

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill makes appropriations to the agencies that are under the jurisdiction of the Jobs and Economic Development Policy Committee, and contains policy provisions that have some connection to the financing of those agencies. Article 1 contains appropriations. Article 2 contains policy provisions. Articles 3 and 4 are related to housing. Articles 5, 6, and 7 are part of a managed care regulatory bill, Article 8 completes and codifies the merger of the departments of commerce and public service, and Article 9 provides for power-limited technician licensing.

### Article 1

#### Appropriations

#### Section

- 1 **Economic development; appropriations.** Summarizes the total appropriations in the bill.
- 2 **Trade and economic development.**
  - Subd. 1. Total appropriation.**
  - Subd. 2. Business and community development.**
    - \$4,017,000 each year for the Minnesota investment fund, including \$150,000 the first year for a grant for the Cuyuna Range Technology Center.
    - \$150,000 each year for grants to the rural policy and development center. Requires a non-state match.
    - \$155,000 each year for the metropolitan economic development association.
    - \$220,000 each year for microenterprise technical assistance. Requires that grant recipients report on program performance.

\$35,000 the first year for the Rural Advanced Business Facilitation Program in Blue Earth county.

\$500,000 the first year for a grant to St. Paul for the new Roy Wilkins auditorium.

\$150,000 the first year for wastewater treatment in St. George.

\$75,000 the first year for Minnesota rural partners, for the rural summit only.

\$262,502 the first year for grants to local units of government in Yellow Medicine and Chippewa counties to pay the federal disaster assistance match and other nonreimbursed costs relating to the tornado that struck the area in the summer of 2000.

\$50,000 each year for a grant to the Albert Lea port authority to remodel an industrial park building.

Allows the Trillium site, which is part of the Trout Brook greenway corridor in St. Paul, to be eligible for priority for a redevelopment grant from existing funds.

Provides that a soybean processing facility may receive a grant of up to \$1,000,000, notwithstanding an existing limit of \$500,000 in most cases.

**Subd. 3. Minnesota Trade Office.**

**Subd. 4. Workforce development.**

\$8,500,000 each year from the workforce development fund for the job skills partnership program.

\$400,000 each year for Lifetrack Resources for immigrant/refugee collaborative programs, of which \$150,000 each year is from the workforce development fund and \$250,000 each year is from TANF.

\$300,000 each year from the workforce development fund for Twin Cities Rise. Twin Cities Rise must report to the commissioner on the performance of its programs.

\$600,000 the first year from TANF for a pilot program to provide training to low-income workers. (This pilot program is provided for in article 2, section 30.)

\$1,075,000 the first year and \$2,932,000 the second year for the teacher loan forgiveness program provided in article 2, section 7. Provides for future appropriation levels and a limitation on administrative costs.

**Subd. 5. Office of Tourism.**

\$55,000 the first year from the base for the Mississippi River parkway commission.

\$50,000 the first year from the base for the 2004 Grand Excursion.

\$61,000 the first year from the base for the Big Bear Country Education Center.

\$329,000 each year for the Minnesota film board, with no appropriation for the "snowbate" program.

**Subd. 6. Information and analysis.**

**Subd. 7. Administrative support.**

\$150,000 the first year from the workforce development fund for the transition team provided as part of the workforce and economic development reorganization.

Requires the commissioner of finance to transfer \$2,000,000 from the Minnesota technology account to the general fund by July 10, 2001.

States that Minnesota Technology's industry cluster project is not approved by the legislature.

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**Economic security.**

**Subd. 1. Total appropriation.**

**Subd. 2. Workforce services.**

\$750,000 each year from the workforce development fund for grants for projects to assist displaced homemakers. Grants are to be given based on a competitive grant process, with a reporting requirement.

\$111,000 the first year to match the federal juvenile accountability incentive block grant.

No appropriation is made for youth curfew and truancy prevention programs.

\$500,000 the first year is for a grant to workforce service area #6 for services targeted to individuals affected by the tornado or by plant closings in Yellow Medicine and Chippewa counties.

No appropriation for asset preservation and facility repair.

\$1,225,000 each year for opportunities industrialization centers, of which \$450,000 each year is a one-time increase. Of the money in the increase, \$200,000 each year is from the workforce development fund and \$250,000 each year is from TANF.

**Subd. 3. Rehabilitation services.**

\$11,515,000 each year for extended employment services, with a portion coming from the workforce development fund.

\$750,000 each year for welfare-to-work extended employment services.

\$50,000 each year added to the base of the appropriation to the centers for independent living.

**Subd. 4. State services for the blind.**

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**Housing finance agency.**

**Subd. 1. Total Appropriation.**

**Subd. 2. Challenge program.** Appropriates \$12,004,000 each year to the economic development and housing challenge program, into which have been consolidated the community rehabilitation program, the employer matching grants program, the Minnesota urban and rural homesteading program, and the production portion of the affordable rental investment fund. The total base appropriations for these programs for 2000-01 was \$12,379,000. The economic development and housing challenge program received a one-time appropriation of \$20,000,000 for 2000-01.

**Subd. 3. Rental assistance for mentally ill.** Appropriates \$1,700,000 each year for this purpose, the same as the 2000-01 base.

**Subd. 4. Family homeless prevention.** Appropriates \$3,750,000 each year for this purpose, \$250,000 each year from TANF funds. States the legislature's intention that the general fund base for 2004-05 will be \$6,500,000, which is the same as the total base appropriation for 2000-01 which included \$2,250,000 of TANF funds.

**Subd. 5. Home ownership education, counseling, and training.** Appropriates \$1,058,000 each year for this purpose, \$200,000 each year from TANF. The general

fund portion of the appropriation is the same as the combined base of the mortgage foreclosure prevention program and the full cycle home ownership program for 2000-01. The TANF portion is to provide services to non-English-speaking persons, recent immigrants, and historically underserved populations.

