

HOUSE RESEARCH

Act Summary

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Section**Overview**

This is the initial omnibus jobs finance act for the 2017 legislative session.

Governor Mark Dayton vetoed this act on May 15, 2017.

Article 1: Appropriations

- 1 **Jobs and economic development.** Specifies definitions of fiscal years. Provides for treatment of duplicate appropriations in separate bills.
- 2 **Department of Employment and Economic Development.** Provides appropriations for the Department of Employment and Economic Development. (See spreadsheet for details.) Restricts transfers and use of funds.
- 3 **Housing Finance Agency.** Provides appropriations for the Housing Finance Agency. (See spreadsheet for details.)
- 4 **Department of Labor and Industry.** Provides appropriations for the Department of Labor and Industry. (See spreadsheet for details.) Restricts transfers and use of funds.
- 5 **Bureau of Mediation Services.** Provides appropriations for the Bureau of Mediation Services. (See spreadsheet for details.) Restricts transfers and use of funds.
- 6 **Workers' Compensation Court of Appeals.** Provides appropriations for the Workers' Compensation Court of Appeals. (See spreadsheet for details.)
- 7 **Department of Commerce.** Provides appropriations for the Department of Commerce. (See spreadsheet for details.) Restricts transfers and use of funds.
- 8 **Public Utilities Commission.** Provides appropriations for the Public Utilities Commission. (See spreadsheet for details.) Restricts transfers and use of funds.
- 9 **Public Facilities Authority.** Provides appropriations for the Public Facilities Authority. (See spreadsheet for details.)

Article 2: Labor and Industry

- 1 **Standards for dual training.** Modifies the pipeline dual-training program, which supports on-the-job training of employees, by requiring the commissioner of labor and industry to convene industry representatives to help develop the standards for such training. Requires the commissioner to also provide technical assistance to dual-training programs.
- 2 **Youth skills training program.**
 - Subd. 1. Program established and grants authorized.** Establishes the youth skills training program. Requires the programs to provide work-based skills training opportunities for students who are at least 16 years of age.
 - Subd. 2. Definitions.** Defines "school district" to include school districts and charter schools. Defines "local partnership" to mean any combination of school districts,

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nonpublic schools, postsecondary institutions, workforce development authorities, economic development authorities, and nonprofit organizations who enter into an agreement with one or more local employers for a local youth skills training program.

Subd. 3. Duties. Authorizes the commissioner to approve local partnership programs. Requires the local partnership plan to address hours of participation, wage rates, student workplace, and safety concerns. Requires the local partnership plan to address what type of high school and college credits that a participating student will receive.

Requires the commissioner to develop model program guides and provide other support for the local partnerships. Requires the commissioner to collaborate with other stakeholders.

Subd. 4. Training agreement. Requires the participating student (or student's parent) to sign a written training agreement.

Subd. 5. Program approval. Requires the commissioner to approve and review youth skills training programs.

Subd. 6. Interactions with education finance. Makes clear that hours enrolled in an approved youth skills training program continue to count as hours of instruction under Minnesota's school finance formulas.

Subd. 7. Academic credit. Authorizes a school district to grant academic credit for students participating in youth skills programs under this section.

Subd. 8. Postsecondary credit. Authorizes a postsecondary institution to grant postsecondary credit for a student's participation in a youth skills program.

Subd. 9. Work based learning program. Qualifies the youth skills program as a work based learning program if the youth skills program meets the requirements for a career and technical program and is supervised by a qualified teacher.

Subd. 10. School coordinator. Authorizes a school administrator or a qualified teacher to oversee a youth skills training program.

Subd. 11. Other apprenticeship program. Clarifies that this program doesn't interfere with the comprehensive youth apprenticeship program under Minnesota Statutes, section 124D.47.

Subd. 12. Grant applications. Provides for form and content of grant applications.

Subd. 13. Grant awards. Establishes permissible uses of grant awards.

Subd. 14. Outcomes. Lists the expected program outcomes including that at least 80 percent of program participants receive a high school diploma, and that at least 60 percent of participating students receive a recognized credential upon completion of the program.

Subd. 15. Reporting. Requires the commissioner of labor and industry to report to the legislature on program activities and outcomes.

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- 3 License fees and renewal fees.** Reduces license fees for construction contractors, electricians, plumbers, high pressure pipefitters, and boiler operators.
- 4 Places of public accommodation subject to building code.** Defines “places of public accommodation” and requires places of public accommodation to comply with the state building code.
- 5 Building permits.** Reduces construction plan review and inspection permit fees for construction projects under the jurisdiction of the Department of Labor and Industry, including state owned and state licensed facilities, hospitals, and schools.
- 6 Wind electric systems.** Reduces fees for electrical inspection of wind turbines.
- 7 Solar voltaic systems.** Creates an electrical inspection fee schedule specifically for solar voltaic installations.
- 8 Powers; duties; administrative support.** Empowers the Plumbing Board to regulate continuing education for “registered unlicensed individuals.” As written, this could be interpreted to include both those doing plumbing work and those doing water conditioning work. Currently, registered unlicensed plumbers do not have a continuing education requirement. Corrects references to types of water conditioning businesses with the titles of water conditioning professionals.
- 9 Water conditioning installation.** Expands the scope of work a water conditioning installer can do from single family homes only, to include multifamily and nonresidential buildings when certain conditions are met. Namely, a licensed plumber must have installed both (1) the building’s plumbing system and (2) a valve allowing for isolation of the water conditioning system from the plumbing system, and (3) the piping in the system must be smaller than two inches (i.e. not a large industrial system).
- 10 Direct supervision.** Defines the requirements for “direct supervision” of water conditioning installation work.
- 11 Direct supervisor.** Defines who may be a “direct supervisor” for water conditioning installation work.
- 12 Qualifications for licensing.** Adds installation of water conditioning systems to the list of skills that must be demonstrated to earn a water conditioning master license.
- 13 Plumber’s apprentices.** Adds restricted master plumbers and restricted journeymen plumbers to the list of people who may provide direct supervision of a plumber’s apprentice.
- 14 Registered unlicensed individuals.** Creates a registration requirement for people who perform water conditioning installation work without a license, essentially as apprentices. Requires that a registered unlicensed individual only do water conditioning work under the direct supervision of a licensed individual who can make sure all work is done properly and that records of this work be kept. Allows registered unlicensed individuals who have accumulated 875 hours of practical experience in the trade to take the water conditioning journeyman examination. Provides for applications and fees to become a registered unlicensed individual.

