this section, including a new definition of independent contractor based on the new requirements in subdivision 4.

Subdivision 2 clarifies the limited application of this section to building construction and improvement services, including public or private sector commercial or residential building construction or improvement, unless one of the exclusions applies.

Subdivision 3 clarifies presumption that a person providing building construction or improvement services for an employer in the regular course of the employer's business is considered an employee for the purposes of the construction codes and licensing chapter, in addition to a number of labor laws, unless the independent contractor requirements under subdivision 4 are met.

Subdivision 4 adds a new multi-part test setting out 14 requirements to identify and classify an independent contractor operating a separate business entity in building construction and improvement services.

Subdivision 7 specifies prohibited misclassification activities for an independent contractor in the construction industry or for treating an employee as an independent contractor, including failing to classify, represent, treat, disclose, document, report, or enter into an agreement with the individual as an employee, or requiring the individual to register as a construction contractor or agree to be misclassified as an independent contractor. Allows for personal liability for engaging in a misclassification violation. Also adds successor liability for outstanding misclassification violation compliance orders if three or more successor factors apply to the successor company or employer. Subdivision 7, paragraph (e), clauses (1) to (7) list the successor factors. This subdivision also adds document retention requirements for independent contractor status and provides for additional penalties, investigation, and enforcement by the DLI commissioner for each separate misclassification violation. Damages include compensatory damages, and penalties ranging from \$1000 to up to \$10,000 depending on the type of violation.

Subdivisions 13 and 15 make other minor technical and clarifying changes.

Effective August 1, 2024, for contracts entered into on or after August 1, 2024, and for all building construction or improvement services performed after January 1, 2025.

9 Intergovernmental Misclassification and Education Partnership Act.

Sections 9 and 10 establish the Intergovernmental Misclassification Enforcement and Education Partnership Act for the stated purpose of preventing employee

Section Description - Article 9: Employee Misclassification Prohibited

- misclassification and providing for coordination, collaboration, and information sharing between partnership entities. Provides definitions used in the Act.
- 10 **Intergovernmental Misclassification and Education Partnership.**
Creates the Intergovernmental Misclassification Enforcement and Education Partnership, composed of the commissioners of labor and industry, revenue, employment and economic development, and commerce, and the attorney general. Requires the partnership to meet quarterly on issues related to investigation and outreach on employee misclassification. Sets out the partnership's duties, including efforts related to education, outreach, detection, investigation, deterrence, and enforcement of employee misclassification. Requires an annual presentation to the legislature on the partnership's efforts. Specifies information and recommendations to be included in the partnership's first presentation to the legislature and allows for meetings for this purpose. Specifies that the partnership is not subject to the Open Meeting Law.

Effective the day following final enactment.
- 11 **Disclosure to Department of Commerce.**
Allows the commissioner of revenue to disclose certain tax return information to the commissioner of commerce as needed for the purposes of workers' compensation insurance compliance.

Effective the day following final enactment.
- 12 **Disclosure to the attorney general.**
Allows the commissioner of revenue to disclose certain tax return information to the attorney general for the purpose of determining whether a business is an employer and as needed for the attorney general's enforcement of labor chapters 177 and 181.

Effective the day following final enactment.
- 13 **Applicable law.**
Expands the scope of law enforced by the DLI commissioner with respect to construction codes and licensing to include violations of wage protections and worker misclassification laws.
- 14 **Licensing order.**
Amends a cross-reference regarding licensing orders.
- 15 **Stop work order.**
Conforms the definition to terminology changes in section 21.