Requires the agency to strongly consider finding projects to provide permanent and supportive housing for veterans on property owned by the United States Department of Veterans' Affairs.

**Subd. 6. Housing trust fund.** Appropriates \$4,623,000 each year to this fund, an increase of \$275,000 each year over the combined 2000-01 base for the housing trust fund and the rent assistance for family stabilization program (which is being consolidated into the housing trust fund under this bill).

**Subd. 7. Affordable rental investment fund.** Appropriates \$22,000,000 each year for this program, of which \$10,000,000 each year is for the preservation of federally assisted rental housing and equity take-out loans (\$30,000,000 was appropriated for this purpose for the 2000-01 biennium).

\$12,000,000 each year is for permanent and supportive rental housing for households at or below 30 percent of the metropolitan area median income. The refundable portion of the working family credit that qualifies for federal reimbursement under TANF is appropriated to MHFA for this purpose.

**Subd. 8. Urban Indian housing program.** Appropriates \$187,000 each year for this purpose, the same as the base before the 2000-01 biennium.

**Subd. 9. Tribal Indian housing program.** Appropriates \$1,683,000 each year for this purpose, the same as the 2000-01 base.

**Subd. 10. Capacity building grants.** Appropriates \$340,000 each year for this purpose, an increase of \$100,000 a year over the 2000-01 base.

**Subd. 11. Housing rehabilitation and accessibility.** Appropriates \$4,287,000 each year for this purpose, the same as the 2000-01 base.

**Subd. 12. Home ownership assistance fund.** Appropriates \$900,000 each year for this purpose, the same as the 2000-01 base.

**Subd. 13. Manufactured home part redevelopment.** Appropriates \$500,000 (one-time) for a new pilot program to redevelop manufactured home parks.

**Subd. 14. Rental housing pilot program.** Appropriates \$100,000 (one-time) for a pilot program to encourage landlords to rent to high-risk tenants in the counties of Benton, Dakota, Hennepin, Olmsted, Ramsey, St. Louis, Sherburne, and Stearns. Local government units, nonprofit organizations, or partnerships between local governments and nonprofits may apply. Funds may be used to provide payment bonds to cover losses sustained by landlords.

**Subd. 15. Cancellations.** Transfers unobligated and unencumbered balances from 1997 and 1998 appropriations for flood and tornado disaster relief to the newly created disaster relief contingency fund under MHFA. Of the transferred amount, \$50,000 is for a grant to the city of Granite Falls for citizens whose homes were destroyed by a tornado and who cannot rebuild on existing lots.

Transfers \$420,000 of the unobligated and unencumbered balance in the local government unit account to the housing trust fund for housing for veterans who are homeless or at risk of being homeless.

**Subd. 1. Total appropriation.**

**Subd. 2. Financial examinations.**

**Subd. 3. Petroleum tank release cleanup board.**

**Subd. 4. Administrative services.**

**Subd. 5. Enforcement and compliance.**

Provides that a portion of this appropriation is for implementation of two pending bills (related to money transmitters and insurance producer licensing), and is thus only available if those bills pass.

**Subd. 6. Energy.**

**Subd. 7. Telecommunication.**

**Subd. 8. Weights and measurement.**

Provides that a portion of this appropriation is for implementation of a pending bill relating to sales of gasoline below cost, and is thus only available if that bill passes.

7 **Board of accountancy.**

8 **Board of architecture, engineering, land surveying, landscape architecture, and interior design.**

9 **Board of barber examiners.**

10 **Labor and industry.**

**Subd. 1. Total appropriation.**

**Subd. 2. Workers' compensation.**

\$125,000 each year is for the Vinland Center for rehabilitation service.

**Subd. 3. Workplace services.**

\$204,000 each year from the workforce development fund for LEAP grants.

**Subd. 4. General support.**

11 **Bureau of mediation services**

12 **Workers' compensation court of appeals.**

13 **Public utilities commission.**

14 **Minnesota historical society.**

**Subd. 1. Total appropriation.**

**Subd. 2. Education and outreach.**

**Subd. 3. Preservation and access.**

**Subd. 4. Fiscal agent.**

Sibley house association;  
Minnesota international center;  
Minnesota Air National Guard museum;  
Institute for learning and teaching - Project 120;  
Minnesota Military Museum;  
Farmamerica.

Provides that any unencumbered balance from the first year does not cancel but is available for the second year.

15 **Council on Black Minnesotans.**

Provides that a portion of this appropriation is for implementation of a pending bill relating to board membership, and is only available if that bill passes.

16 **Council on Chicano-Latino Affairs**

17 **Council on Asian-Pacific Minnesotans.**

18 **Indian Affairs Council.**

19 **Federal fund approval.** Provides generally that federal fund expenditures that the committee asked to review during session are approved as submitted by the agencies.

## **Article 2**

### **Policy Provisions**

1 **Departments of the state.** Removes the departments of trade and economic development and economic security from a list of state departments. Adds the new department of jobs, economic development, and trade to the list.

2 **Purpose.** Provides that permissible purposes of Minnesota investment fund grants may include investments in technology and equipment that increase productivity and lead to higher wages for employees.

3 **Appointment.** Requires that one member of the job skills partnership board have expertise in and represent a technology industry.

4 **Qualifications.** Removes existing language requiring that members of the job skills partnership board have expertise in job skills training.

5 **Terms.** Limits members of the job skills partnership board to two terms of four years.

6 **State dislocated worker program.** Creates a new state dislocated worker program within the job skills partnership board. The board administers the current program, but this section both recodifies the program to reflect current law and makes substantive changes to the program.