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- 15 Prohibition.** Establishes a gross misdemeanor for building activities performed by unlicensed residential contractors, remodelers, or roofers.
- Under current law, it is a misdemeanor for non-exempt, unlicensed individuals to hold themselves out as residential contractors, remodelers, or roofers (section 326B.082, subdivision 16). The current statute does not address activities by those unlicensed individuals. This bill would maintain the current misdemeanor and create a separate crime, punishable as a gross misdemeanor, for building activities performed by unlicensed individuals regardless of whether they also held themselves out as residential contractors, remodelers, or roofers.
- 16 Definitions.** Refines definition of “detached garages” for purposes of the contractor recovery fund.
- 17 Payment limitations.** Increases total payment allowed to owners and lessees, under the contractor recovery fund, from \$150,000 to \$300,000.
- 18 Workers’ compensation.** Allows amounts appropriated for system upgrades in fiscal years 2016 and 2017 to remain available until June 30, 2021.
- 19 Repealer.** Repeals the subdivision of the contractor recovery fund statute related to accelerated compensation.

Article 3: Employment and Economic Development

- 1 Rural policy and development center fund.** Establishes the rural policy and development center fund as an account in the special revenue fund of the state treasury to fund the center for rural policy and development.
- 2 Administration.** Allows a local government to receive more than one Minnesota investment fund award in a fiscal year.
- 3 Transfer.** Allows the commissioner to transfer up to \$2,000,000 of a fiscal year’s appropriation between the Minnesota job creation fund program and the Minnesota investment fund to meet business demand.
- 4 Definitions.** Adds definitions for “minority person,” “persons with disabilities,” and “veteran” with regards to the job creation fund.
- 5 Minnesota job creation fund business designation; requirements.** Provides incentives for designation as a Minnesota job creation fund business for projects located outside of the metropolitan area or if a business is cumulatively owned by minorities, veterans, women, or people with disabilities. Incentives are in the form of requiring only \$250,000 of private investment (instead of \$500,000) and the creation of five new jobs (rather than ten) for the incentivized businesses.
- 6 Certification; benefits.** Allows businesses outside the metro area to receive job creation fund benefits for seven years rather than five and to qualify for a higher maximum award after adding 75 new employees rather than 200.

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- 7 **Job creation award.** Increases the job creation awards by \$1,000 for businesses outside of the metro area or which are cumulatively owned by minorities, veterans, women, or people with disabilities.
- 8 **Definitions.** Modifies the dislocated worker program to exclude employees of political entities, such as political committees, funds, campaigns, party units, and organizations required to file with the federal elections commission. Also strikes obsolete language.
- 9 **Workforce Development Board.** Makes technical changes necessary for federal conformity with the Workforce Innovation and Opportunity Act.
- 10-15 Makes technical and programmatic corrections to the emerging entrepreneur program.
- 16 **Assigned risk transfer.** Transfers money to the rural policy and development center fund (created in section 2 above) 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 \$2,000,000 has been transferred to the rural policy and development center fund.
- 17 **Vocational rehabilitation.** Amends the 2015 appropriations rider for Assistive Technology of Minnesota, allowing funds to be used for low-interest loans to purchase assistive technology and employment-related equipment.
- 18 & 19 Extends the 2016 Mille Lacs relief program until June 30, 2018, and lowers the required reduction in gross receipts from ten percent to five percent.
- 20 **Emerging entrepreneur program appropriations cancellations.** Cancels to the general fund all unspent funds appropriated in 2016 to the emerging entrepreneur program.
- 21 **Greater Minnesota community design pilot project.** Creates the greater Minnesota community design pilot project, which forms a partnership between the Minnesota Design Center at the University of Minnesota and up to ten small communities in southeastern Minnesota to design and pursue rural development projects.
- 22 **Department of Employment and Economic Development mandated report holiday.** Suspends report to the legislature requirements in state law for the Department of Employment and Economic Development for fiscal years 2018 and 2019, except for the workforce programs outcome report cards, which are still required. Reports may still be made if required by federal law or at the election of the commissioner.
- 23 **Onetime exception to restrictions on use of Minnesota investment fund local government loan repayment funds.** Provides a onetime opportunity to local governments holding uncommitted money in local revolving loan funds seeded by Minnesota investment fund (MIF) loan repayments to send 20 percent of the balance of the local fund back to the state in exchange for being able to use the remaining 80 percent without the usual restrictions. Normally, local revolving loan funds seeded by MIF repayments must meet the same requirements as the MIF program, limiting the types of projects these funds can be used for. Under this section, if a local government made the 20 percent repayment to the state, it could then use the remaining 80 percent of the fund for any lawful purpose, though it must report what the money was used for to the legislative committees with jurisdiction. Because

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this is a onetime exception, any new repayments entering the local revolving loan fund after the date of the transfer to the state would be subject to the normal restrictions.