Section Description - Article 9: Employee Misclassification Prohibited

- 16 **Remedies available.**
Provides that the DLI commissioner’s enforcement remedies for violations of construction codes and licensing laws may be used in addition to or as an alternative to other investigative and enforcement powers provided to the commissioner.
- 17 **Access to information and property; subpoenas.**
Allows the DLI commissioner, in connection with actions to enforce the construction code and construction licensing laws, to demand data and information and to access all areas of a property subject to investigation or enforcement action.
- 18 **Fax or email transmission.**
Allows for requests for reconsideration or a hearing on enforcement actions by the DLI commissioner to be emailed to the commissioner when the commissioner requests service by email.
- 19 **Notices of violation.**
Allows for the DLI commissioner to issue notices of violation, in connection with a construction code or licensing enforcement action, to any individual who could be held liable for misclassification of a construction employee under the changes proposed in section 8 and makes the notice effective against any successor person as defined in that section.
- 20 **Administrative orders; correction; assessment of monetary penalties.**
Allows the DLI commissioner to assess monetary damages for violations of construction code and licensing provisions; to issue administrative orders for failure to correct notices of violation; to seek an order finding a failure to correct a notice of violation to be contempt of court; and to issue an administrative order against any person who could be held liable for misclassification of a construction employee under the changes proposed in section 8.
- 21 **Stop work orders.**
Expands list of persons against whom the DLI commissioner can issue stop work orders to include any person who could be held liable for misclassification of a construction employee under the changes proposed in section 8 and expands the list of conduct that can give rise to a stop work order to include failure to correct notices of violations. Allows a request for a hearing on a stop work order to be served by email. Allows for assessment of a \$5,000 per day penalty for violating a stop work order. Entitles employees of an entity subject to a final stop work order to receive up to 10 days pay. Makes data in a stop work order public after the order is issued.

Section Description - Article 9: Employee Misclassification Prohibited

Effective August 1, 2024, for contracts entered into on or after August 1, 2024, and for all building construction or improvement services performed after January 1, 2025.

22 Licensing orders; grounds; reapplication.

Allows the DLI commissioner to deny a construction license to a person who violated any of a number of chapters governing Minnesota labor, who violated orders from the commissioner of labor or other state commissioners, or who failed to comply with a commissioner's investigation.

23 Summary suspension.

Allows summary suspension of a person's permit, license, registration, or certificate for engaging in prohibited activities related to independent contractor status, as defined in section 8.

24 Additional penalties and damages.

Allows an additional \$1,000 penalty to apply to any person who delays or obstructs a commissioner's investigation of a violation of construction code and licensing laws.

25 Construction contractor registration.

Requires applications to register as a contractor to include information on how many employees the person has, the identities of all persons with an interest in the business entity, documentation of the person's compliance with worker's compensation and unemployment insurance laws for the person's employees, and information on any violations issued to the person or other persons with an interest in the business entity by the DLI commissioner in the preceding 10 years. Renders each day of performing construction without proper registration to be a separate violation of this section. Allows investigation and enforcement of this section in conjunction with other investigatory and enforcement actions. Allows the DLI commissioner to use otherwise private application data for investigatory and enforcement purposes.

Article 10: Minors Appearing in Internet Content

Provides regulations, compensation requirements, and enforcement provisions related to minor children appearing on the Internet on platforms where the content generates compensation.

Section Description - Article 10: Minors Appearing in Internet Content

1 Online platform.

Defines “online platform” to mean a website or mobile applications like social networking sites and streaming services.

2 Content creation.

Defines “content creation” as the videos and photographs that are put online for compensation.

3 Content creator.

Defines “content creator” as a person who creates and posts videos online for compensation, on their own or with a company, but excludes minors creating content.

4 Compensation for Internet content creation.

Requires a trust account and payment for the content created using the minor’s likeness and for the trust to be maintained until the minor reaches 18. This section also requires that records are kept on minors who appear in at least 30 percent of the content creator’s videos, when the content creator’s videos generate income, including the minor’s name, the amount of compensation generated, and how much was paid to the minor’s trust account.

This section prohibits children under 14 from working in content creation, so they cannot appear in more than 30 percent of the videos, but, if they do appear, they are entitled to 100 percent of the profits. Minors aged 14 to 18 can produce their own content and are entitled to the profits.

This section requires that the records must be readily accessible to the minor and allows the minor to request to delete the content with their likeness at any time after they turn 13.

The minor, or an adult who was previously depicted as a minor, can also sue for damages if any of the provisions of this section are violated and allows the attorney general to enforce this law as well.

This section is effective on July 1, 2025.



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