**Subd. 1. Definitions.** Defines terms including "dislocated worker," "plant closing," and "substantial layoff."

**Subd. 2. Grants.** Provides that the board shall make grants to workforce service areas or to other eligible organizations to provide services to dislocated workers who are dislocated as a result of both small and large layoffs.

**Subd. 3. Allocation of funds.** Provides that the board will consult with workforce councils to develop a method of distributing funds to provide services to dislocated workers.

**Subd. 4. Use of funds.** Provides for the use of funds granted by the board. The services that may be funded are very similar to current law.

**Subd. 5. Cost limitations.** These limitations, including a minimum training services amount and a maximum support services amount, are similar to current law.

**Subd. 6. Performance standards.** Requires the board to develop performance standards for programs funded with grants made under this section.

**Subd. 7. Reports.** Requires grantees to report to the board, and the board to report to the governor's workforce development council.

**Subd. 8. Administrative costs.** Limits administrative costs of the board to five percent of the total appropriation.

7 **Recruitment of excellent teachers in science, math, industrial technology, and special education and in rural areas; loan repayment program.**

**Subd. 1. Program established; account created.** Establishes a loan repayment program to assist school districts in recruiting and retaining excellent teachers in science, math, industrial technology and special education and in rural areas. Creates a loan repayment program account in the state treasury. Includes in the account money appropriated by the legislature for loan repayments. Annually appropriates all money in this account to the higher education services office, which must use the money to repay loans of qualified licensed teachers who agree to teach in high-need subject areas and rural areas.

**Subd. 2. Eligibility; application.** (a) Requires a person interested in participating in this program to have:

(1) graduated from an approved teacher preparation institution within twelve months of submitting an application to the higher education services office to participate in this program; and

(2) a 3.0 grade point average or higher and be licensed to teach in one of those fields.

(b) Allows teachers who received a 3.0 grade point average or higher in that portion of the teacher preparation program affecting licensure in the field of math, science, industrial technology or special education to participate in this program if the teacher:

(1) is licensed to teach math, science, industrial technology or special education and is employed for the first time in a Minnesota school district, placed on unrequested leave of absence, terminated because a position is discontinued or there is a lack of pupils, or whose contract as a probationary teacher is not renewed and another school district employs the person to teach math, science, industrial technology or special education; or

(2) has continuing contract or teacher tenure rights and receives certification to teach math, science, industrial technology or special education within twelve months of submitting an application to the higher education services office to participate in this program.

(c) Makes a teacher who meets the criteria in paragraph (a) or (b) and is employed in a rural public school eligible to receive up to an additional \$2,000 per year for loan repayments.

(d) Obligates interested persons to submit an application to higher education services office. Requires participating teachers to be employed at least three consecutive school years in a Minnesota public school.

(e) Directs the higher education services office to ensure that applicants are qualified, transmit notice of the program, make application materials available and perform other program-related activities.

**Subd. 3. Loan repayment.** For fiscal year 2001 and following, allows the higher education services office to select teacher applicants to participate in this program. Makes teacher participants responsible for securing their own loans. For each year up to a total of three years that an eligible teacher is employed in a school district, directs the higher education services office to pay loan repayment amounts for the costs the teacher incurred for post-secondary education leading to a license to teach or for certification to teach in the field of science, math, industrial technology, or special education. Allocates the following repayment amounts:

(1) at the end of the first successful school year, up to \$1,000 to a teacher

teaching math, science, industrial technology or special education in the metropolitan area and up to \$3,000 to a teacher teaching math, science, industrial technology or special education in a rural area;

(2) at the end of the second successful school year, up to \$3,000 to a teacher teaching math, science, industrial technology or special education in the metropolitan area and up to \$5,000 to a teacher teaching math, science, industrial technology or special education in a rural area; and

(3) at the end of the third successful school year, up to \$5,000 to a teacher teaching math, science, industrial technology or special education in the metropolitan area and up to \$7,000 to a teacher teaching math, science, industrial technology or special education in a rural area.

(b) Directs the higher education services office to make payments that must not exceed the amount of the participant's loan.

**Subd. 4. Rules.** Directs the higher education services office to adopt rules to administer the program, consistent with its statutory rule making authority.

8 **Historic site designation.** Adds the Little Elk Heritage Preserve to the state register of historic places.

9 **Fees.** Deletes language referring to search firm fees. (Search firms are deregulated generally in the next several sections and in a repealer.) *Note that all sections relating to search firm deregulation are effective July 1, 2003.*

10 **License applications.** Deletes language specifying the bond requirements for search firms.

-141114 **References.** These sections all remove references to search firms in section that applies to employment agencies.

15 **Fee-splitting.** Removes language prohibiting fee-splitting by search firms.

-191619 **References.** These sections remove references to search firms.

20 **Anaerobic digester system.** Defines this term to mean a system that processes animal waste in the absence of oxygen and produces gas used to generate electricity.

21 **Renewable energy production incentive.**

**Subd. 1. Definitions.** Defines the term "qualified on-farm biogas recovery facility" to be an anaerobic digester system that is located at the site of an agricultural operation, is owned by a natural person who owns or rents the land where the facility is located, and begins generating electricity after July 1, 2001. Also amends the definition of a "qualified hydroelectric facility" to include a facility that generates electricity after a substantial refurbishing of the facility that begins after July 1, 2001.

**Subd. 2. Incentive payment; appropriation.** Includes (1) biogas recovery facilities; and (2) publicly owned dams in need of substantial repairs in the list of facilities to which renewable energy incentive payments must be made.

**Subd. 3. Eligibility window.** Provides that payments may be made to biogas recovery facilities for energy generated between July 1, 2001 and December 31, 2015.