- 24** **Getting to Work Grant Program.** Creates the “Getting to work” grant program to make grants to nonprofit organizations to provide, repair, or maintain motor vehicles that will assist low-income individuals in obtaining or keeping employment. Outlines program and application criteria. Requires a report to the legislature on program outcomes.
- 25** **Repealer.** Repeals the workforce housing development program with the Department of Employment and Economic Development. Note that a very similar program is created within the Minnesota Housing Finance Authority in article 11, section 5, of this bill. Also repeals obsolete Minnesota Rules for the former Urban Challenge Grant Program.

Article 4: Iron Range Resource and Rehabilitation Policy

Overview

This bill responds to issues and potential constitutional problems identified by the Office of the Legislative Auditor’s 2016 report on the Iron Range Resources and Rehabilitation Board. It makes the following primary changes:

The Iron Range resources and rehabilitation state agency is officially and consistently called the “Department of Iron Range Resources and Rehabilitation.” This makes the statute clearer and conforms to current use outside of the statutes.

The commissioner is required to consult with the Iron Range Resources and Rehabilitation Board before spending any money or taking action on projects. The board is left in the executive branch and has identical membership to the existing board, but is made advisory.

Section 26, gives the chair of the advisory board explicit authority to convene meetings as often as necessary to conduct the business of the advisory board, at least twice a year.

Sections 27, 28, and 33 require long-term strategic planning, careful tracking of grants and loans, and consistent evaluation of projects against set criteria.

Finally, section 59 creates a temporary early separation incentive program for employees of the commissioner.

The rest of the bill is composed of the many conforming and technical changes necessary to achieve the above.

- 1** **Definitions.** Conforming change, “board” becomes “department.”
- 2** **Exclusions.** Conforming changes, “board” becomes “department” and “commissioner.”
- 3** **Departments of the State.** Adds the Department of Iron Range Resources and Rehabilitation to the list of state agencies.
- 4** **Department of Iron Range Resources and Rehabilitation.** Allows the commissioner, after consulting the advisory board, to purchase insurance for facilities.

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- 5 **Group II salary limits.** Conforming change, “board” removed from title of commissioner.
- 6 **Executive branch.** Conforming change, “board” becomes “department.”
- 7 **Advisory council created.** Conforming change, “board” becomes “commissioner.”
- 8 **Definitions.** Conforming change, “department” added to name of agency.
- 9 **Use of fund.** Includes forgivable loans and grants for infrastructure as allowed uses of the fund. Allows spending in the taconite assistance area, rather than just the taconite tax relief area.
Effective date: this section is effective the day following final enactment.
- 10 **Iron Range resources and rehabilitation contribution.** The commissioner, after consultation with advisory board, can provide matching loans or investments from the Minnesota 21st century fund and decide what interest the fund acquires in the project. Projects may be in the taconite assistance area, rather than just the taconite tax relief area.
- 11 **Subsidy agreement.** Conforming change, “board” becomes “department.”
- 12 **Public notice and hearing.** Conforming changes, “board” becomes “commissioner.”
- 13 **Reports by recipients to grantors.** Conforming changes, “board” becomes “commissioner.”
- 14 **Definitions.** Conforming change, “board” becomes “commissioner.”
- 15 **Definition.** Conforming change, “board” removed from title of commissioner.
- 16 **Municipality.** Requires the commissioner to consult the advisory board before jointly determining with the commissioner of revenue which municipalities can participate in the tax base sharing program.
- 17 **School fund allocation.** Requires the commissioner to consult the advisory board before certifying the areawide levy or that there are insufficient funds to make payments.
- 18 **Certification of values; payment.** Conforming change, “board” becomes “commissioner.”
- 19 **Development.** Requires the commissioner to consult the advisory board before assisting a county in development of forest resources.
- 20 **Not to affect commissioner of Iron Range resources and rehabilitation.** Technical change to correct the name of the department.
- 21 **Commissioner.** Defines “commissioner” as the commissioner of Iron Range resources and rehabilitation for the relevant statutory sections.
- 22 **Advisory board.** Defines “advisory board” as the Iron Range Resources and Rehabilitation Board for the relevant statutory sections.
- 23 **Within taconite assistance area.** Conforming change, “board” becomes “commissioner.”
- 24 **Occupation taxes to be apportioned.** Conforming changes, “board” becomes “commissioner” and is removed from the name of the account.
- 25 **Department of Iron Range Resources and Rehabilitation.** The commissioner may expend amounts appropriated to the department after consultation with the advisory board. The commissioner has authority to reimburse a nongovernmental manager operating state-owned

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facilities at Giants Ridge for operational expenses. Conforming changes, “office of the commissioner” becomes “department.” Deletes obsolete language about arbitrator awards.