**Subd. 4. Payment period.** Provides that no payment may be made to a biogas recovery facility for energy generated after December 31, 2015.

**Subd. 5. Amount of payment.** Provides that for eligible publicly owned dams, the payment is 1.0 cents per kilowatt hour. For other facilities, it is 1.5 cents per kilowatt hour..

22 **Determination and collection of special assessment.** Reduces the workforce



development assessment on employers from .07 percent to .05 percent.

- 23 **Disbursement of special assessment funds.** Removes language appropriating the balance of the workforce development fund to the dislocated worker program with language appropriating \$12 million annually for this program. Removes other language dividing the dislocated worker funding among various purposes.
- 24 **Waiver.** Extends waivers related to a civil service pilot project in the Minnesota housing finance agency through 2003.
- 25 **Termination.** Extends a civil service pilot project in the Minnesota housing finance agency through 2003.
- 26 **Pilot project.** Extends a civil service pilot project involving the department of labor and industry through 2005.
- 27 **New agency.** Transfers responsibility for certain programs from the departments of trade and economic development, economic security, and labor and industry to the new department of jobs, economic development, and trade.
- Workforce Investment Act programs are transferred from DES and DTED to the new agency;
  - The apprenticeship program is transferred from the department of labor and industry to the new agency;
  - The job skills partnership program is transferred from DTED to the new agency;
- Provides that the commissioner of the new agency is covered by existing law giving broad powers to commissioners of state agencies.
- 28 **Transition team.** Provides for the governor to appoint the head of a workforce transition team. This person is to make recommendations to the governor and legislature regarding the appropriate way to move existing programs in the departments that are being abolished (DES and DTED) to other departments. Allows the transition team to recommend that some programs be transferred to local workforce boards. Recommendations must be made by March 15, 2002.
- The authority for the transition team would expire June 30, 2002.
- Specifically requires the transition team to consider a variety of issues including the state's Unified Plan under the Workforce Investment Act, the proper place for the unemployment insurance program, and any duplication between ISEEK and MCIS.
- Requires the transition team to consult with various interested parties before making its recommendations. Gives the head of the transition team access to private and nonpublic data as necessary to make recommendations.
- 29 **Career tracking.** Defines this term to mean selective presentation of courses to individuals based on a government entity's preference of an industry or a skill set, and provides that career tracking is prohibited.
- 30 **Transfer.** Transfers responsibility for administration of low-income energy programs from DES to the department of commerce.
- 31 **Account established.** Establishes a contingency account in the state treasury, which will lapse on June 30, 2003 with all remaining funds canceling back to the general fund.
- 32 **Transfer.** Transfers \$1,538,000 in fiscal year 2001 from the general fund to the contingency account.
- 33 **Minnesota workers' compensation assigned risk plan surplus transfer.** Requires the commissioner of finance to transfer \$73,000,000 in assets of the assigned risk plan to the

contingency account.

34 **Training for low-income workers.** Provides for a pilot program to make grants for training for workers who are below 200 percent of the federal poverty line, but are not eligible for welfare-to-work training assistance. The grants could go to local workforce boards, nonprofit providers, and educational institutions, or to partnerships among organizations.

35 **Workforce enhancement fee.** Suspends the workforce development assessment for four years, and enacts a workforce enhancement fee, which would be collected in the same way. The workforce enhancement fee would be split so that a portion would go to the workforce development fund, as is the case with the current assessment, but a portion would go to an unemployment insurance technology initiative. (Note that in section 32, the base unemployment insurance tax is lowered by .02 percent.)

36 **Unemployment insurance technology initiative.** Provides for an initiative to improve technology in the unemployment insurance program. Also lowers the base unemployment insurance tax by .02 percent of taxable wages.

The net effect of sections 31 and 32 is that under current law, assuming an employee earns \$10,000 in taxable wages, an employer with a zero experience rating (no history of layoffs) pays 0.1 percent (\$10) in unemployment taxes and an additional .07 percent (\$7) as a workforce development fee, for a total of \$17. The entire unemployment tax goes into the unemployment insurance trust fund, which gains \$10, and the entire workforce development assessment goes into the workforce development fund, which gains \$7.

Under the bill, the same employer would instead pay .08 percent in unemployment taxes (\$8) and .07 percent (\$7) as the "workforce enhancement fee," for a total of \$15.

Compared to the \$17 the employer pays under current law, the employer pays a total of \$2 less.

Of the \$15 the employer pays, the unemployment insurance trust fund gets all of the unemployment taxes, or \$8. The workforce enhancement fee of .07 percent is split between the workforce development fund, which gets .05 percent, or \$5, and the unemployment insurance initiative, which gets .02 percent, or \$2. The unemployment insurance trust fund loses \$2, the workforce development fund loses \$2, and the tech initiative gains \$2, so that accounts for the total of \$2 less for the employer.

37 **Sunset.** Provides that sections 31 and 32 expire on December 31 of 2005 and 2007 respectively.

38 **Importance.** Explains the significance of the Little Elk Heritage Preserve (which is designated a historic site elsewhere in the bill.)

39 **Historic site definition; Little Elk Heritage Preserve.** Provides that the portion of the preserve that is included as a historic site includes those portions that contain significant archeological or historic resources.

40 **Transfer to county historical society.** Allows the city of Anoka to transfer money from its library fund to its historical society.

41 **Board of accountancy fee.** Provides that the legislature approves the board of accountancy's fee increase suggested in the governor's budget. The board requested the fee increase based on increased costs of administering the tests.

42 **Electronic reporting; format.** Requires the department of labor and industry to consult with the International Association of Industrial Accident Boards and Commissions in

developing electronic reporting systems for use in workers' compensation, to accommodate conformity with a national standard where possible.

43 **Repealer.** Paragraph (a) repeals the statutory dislocated worker and displaced homemaker programs. Paragraph (b) repeals the regulation of search firms. Paragraph (c) repeals the authorizing language for the labor interpretive center.

44 **Effective date.** Provides that a 2000 law relating to applications to the public facilities authority applies to applications received after July 1, 2000.

### Article 3

#### Housing Program and Technical Changes

1- 4 Technical change to take into account new sections added to MHFA chapter of statutes.

5 Defines "metropolitan area" as the area within the seven counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington that is under the jurisdiction of the metropolitan council.

6 Technical change to take into account new sections added to MHFA chapter of statutes.

7 **Rehabilitation loans.** Allows MHFA to waive requirements that units be rented to households with low or modest incomes if the development has four or fewer units, one of which is occupied by the owner.

8 **Rehabilitation loans; existing owner occupied residential housing.** Removes requirement that deferred rehabilitation loans be forgiven after 10 years.

9 - 15 Technical change to take into account new sections added to MHFA chapter of statutes.

16 Technical change to take into account the definition of "metropolitan area" as the area under the jurisdiction of the metropolitan council.

17 - 18 Technical change to take into account new sections added to MHFA chapter of statutes.

19 **Separate accounts; transfers; limits.** Allows MHFA to aggregate investment earnings and to use them for costs and expenses for the development and operation of all agency programs funded by state appropriations.

20 **Manufactured home park redevelopment program.**

**Subd. 1. Establishment.** Directs the MHFA to establish a manufactured home park redevelopment program to make grants or loans to cities, counties, or nonprofits to assist with purchasing existing manufactured homes, to provide down payment assistance to prospective buyers of manufactured homes, and to make improvements in manufactured home parks.

**Subd. 2. Eligibility requirements.** Provides that households assisted under the program must have an annual income at or below 80 percent of the area median household income, with grantees giving preference to households under 50 percent of area median income. Requires that participation in the program be voluntary for park residents.

21 - 25 Technical change to take into account the definition of "metropolitan area" as the area under the jurisdiction of the metropolitan council.

26 **Rental housing.** Allows the Bridges program to fund project-based assistance as well as tenant-based assistance. Provides that income limits will be applied at initial occupancy.

27 Technical change to take into account new sections added to MHFA chapter of statutes.

28 **Certain appropriations available until expended.** Allows MHFA to pay for program costs with aggregated investment earnings on state appropriated moneys before redistributing the earnings back to the programs for which the original appropriation was

made.

- 29 **Family stabilization demonstration project.** Authorizes expenditures for rental  
assistance for family stabilization (RAFS) program, development, and operation costs.
- 30 **Disaster relief contingency fund.** Authorizes MHFA to establish a disaster relief  
contingency fund to provide grants and loans to assist in rehabilitation or replacement of  
housing damaged in natural disasters in areas designated by a presidential declaration.  
Authorizes the transfer to the fund of repayments on loans made under disaster relief  
appropriations.
- 31 **Manufactured home park redevelopment.** Authorizes expenditures for manufactured  
home park redevelopment program, development, and operation costs.
- 32 Technical change to take into account the definition of "metropolitan area" as the area  
under the jurisdiction of the metropolitan council.
- 33 Technical change to take into account new sections added to MHFA chapter of statutes.
- 34 Technical change to take into account the definition of "metropolitan area" as the area  
under the jurisdiction of the metropolitan council.
- 35 **Assistance to families grants TANF forecast adjustment.** Simplifies requirements for  
eligibility for rental housing assistance from 2000 session appropriation.
- 36 **Manufactured home park redevelopment report.** Requires MHFA to report to the  
legislature by February 1, 2003 on the effectiveness of the new manufactured home park  
redevelopment pilot program created by section 20 of this article.
- 37 **Repealer.** Technical. Repeals redundant definitions of "metropolitan area" and  
"agency."

#### Article 4

##### Housing Program Consolidation

- 1 **Low-income housing.** Adds provisions that would allow the housing trust fund account  
to be used for rental assistance and operating costs for low-income housing (these  
provisions are necessary for merging the rental assistance for family stabilization  
(RAFS) program into the housing trust fund program). Discontinues rental assistance  
when 30 percent of a household's monthly income equals the market rent plus utilities  
for the rental unit for four consecutive months.  
Removes authorization to use the housing trust fund for home ownership projects.  
Allows the housing trust fund account to be used for households whose income is up to  
60 percent of the metropolitan area median income, with at least 75 percent of the funds  
to be used for households at or below 30 percent of the metropolitan area median  
income. Current standards are: 75 percent of rental or cooperative units are for  
households at or below 30 percent of the metropolitan area median income, and 100  
percent of ownership units are for households at or below 50 percent of the metropolitan  
area median income.
- 2 **Report.** Adds provision to include information on rental assistance provided in the  
biennial report to the legislature on the use of the housing trust fund.
- 3 **Home ownership education, counseling, and training program.**  
**Subd. 1. Full cycle home ownership services.** Changes statement of program purpose  
to reflect consolidation of the full cycle home ownership services program and the  
foreclosure prevention and assistance program.  
**Subd. 2. Definition.** Adds "foreclosure prevention and assistance" and "postpurchase

property inspection" to the definition of full cycle home ownership services.

**Subd. 3. Eligibility.** Allows MHFA to include in eligibility criteria requirements for training and certification or accreditation.

**Subd. 4. Entry cost home ownership opportunity program.** No changes.

**Subd. 5. Selection criteria.** Authorizes MHFA to take into account geographical distribution of funds, prior experience of the applicant organization, reasonableness of the applicant's proposed budget, extent to which the applicant's efforts are targeted at households at or below 80 percent of the area median income, and extent to which the applicant is not duplicating similar efforts in the local area.