- 26 Iron Range Resources and Rehabilitation Board.** (a) Keeps the current board with the same nine legislator members as the current board, but makes it advisory, though the commissioner must consult the advisory board on all expenditures and projects. (b) The advisory board will elect a chair who has explicit authority to convene meetings as often as necessary to conduct the business of the advisory board, but at least twice a year.
- 27 Evaluation of programs.** Sets forth factors the advisory board must use in evaluating program proposals.
- 28 Strategic plan required.** Directs the commissioner, in consultation with the advisory board, to adopt a four-year strategic plan. Requires the plan to be reviewed annually.
- 29 Forest trust.** Authorizes the commissioner, after consulting the advisory board, to buy and sell forest lands. Money from such sales goes into a special account that may be spent by the commissioner after consulting the advisory board.
- 30 Private entity participation.** Authorizes the commissioner, after consultation with the advisory board, to decide whether the fund will take an equity interest in a project in exchange for funding and to manage assets associated with such projects.
- 31 Sale or privatization of functions.** Forbids the commissioner to sell or privatize the Minnesota Discovery Center or Giants Ridge without prior approval by the advisory board.
- 32 Budgeting.** The commissioner shall prepare an annual budget and submit it to the advisory board. After the board and the governor approve the budget, the commissioner may spend money in accordance with the approved budget.
- 33 Grants and loans for economic development projects; requirements.** Sets forth criteria the commissioner must consider in evaluating potential grants and loans, recommends including job creation incentives in agreements with recipients, and requires tracking awards and outcomes more closely.
- 34 Receipts from contracts; appropriation.** Appropriates funds to the commissioner for use after consultation with the advisory board. Conforming changes, “board” removed from name of account, in other places becomes “commissioner” or “advisory board.”
- 35 Project approval.** Conforming changes and rewritten for clarity, “board” becomes “advisory board” in one case, “commissioner” in another.
- 36 Fee setting.** Conforming change, “board” becomes “commissioner.”
- 37 Investment of funds.** Conforming change, “board” removed from name of account.
- 38 Creation; purposes.** Conforming changes, “board” becomes “commissioner,” board approval language removed.
- 39 Administration.** Requires the commissioner to consult the advisory board before expending money from this fund. Deletes the requirements that half of the funds be spent on public works projects and that the governor approve projects.

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- 40 Taconite economic development fund.** Requires the commissioner to consult the advisory board before expending money from this fund. Conforming change, “board” becomes “commissioner.” Deletes language that will become obsolete on May 26, 2017. Removes language about special funding allowances tied to production in 2007.
- 41 Collection and payment of tax.** Conforming changes, “board” becomes “commissioner,” ambiguity about which commissioner resolved.
- 42 Iron Range resources and rehabilitation account.** Conforming change, “board” becomes “account” and governor’s approval requirement removed.
- 43 Iron Range school consolidation and cooperatively operated school account.** Allows the commissioner to spend from this account, including ongoing annual expenditures, only after consultation with the advisory board. Conforming change, “board” becomes “commissioner.”
- 44 Distribution; city of Eveleth.** Conforming change, “board” becomes “commissioner.”
- 45 Iron Range higher education account.** Allocates funds directly to the Iron Range higher education account. Allows spending from this account only after the commissioner consults the advisory board and the Iron Range Higher Education Committee approves the expense.
- 46 Remainder.** Technical changes to correct statutory references and conforming change of “board” to “account.”
- 47 Use of money.** Requires consultation with the advisory board in order to buy or sell forest land.
- 48 Operation of fund.** Requires the commissioner to consult the advisory board before making findings about projects, moving money between funds, spending funds, or purchasing land.
- 49 Producer grants.** Requires the commissioner to consult the advisory board before approving projects or taking an equity interest. Removes requirement of governor’s approval.
- 50 Advisory committees.** Conforming changes, “board” becomes “advisory board,” and board’s action replaced with advisory board’s recommendation.
- 51 Unmined iron ore; valuation petition.** Requires consultation with advisory board before commissioner grants authority to petition.
- 52 Payment of costs; reimbursement.** Conforming changes, “board” becomes “commissioner.”
- 53 Refusal to reimburse; reduction of other payments.** Conforming change, “board” becomes “commissioner.”
- 54 Water access sites.** Conforming change, “board” becomes “commissioner.”
- 55 Local government unit.** Technical change to correct the name of the department.
- 56 Preliminary resolution.** Technical change, rewritten for clarity, “board” removed from title.
- 57 Giants Ridge Recreation Area taxing authority.** Conforming changes, for future decisions about the tax only (current language describing the process in the past remains in place), the commissioner acts after consultation with the advisory board.

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- 58 Department of Iron Range Resources and Rehabilitation; early separation incentive program authorization.** Creates an early separation incentive for employees of the commissioner who are over 60 years old or have over 30 years of service. Also allows offering a targeted separation incentive program for employees whose jobs are eliminated due to private management of Giants Ridge. Incentives may include employer-paid health benefits until age 65 and cash. Cost to be paid from funds available to the commissioner only after consultation with the advisory board.
- 59 Revisor's instruction.** Instructs the revisor to prepare legislation that makes conforming changes in accordance with this act.
- 60 Repealer.** Repeals sections that:
- (1) gave special funding priority to areas affected by the LTV Steel Mining Company closure in 2000 and 2001;
 - (2) created the Northeast Minnesota economic development fund in 1987; this fund has been empty and unused for many years; and
 - (3) required a long-range plan for the board to be presented to the legislature by 2006.