**Subd. 6. Designated areas.** Requires program administrators to designate areas, communities, or neighborhoods where the program will be operated.

**Subd. 7. Assistance to prevent mortgage foreclosures.** Adds provisions specifying what types of mortgage foreclosure assistance may be offered and requiring that no more than half of the funding may be used for mortgage or financial counseling services. Financial assistance may include payment of delinquent and future mortgage or contract for deed payments, property taxes, assessments, utilities, insurance, home improvement repairs, future rent payments, or relocation payments. Maximum assistance is \$5,500 per family for foreclosure prevention. Allows the agency to require repayment, including provisions requiring repayment upon sale of the property.

**Subd. 8. Report.** Requires nonprofit organizations delivering services under the program to submit a report to MHFA by January 10 every year on the number of people served and the sources of nonstate money used to fund the services. Requires MHFA to submit a report to the legislature by February 15 every year.

4 **Economic development and housing challenge program.** Adds economic development and housing challenge program to section authorizing MHFA to spend money for programs and for development and operating costs of programs.

5 **Created.** Adds demolition to the eligible uses of the economic development and housing challenge program. Defines gap financing. Requires that preference be given to proposals that include regulatory changes or waivers resulting in cost avoidance or cost reductions, and to proposals for projects accessible to transportation systems, jobs, and schools. Requires that land cleared by demolition be used for housing that meets the income limits of the program or for housing-related purposes benefitting persons in adjacent housing.

6 **Eligible recipients.** Eliminates preference for home ownership proposals.

7 **Contribution requirement.** Requires that 50 percent of the funds for the economic development and housing challenge program be used for proposals with an employer contribution.

8 **Income limits.** Adds language specifying that income limits apply at time of initial occupancy and that housing developed with the economic development and housing challenge program must be affordable to the local work force as well as meeting the income limits. Requires that preference be given to proposals that expand the range of housing opportunities for households with a range of incomes within a community or that provide housing for a range of incomes within the development.

9 **Limitation on return.** Provides that limitation on returns (ten percent of capital contributions) does not apply to owners of rental housing under this program if MHFA funds are less than 50 percent of the total costs.

10 **Repealer.** Repeals statutory provisions creating an advisory committee for the housing

trust fund program, establishing the mortgage foreclosure and prevention assistance program as a separate program, establishing a down payment and closing cost assistance program (redundant), and containing provisions that were relevant to the economic development and housing challenge program as a one-time demonstration program.

## Article 5

### Consistent Regulation of Managed Care Plans

- 1 **Definitions.** Defines 17 terms used in this article. The most significant definition is that of "managed care plan."
- 2 **Applicability and scope.** Provides that this new chapter of statutes applies to all health plan companies (insurance companies, health maintenance organizations (HMOs), and Blue Cross-type companies) that offer managed care plans in this state, except those companies whose Minnesota market share is less than five percent. Future references in this summary to "managed care plans" include only those with a market share of at least five percent. Notwithstanding the five percent limitation, specifies that this new chapter applies to all HMOs and all managed care plans that cover MA, GAMC, or MinnesotaCare enrollees. Provides that when this chapter requires all health plan companies to comply with a referenced law that now imposes a requirement on only one type of health plan company, the intent is that all health plan companies must comply with the referenced law as if the companies were the type of health plan company mentioned in the referenced law.
- 3 **Approval of managed care plans.** Provides that managed care plans must be approved by the commissioner under this section prior to being offered. Provides that the commissioner will approve applications for approval from health plan companies if the application and other information indicates that the plan will comply with this chapter and other applicable laws. Requires action by the commissioner on an application within 60 days after receiving a complete application and related materials.
- 4 **Standard application form.** Permits the commissioner to prescribe the application form and required supporting materials.
- 5 **Covered health care services.** This section specifies a minimum package of covered services that all group managed care plans with market share of five percent or more must provide. Permits all individual managed care plans to comply only with the benefit requirements that now apply to for-profit insurers. Requires that group managed care plans provide at least what is now the minimum benefit package for HMOs, subject to the right of the health plan company to exclude or limit certain benefits. The plan must cover all services that are covered benefits and are "medically necessary care," as defined in current rules that apply to HMOs. Limitations and exclusions are permitted, subject to advance approval by the commissioner, based on criteria specified in this section. Limits or exclusions based upon a service being "experimental, investigative, or unproven" must be no more restrictive than an existing rule that previously applied to HMOs. Use of a prescription drug formulary is permitted but must not be more restrictive than an existing rule that applies to HMOs. Other exclusions and limitations may be approved by the commissioner, if they are not unjust, unfair, or inequitable; and do not have the effect of substantially eliminating services otherwise covered by the plan. Permits the other current HMO limitations and exclusions as "safe harbors." Provides that managed care plans must comply with all other existing benefit requirements. Requires that managed care plans comply with existing HMO laws

requiring that mental health coverage of minors include coverage for family therapy and requiring coverage of second opinions for chemical dependency. Provides that this section does not override chapter 62L in regard to certain benefit sets permitted in the small employer market.

6 **Dispute resolution and utilization review.** Requires managed care plans to comply with existing laws that regulate dispute resolution and utilization review. Paragraph (b) reproduces an existing law (section 62D.12, subd. 19.), repealed later in this article, prohibiting HMO denials of coverage based on failure to obtain prior approval, if the service would have been approved had prior approval been sought. The effect of reproducing it here is to apply it to all managed care plans.

7 **Evidence of coverage.** Requires all managed care plans to provide the type of policy or certificate of coverage now required of HMOs.

8 **Information to enrollees.** Requires all managed care plans to provide enrollees with the same disclosures that HMOs are now required to provide to enrollees.