Article 5: UIAC Policy

- 1 Penalties; application.** Employee leasing companies, essentially businesses that stand in as the “employer” for another entity, generally pay unemployment insurance taxes as the employer. Under current law, this general rule does not apply to businesses that receive a certain exemption under MN Workers’ Compensation law as businesses that provides only temporary and supplemental workers. Under the bill, receiving that exemption no longer guarantees the general rule will not apply.
- 2 Employee leasing company, professional employer organization, or similar person.** Under current law, businesses whose work force consists of 50 percent or more workers provided by an employee leasing company, or similar organization, are jointly liable for any unpaid unemployment insurance taxes. Similar to section 1, above, under current law, businesses that receive a certain exemption under MN Workers’ Compensation law as businesses that provide only temporary and supplemental workers are not counted as employee leasing companies for the purposes of joint liability. Under the bill, receiving that exemption no longer guarantees an entity will not be considered an employee leasing company.
- 3 Suspension from employment.** Clarifies when a suspension without pay is considered a discharge from employment for the purposes of eligibility for unemployment insurance benefits.
- 4 Discharge defined.** Provides that a suspension without pay of more than 30 days or of indefinite duration is considered a discharge at the time the suspension began, for the purposes of eligibility for unemployment benefits.
- 5 Determination.** Provides that the unemployment insurance department may take up to 48 months to determine ineligibility for unemployment insurance benefits when the department has intervened in pending workers’ compensation matter. Current law allows for 24 months,

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but contested workers' compensation dispute can take longer. When workers' compensation claims are pending, some workers can collect both unemployment insurance benefits and workers' compensation benefits at the same time. The unemployment insurance department is required to intervene in those cases to recoup any unemployment benefits paid when a worker was also receiving workers' compensation benefits representing lost wages.

The section also makes stylistic changes.

Article 6: UIAC Housekeeping

- 1 **Noncovered employment.** Clarifies that employment with a school affiliated with a church is not covered employment for the purposes of unemployment insurance. This means that the school does not pay unemployment insurance tax and the employees are not entitled to unemployment insurance benefits based on their employment with the school. This is already the law for employment with churches. These schools can, however, opt to be covered.
- 2 **Staffing service.** Clarifies the definition of a staffing service for the purposes of the unemployment insurance statutes as a business that supplies workers to support or supplement the workforce of a client business. Special rules apply for interpreting whether an employee quit employment and would thus be ineligible for unemployment insurance benefits.
- 3 **Assessments, fees, and surcharges; treatment.** Deletes the provision that any assessment, fee, or surcharge is considered a tax for unemployment insurance purposes. 2016 legislation created an unemployment insurance tax credit program, and under current law, late fees are considered "taxes" and are counted towards the credit.
- 4 **Limitations on applications and benefits accounts.** Provides that an applicant for unemployment insurance benefits can withdraw a benefit account after a year. And, if the applicant received no unemployment benefits in that year, the application would not have to satisfy the requirement of having worked before opening a new benefit account, which is a prerequisite for applying for unemployment benefits. This change would likely only effect workers who received a severance equivalent to at least a year's pay and applied for benefits. Under current law they are ineligible for benefits if they are still unemployed and the severance has run out.
- 5 **Eligibility conditions.** Incorporates expressly in statute the definition of "good cause" from a 2015 Minnesota Court of Appeals decision.
- 6 **Leave of absence.** Clarifies the definition of "leave of absence".
- 7 **Request for reconsideration.** Incorporates expressly in statute the definition of "good cause" from a 2016 Minnesota Court of Appeals decision.

Article 7: UIAC Technical

- 1 **Standard of proof.** Makes stylistic change.
- 2 **Employment.** Deletes unnecessary language and adds clarifying language.

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- 3 **State's average annual and average weekly wage.** Adds clarifying language and a cross reference.
- 4 **Wages paid.** Makes stylistic changes.
- 5 **Employer registration.** Makes stylistic changes.
- 6 **Payments.** Deletes unnecessary language.
- 7 **Benefit account requirements.** Deletes unnecessary language.
- 8 **Right of appeal.** Deletes unnecessary language.
- 9 **Receipt of back pay.** Deletes unnecessary language.
- 10 **School employees; between terms denial.** Makes clarifying and stylistic changes.
- 11 **Aliens.** Makes stylistic changes.
- 12 **Good cause defined.** Deletes unnecessary language.
- 13 **Quit.** Makes clarifying change.
- 14 **Quit defined.** Makes clarifying change.
- 15 **Combined wage arrangements for work in multiple states.** Makes clarifying and stylistic changes.
- 16 **Overpayment because of misrepresentation.** Replaces the term "fraud" with "misrepresentation". Deletes one of two elements of civil fraud in the context of unemployment insurance. Makes stylistic changes.
- 17 **Interest.** Replaces the term "fraud" with "misrepresentation"
- 18 **Remedies.** Makes stylistic changes.
- 19 **Fraud; criminal penalty.** Restructures and makes stylistic changes to the criminal fraud section of unemployment insurance statute.
- 20 **Employer misrepresentation and misreporting; administrative penalties.** Restructures and makes stylistic changes to the employer misconduct and misrepresentation section of unemployment insurance statute.
- 21 **Establishment.** Makes a clarifying change reflecting existing practice.
- 22 **Reimbursements.** Makes stylistic changes.
- 23 **Revisor's instruction.** Instructs the Revisor of Statutes to delete the term "considered" in certain sections of statute.
- 24 **Revisor's instruction.** Instructs the Revisor of Statutes to change certain terms, renumber sections, and make cross reference changes.
- 25 **Repealer.** Repeals session law language that was required by federal law and which has already been complied with.

Section**Article 8: Commerce Policy**

- 1 Insurance fraud prevention account.** Updates cross-reference related to the automobile theft prevention account transfer changes.
- 2 Program described; commissioner's duties; appropriation.** Provides that \$1.3 million in funding from the automobile theft prevention account, which currently is deposited in the general fund, is to be deposited in the insurance fraud prevention account.
- 3 Gas tax sign on petroleum dispenser.** Requires the Director of the Weights and Measures Division of the Department of Commerce to ensure signs are attached to all retail petroleum dispensers in Minnesota. The sign displays the current state and federal gas tax rates per gallon, along with a statement that “[r]evenue from the state fuel tax may be used only for roads and bridges, according to the Minnesota Constitution.” The Director must provide updated signs within 12 months of a change to the rate.
- 4 Automobile theft prevention account.** Provides that \$1.3 million in funding from the automobile theft prevention account, which currently is deposited in the general fund, is to be deposited in the insurance fraud prevention account.
- 5 Effect of nonredemption.** Provides that if pawned goods are not redeemed within 60 days of the original pawn transaction, the goods are automatically forfeited to the pawnbroker.
- 6 Required lists.** Requires the commissioner of commerce to provide members of the legislature and counties lists of abandoned property owners, if requested.
Effective: This section is effective the day following final enactment.
- 7 Claim for abandoned property paid or delivered.** Allows a person claiming an interest in property evidenced by a will or trust document, or court order, to submit to the commissioner only the parts of the document or order necessary to establish the claim, and makes such submissions nonpublic or private data.
Effective: This section is effective the day following final enactment.
- 8 Merchant bags.** Prohibits local governments from adopting ordinances that would prohibit merchants from providing customers paper, plastic, or reusable bags.
Effective: This section is effective May 31, 2017. Invalidates ordinances enacted before the effective date.
- 9 Report on unclaimed property division.** Requires the commissioner of commerce to report by February 15, 2018, to the legislature regarding the process owners of abandoned property must comply with in order to file a claim. The report must include certain information.
Effective: This section is effective the day following final enactment.

Article 9: Telecommunications Policy

- 1 [237.01] Subd. 10. Voice-over-Internet protocol.** Definition.
- 2 [237.01] Subd. 11. Internet protocol-enabled service.** Definition.

Section**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.

Subd. 3. Relation to other law. Specifies that nothing in this section affects:

- the Minnesota Public Utilities Commission's jurisdiction over intrastate access rates and terms, dispute resolutions with respect to intercarrier compensation, wholesale telecommunications services; or
- the authority of local units of government with respect to the regulation of public rights-of-way.

Subd. 4. Exemption. Specifies that any IP-enabled video service, including cable TV video service, is not regulated by the state.

Subd. 5. Preservation of existing landline telephone service. Specifies that obligations of a telephone company to offer non-VOIP landline service is not affected by this section.

Article 10: Energy Policy

1 [3.8852] Establishment. Reduces the size of the Legislative Energy Commission from ten members from each body to nine.

2 [16.323] Subd. 1. Definitions. Strikes the definition of the "Made in Minnesota" solar subsidy program, and amends other definitions regarding solar energy.

3 [116.03] Subd. 7. Clean Air Act settlement money. Prohibits the expenditure of Volkswagen settlement money unless appropriated by law.

4 [116C.779] Subd. 1. Energy fund account. Establishes the clean energy advancement fund (C-LEAF) account in the special revenue fund, to which Xcel Energy must transfer all funds in the Renewable Development Account on July 1, 2017. Provides for payments to the account from Xcel to continue as under current law, based on the number of casks of nuclear waste stored at the Prairie Island and Monticello plants.

Specifies the energy-related purposes for which funds from the account may be expended. Directs Xcel to withhold from transfer any revenues needed to pay for ongoing funding commitments, including renewable energy production incentives and Xcel's Solar Rewards program.

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Specifies payments to be made from the account to the city of Benson and the Laurentian Energy Authority if the Public Utilities Commission (PUC) approves a new, amended, or terminated power purchase agreement for those biomass plants.

Approval of account expenditures is transferred from the PUC to the legislature, who must appropriate funds for approved projects.

Requires fund expenditures to benefit Xcel ratepayers in Minnesota or the Prairie Island Indian community.