9 **Enrollees held harmless.** Requires all managed care plans to prohibit providers from charging enrollees for covered services, other than required deductibles, coinsurance, and copayments.

10 **Enforcement.** Provides the commissioner with enforcement authority under this chapter. Provides that administrative penalties will be limited to a maximum of \$25,000 per violation.

11 **Delegations of responsibility and sharing of risks.** This section involves delegation agreements, in which health plan companies contract with providers such as hospitals and clinics, preferred provider organizations, and other entities to provide to enrollees the services to which the enrollees are entitled under a managed care plan. This includes so-called "carve-out" arrangements in which a health plan company "subcontracts" out the provision of certain benefits, such as mental health or chiropractic care. Provides that delegation agreements must be approved in advance by the commissioner, must permit the commissioner to monitor performance, and must retain the principle that the health plan company is ultimately responsible to the enrollee for providing the services promised to the enrollee under the managed care plan. Clarifies that agreements with health care providers are delegation agreements and therefore subject to this section. Permits health plan companies to shift risk to providers in connection with managed care plans. [Such shifting of risk can take place in a variety of forms, such as capitation payments in which providers agree to receive a fixed dollar amount per month per enrollee, with the providers bearing the risk of higher than expected use of health care services.]

12 **Subrogation and coordination of benefits.** This section deals with situations in which a managed care plan is not "primary" in connection with health care services covered by the managed care plan. This can involve a situation called subrogation, which involves a health plan company's right to assert the enrollee's right to recover the costs of care it provided from another party that is liable for the costs, such as an negligent automobile driver, an employer in a work related injury, or some other third party that may have caused the injury

of illness. Another situation in which a managed care plan may not be primary is when the enrollee is also covered by another health plan, often as a dependant on someone else's coverage. In that situation, health plans "coordinate benefits" based on certain rules determining whose coverage obligation is primary. This section permits managed care plans to contain subrogation clauses permitted by current law. It permits managed

care plans to coordinate benefits based upon existing commerce department rules. It prohibits managed plans from refusing to provide services on the grounds that the plan is not primary. The plan must first provide health care services and then pursue subrogation or coordination of benefits if appropriate.

- 13 **Quality assessment and performance improvement.** This section requires all managed care plans to be accompanied by documented efforts on the part of the health plan company to assess and improve the quality of the health care services provided. This section describes the type of program required, the supervision by the commissioner, and the reporting of results. Specifies that the commissioner may under certain circumstances accept quality assessments provided by independent organizations. These requirements are similar to those that now apply to HMOs under health department rules. This section is not effective until 2004.
- 14 **Network adequacy.** Specifies guidelines requiring managed care plans to provide networks of providers organized so as to provide enrollees with adequate access to different types and levels of care. Establishes the standard of access within 30 miles or 30 minutes of travel time for primary care, mental health care, and a general hospital. Establishes a 60 miles or 60 minutes standard for specialty and other services. Permits health plan companies to seek exceptions to a standard if it is not feasible in a particular geographical area. Prohibits managed care plans from denying enrollment or continued enrollment on the basis that the person lives or works outside of the plan's service area, if the person acknowledges that the person will be able to receive only whatever benefits, such as emergency care, are available outside of the service area. This section is not effective until 2004.
- 15 **Provider contracts.** Specifies requirements for contracts between providers and managed care plans. This section is not effective until 2004.
- 16 **Uniform enrollee cost-sharing.** Specifies that maximum copayments under managed care plans must not exceed 50 percent, except for out-of-network services, non-formulary prescription drugs, and other "noncovered benefits." Provides further that copayments must not be unfair, unjust, or inequitable. Permits copayments calculated as a percentage or a fixed-dollar equivalent. Specifies that deductibles for managed care plans must not exceed limits of, for group plans, \$5,000 per person per year or \$10,000 per family, and for individual plans, \$10,000 per person per year or \$20,000 per family. Limits annual out-of-pocket amounts to \$8,000 per person on group plans and \$15,000 on individual plans. Provides that covered charges count toward the deductible whether incurred from participating or nonparticipating providers. Requires a lifetime maximum benefit limit no lower than \$2.8 million. Provides that this section does not override other statutes requiring lower cost-sharing or higher cost-sharing permitted under chapter 62L for small employers. The effect of this section is to permit greater cost-sharing by HMO enrollees, while using that same limit for non-HMO managed care plans, which now have no limit on cost-sharing.
- 17 **Repealer.** Repeals statutes and rules that deal with matters that are now covered by this article.
- 18 **Effective date.** Makes this article, except for sections 13 to 15, effective January 1, 2002, and apply to managed care plans issued or renewed on or after that date. Delays the effective date for sections 13 to 15 until January 1, 2004.



## Article 6

### Related and Conforming Changes in Managed Care Regulation

- 1, 4, 6, 8-29, 31-34, 36-39, 41-43, and 45-55
- 1     **Transfer of HMO regulatory authority.** These sections all transfer regulatory authority for HMOs and similar entities from the commissioner of health to the commissioner of commerce and make changes conforming to that transfer.
- 1     **Coverages; transfers to substantially similar products.** Extends to HMOs a law now requiring insurance companies and Blue Cross to protect enrollees in nongroup coverage from becoming stuck in what is known as the death spiral resulting from closed blocks of business. This law requires that when a health plan company closes a nongroup policy form to new purchasers, it must permit current enrollees to move to another similar plan that is not closed.
- 3     **Preexisting conditions disclosed at time of application.** Extends to all types of health plan companies an existing law prohibiting post-claims underwriting based on health conditions disclosed in the application for coverage.
- 5     **Health maintenance contract.** Amends cost-sharing limits for HMOs to conform to changes made in article 1.
- 7     **Grounds for suspension or revocation.** Adds three additional grounds for suspension or revocation of authority to sell health coverage in this state. As a result of article 1, this section, as amended here, will apply to all health plan companies offering managed care plans. Also makes changes relating to transfer of regulatory authority.
- 30    **Action plans.** Revises current requirement that health plan companies file action plans to describe their policies with regard to use of certain providers and serving certain populations. Limits the requirement to companies in the managed care market. Eliminates all components of action plans except those related to serving the needs of high risk and special needs populations. Eliminates an exclusion for companies that cover fewer than 50,000 enrollees in Minnesota. Also, makes changes conforming to the change in regulatory authority.
- 35    **Local ombudsman.** Eliminates obsolete language.
- 40    **Application.** Partially eliminates a current exemption from the requirement of an internal review process for denied claims. The exemption applies to for-profit insurers and certain plans that offer only dental or vision coverage. The exemption for these companies is eliminated for their managed care plans only.
- 44    **Bookkeeping; reporting.** Partially eliminates a distinction in current law that permits for-profit insurance companies to retain records of denied claims for a shorter period of time than other health plan companies. This section eliminates the distinction for claims submitted under managed care plans.
- 56    **Study and report.** Requires the commissioner of health to report to the legislature on the effects of different types of health plan regulation in the state.
- 57    **Repealer.** Repeals most of a statute requiring expanded provider networks of nonphysician providers, and an obsolete statute dealing with out-of-area primary care.
- 58    **Effective dates.** Provides effective date of January 1, 2002 for this article. Its effect on health plans will occur when a plan is issued or renewed on or after that date.

## Article 7

### Minimum Benefits Conformity

This article makes the changes needed to make required benefits ("mandates") consistent across types of health plan companies, such as for-profit insurers, Blue Cross Blue Shield, and HMOs.

## Article 8

### Public Service Consolidation

- 1 **Consolidation of state regulation of commerce.** States that in order to make state government more efficient, all regulation of commerce is being reorganized into a single department, and the transfer of responsibilities is governed by existing law. Abolishes the department of public service.
- 2-13 **Codification of reorganization.** These sections make changes to statutory references, generally eliminating references to the department of public service or the commissioner of public service. These references are changed so that they refer instead to the department of commerce or, where applicable, the state energy office within the department of commerce.
- 14 **Commissioner.** Adds language to the statutory description of the duties and powers of the commissioner of commerce, stating that the commissioner has the powers that were available to the department of public service under several chapters of existing law.
- 15-39 **Codification of reorganization.** Similar to sections 2 through 13 above. Most responsibilities are transferred to the department of commerce, but a few regulatory responsibilities of the department of public service are transferred to the department of transportation.
- 40 **Low-income rate programs; report.** Deletes language requiring the public utilities commission and the department of public service to report on low-income rate programs, a report that was due in January of 1998.
- 41-70 **Codification of reorganization.** Includes the transfer of the weights and measures from the department of public service to the department of commerce.
- 71 **Annual inspection.** Provides that light capacity scales in retail establishments may not be inspected more than once every three years unless the owner requests an inspection, the scale has been repaired, or the scale is inspected as part of an investigation. Provides that packaged food commodities in retail food establishments may not be inspected more than every three years except as part of an inspection.
- 72-75 **Codification of reorganization.**
- 76 **Repealer.** Repeals language establishing the department of public service.
- 77 **Instruction to revisor.** Specifies other places in statute where department references are to be changed.
- 78 **Effective date.** Makes this article effective July 1, 2001.

## Article 9

### Electrical Act Amendments

Generally, this article provides for the licensing of "power limited technicians," who would be able to work on certain low-powered electrical systems without being licensed as electricians. It would then allow individuals who need this kind of work done to have it done by these contractors. Where the summary refers to "conforming changes," the bill makes general language changes to reflect this basic premise.

- 1           **Contractor.** Changes the current definition of an "electrical contractor" to a more  
general definition of a "contractor."
- 2           **Personal supervision.** Conforming changes.
- 3           **Demarcation.** Defines this term to include certain electrical equipment that isolates  
technology circuits or systems from other circuits or systems.
- 4           **Residential dwelling.** Defines this term.
- 5           **Power limited technician.** Defines this term to mean a person who has the training,  
experience, and knowledge to work with technology circuits and systems and to  
supervise the work of others on those circuits and systems.
- 6           **Technology circuits or systems.** Includes a variety of circuits and systems for purposes  
such as remote-control, audio, signaling control, and alarm, as well as some antenna  
equipment, communications equipment, and landscape lighting,
- 10710       **Conforming changes.**
- 11          **Power limited technician.** Outlines the requirements for working as a power limited  
technician, including training, experience, and testing.
- 12          **Unlicensed person.** Makes conforming changes, and provides that a person licensed to  
work on technology circuits can supervise up to five other people. In most electrical  
work, a licensed person can supervise only two other people.
- 151315      **Conforming changes.**
- 16          **Employment of master electrician or power limited technician.** Makes conforming  
changes and adds limited liability companies to the business forms that are included in  
the existing statute.
- 17          **Examination.** Deletes language providing for the examination and licensing of  
journeyman or special electrician licenses, and adds language providing for the  
examination and licensing of individuals seeking a personal license.
- 231823      **Conforming changes.**
- 24          **Technology systems.** Replaces existing language providing for alarm and  
communication systems with language relating to technology systems.
- 272527      **Conforming changes.**
- 28          **Terms for power limited contractors and power limited technicians.** Provides for a  
two-year term for one of the initial power-limited contractors appointed to the board of  
electricity.
- 29          **Instruction to revisor.** Conforming changes.
- 30          **Repealer.**