- 5** [116C.779] **Subd. 1a. Payment termination.** Terminates Xcel’s obligation to pay into the fund \$500,000 and \$350,000 annually for each cask of nuclear waste stored at Prairie Island and Monticello, respectively, when the accumulated payments for a cask, begun in 1999, reach \$10 million.
- 6** [116C.7792] **Solar energy incentive program.** Conforming change. Renames the C-LEAF account.
- 7** [216B.03] **Reasonable rate.** Directs the commission to encourage the promotion of economic growth and job retention through its rate-setting decisions.
- 8** [216B.16] **Subd. 1a. Settlement.** Requires the commission, in determining whether to accept a stipulated settlement agreed to by parties in a rate case, to consider its impact on the economy, job growth, and job retention.
- 9** [216B.16] **Subd. 6. Factors considered, generally.** Requires the commission to consider the need for competitive electric rates, job preservation, and economic growth in carrying out its duties.
- 10** [216B.164] **Subd. 5. Dispute; resolution.** Provides that only public utilities may have net metering disputes settled at the PUC.
- 11** [216B.164] **Subd. 9. Municipal electric utility.** Removes the commission’s authority to settle net metering disputes concerning municipal utilities.
- 12** [216B.164] **Subd. 11. Cooperative electric association.** Provides that a cooperative electric association that adopts a dispute resolution process is exempt from regulation of net metering by the commission.
- 13** [216B.1691] **Subd. 2f. Solar energy standard.** Allows a public utility with between 50,000 and 200,000 retail electric customers to meet ten percent of its solar energy standard from solar projects up to 40 kw (increased from 20 kw) and to apply individual customer subscriptions of 40 kw or less to a community solar garden to that target.
- 14** [216B.1694] **Subd. 3. Staging and permitting.** Extends the validity of various permits and approvals for an innovative energy project by six years, to 2025.
- 15** [216B.1697] **State-mandated energy purchases; public information.** Requires a utility purchasing energy to meet a state mandate to post on its website the wholesale price and the amount purchased each year through the term of the contract.
- 16 to 21** [216B.241] Exempts small municipal utilities and rural electric cooperatives from all requirements of the Conservation Improvement Program (CIP). Cooperatives with fewer

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than 5,000 members, and municipal utilities with fewer than 1,000 retail electric customers or natural gas sales of less than one billion cubic feet annually, are exempt.

- 22 **[216B.2422] Subd. 2. Resources plan filing and approval.** Requires the commission, in deciding whether to approve a utility's integrated resource plan, to consider its impacts on the economy, job growth, and job retention.
- 23 **[216B.2422] Subd. 3. Environmental costs.** Requires the commission, in approving generating facilities, to consider impacts on utility rates.
- 24 **[216B.2422] Subd. 4. Preference for renewable energy facility.** Requires the commission, in deciding whether a renewable generating facility is in the public interest, to consider impacts on grid reliability, ratepayer impacts resulting from the intermittent nature of renewables and reduced fuel price volatility, and lower environmental compliance costs.
- 25 **[216B.2424] Subd. 9. Adjustment of biomass fuel requirement.** Specifies conditions under which the commission may approve a new, amended, or terminated power purchase agreement for biomass plants fulfilling Xcel Energy's biomass mandate.
- 26 **[216B.243] Subd. 8. Exemptions.** Exempts from the requirement to obtain a certificate of need from the commission prior to construction: wind and solar generating systems 5 MW or larger; pipelines transporting oil, refined petroleum products, natural gas, or propane; and a pipeline that replaces an existing pipeline.
- 27 **[216C.05] Subd. 2. Energy policy goals.** Establishes as a state goal that retail electricity rates for all customer classes be at least five percent below the national average.
- 28 **[216C.41] Subd. 2. Incentive payment; appropriation.** Conforming change. Renames the C-LEAF account.
- 29 **[216C.41] Subd. 5a. Payment authorization.** Conforming change. Renames the C-LEAF account.
- 30 **[216C.417] Program administration; "Made in Minnesota" solar energy production incentives.** Provides that payment of incentives to those enrolled in the program before it is repealed (see section 45, paragraph (d)) will continue to receive the full ten-year payment required under current law.
- 31 **[216C.435] Subd. 7a. Multifamily residential dwelling.** Definition in Property-Assessed Clean Energy (PACE) statute.
- 32 **[216E.03] Subd. 3. Application.** Makes voluntary the proposal of more than one site for a large electric generating facility or one route for a high-voltage transmission line in a permit application filed with the commission.
- 33 **[216E.03] Subd. 9. Timing.** Reduces from 90 to 30 days the length of time the commission may extend its 60-day time limit to make a final decision regarding a routing or siting permit for a large electric generating facility or a route for a high-voltage transmission line.
- 34 **[216E.04] Subd. 7. Timing.** Under the optional alternative review process, reduces from 90 to 30 days the length of time the commission may extend its 60-day time limit to make a final decision regarding a routing or siting permit for a large electric generating facility or a route for a high-voltage transmission line.

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- 35 **[216F.01] Subd. 2. Large wind energy conversion system or LWECS.** Appends to the definition of the wind system the high-voltage transmission line connecting it to the regional transmission system.
- 36 **[216F.011] Size determination.** Restricts the information the commissioner of commerce may request from an applicant in determining the size of a wind system to information relating only to that issue.
- 37 **[216F.04] Site permit.** Requires written agreement from the proposer of a wind project to a request by the commission to extend its 180-day timeline for a final decision regarding a site permit.
- 38 **[216G.025] Alternative pipeline routes; restriction.** Restricts environmental analysis of alternative pipeline routes to those that include the pipeline's endpoints as proposed by the applicant.
- 39 **[216H.03] Subd. 3. Long-term increased emissions from power plants prohibited.** Strikes language prohibiting a utility from importing electricity from other states or entering into long-term power purchase agreements that increase greenhouse gas emissions.
- 40 **[216H.03] Subd. 4. Exemption for facilities that offset emissions.** Conforming change.
- 41 **[216H.03] Subd. 7. Other exemptions.** Conforming change.
- 42 **Residential PACE consumer protection task force programs.** Establishes a task force to recommend to the legislature consumer protection provisions to be added to the state's PACE program, which allows the repayment via an assessment on property taxes of residential loans to improve energy efficiency or to install renewable energy systems. The program is suspended until legislation addressing this issue is enacted.
- 43 **Program administration; "Made in Minnesota" solar thermal rebates.** Prohibits payment of "Made in Minnesota" solar thermal rebates after the effective date of this act.
- 44 **Renewable development account; transfer of unexpended funds.** Requires the transfer of unexpended RDF grant funds to the energy fund account.
- 45 **Repealer.** Paragraphs (a) and (d) repeal the "Made in Minnesota" solar rebate program and associated provisions of law. Paragraph (b) repeals sections of law dealing with hydrogen energy. Paragraph (c) repeals: language directing the Legislative Energy Commission to develop a framework for an all-renewable energy future (work was completed in 2016); funding to the University of Minnesota's Institute for Renewable Energy and the Environment that ended in 2011; and a provision giving the Department of Commerce subpoena power with respect to information it may require for various energy planning functions.

Article 11: Housing Policy

- 1 **Mandatory fire sprinklers prohibited.** Forbids requiring the installation of fire sprinklers or other automatic fire-extinguishing equipment in new or existing single-family or two-family homes, townhomes, or accessory structures like garages, decks, or storage sheds.

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- 2** **Class I manufactured home park.** Defines a “class I manufactured home park” as complying with section 327C.16.
Effective: This section is effective the day following final enactment.
- 3** **[327C.16] Class I Manufactured Home Park.** Requires 12 hours of approved continuing education courses every three years, to be completed by either the owner or the on-site attendant, and affidavits of compliance with this requirement to be submitted to the county assessor, in order to qualify for the class I manufactured home park property tax classification rate.
Effective: This section is effective the day following final enactment.
- 4** **Interim ordinance.** Requires a two-thirds vote of the members of a city council present to adopt an interim ordinance that regulates or prohibits a housing proposal. A “housing proposal” is a written request for approval of a project intended primarily to provide residential dwellings, and involves the subdivision or development of land, or demolition, construction, reconstruction, alteration, repair, or occupancy of residential dwellings. Requires written notice about such a vote to interested parties and notice on the city’s Web site, if there is one, as well as a public hearing at the next regularly scheduled council meeting or within ten days of the notice, whichever is earlier. Prohibits activities proposed to be restricted by the moratorium before the hearing.
Effective for interim ordinances proposed on or after August 1, 2017.
- 5** **Manufactured home park redevelopment program.** Includes nonprofit organizations and cooperatives in the groups eligible for the redevelopment program grants and loans. Divides the program into individual assistance grants (for buy-out and down-payment assistance) and park infrastructure grants. Requires the statewide program of grants and loans be provided in a manner consistent with agency policies and purposes under section 462A.02 and that park infrastructure grant recipients provide for adequate reserve funds to pay for the repair and replacement of private infrastructure systems serving the community.
- 6** **[462A.39] Workforce housing development program.** Recreates the Department of Employment and Economic Development’s workforce housing development program as a new program within the Minnesota Housing Finance Agency. Provides grants and deferred loans to eligible communities in greater Minnesota with low vacancy rates for rental housing and employer demand for additional housing for employees. Grants or deferred loans may not exceed 25 percent of the cost of the residential housing project being subsidized by the grant or deferred loan. Requires annual reports to the legislature.
- 7** **[462C.16] Housing trust funds for local housing development.** Permits a local government to establish a local housing trust fund by ordinance or participate in a joint powers agreement to establish a regional housing trust fund. Lists authorized expenditures for such a fund, suggests sources of funding, and requires annual publicly accessible reports of fund activity to the local government that created the fund. Does not affect existing local or regional housing trust funds.
- 8** **Minnesota Housing Finance Agency report.** Requires reports, on February 1 of 2018 and 2019, to the legislative committees with jurisdiction over MHFA, that provide: the draft and

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final version of its affordable housing plan; the actual and anticipated funds available within the Housing Affordability Fund, or Pool 3; and the actual and anticipated uses of those funds.

- 9 Housing Finance Agency administrative costs.** Requires the Housing Finance Agency cap its administrative costs at the amount spent on administration in fiscal year 2017. This section is effective from July 1, 2017, until July 1, 2021.

Article 12: Miscellaneous Policy

- 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 on these costs is made by the agency, but is subject to review by an administrative law judge. Notice to the legislature is required if the costs of a proposed rule exceed the \$1,000 threshold, as determined either by the agency or by the administrative law judge. A legislative committee with jurisdiction over the subject matter of the rule may vote to advise the agency that the rule should not be adopted as proposed. If this vote occurs, the rule may not be adopted unless it is approved by law. This section also clarifies that any severable portion of a rule that does not meet the cost threshold may be adopted, regardless of whether a legislative committee vote is conducted on other portions of the same rule.
- 2 Effective date.** Provides that the sections of the 2014 law establishing the Public Employment Relations Board and setting its powers, that are currently set to become effective on July 1, 2017, will be delayed in until July 1, 2036.
- 3 Agency activity and expenditure reports.** Requires reports from the commissioners of economic development, housing finance, labor and industry, and commerce, as well as from the Public Utilities Commission, detailing agency operations and finances. The reports are due to the chairs of legislative committees with jurisdiction over the agency budgets by October 15, 2018.