

HOUSE RESEARCH

Bill Summary

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Overview

This bill contains a variety of provisions related to economic development. Included are extensions of unemployment benefits for certain workers, miscellaneous provisions related to the department of trade and economic development, a provision increasing the share of redevelopment funding for rural Minnesota, a provision to allow money to be collected to pay interest that the state may need to pay if it needs to borrow money from the federal government in order to pay unemployment benefits, and a provision to transfer funds to the workforce development fund by using newly available federal funds to pay for a project in the department of economic security.

Article 1: Unemployment Insurance

Section

- 1 **Solvency assessment.** Provides for an assessment on unemployment insurance taxes of between two and eight percent of all taxes due for a calendar year if the commissioners of economic security and finance determine that the state will need to make an interest payment during that year. Any amount over what is needed to pay the interest would go into the unemployment insurance trust fund. This is effective the day following final enactment.
- 2 **Data sharing.** Amends existing law that authorizes the departments of revenue and labor and industry to exchange taxpayer identity information on employers and employees for specified purposes. Adds to current law that information may be exchanged for purposes of the minimum wage law and chapter 181 on miscellaneous employment laws.
- 3 **Food service workers; unemployment insurance.** Provides that wage credits earned by contract food service employees in an elementary or secondary school may be used for unemployment benefit purposes. This section expires December 31, 2004.
- 4 **Unemployment insurance base tax rate.** Provides that the unemployment insurance base tax rate is .38 percent for calendar year 2003.

5 **Extra unemployment benefits.**

Subd. 1. Describes employees eligible for extra unemployment benefits. These benefits are available to an applicant:

who was laid off due to lack of work between September 11, 2001 and June 1, 20022002 from specified airlines and related industries;

who was laid off on or after January 1, 2002, due to a lack of work from the St. Cloud,Cloud, Eveleth, and Mora area locations of Fingerhut Companies, Incorporated;

who was laid off on or after July 8, 2001, due to lack of work from Farmland FoodsFoods Company in Freeborn County;

Subd. 2. Provides that benefits are payable from the same fund as other unemployment benefits.

Subd. 3. Authorizes extra benefits for employees who are eligible under subdivision 1 until December 31, 2003 if:

(1) a majority of wage credits were with an eligible employer;

(2) the applicant meets eligibility requirements;

(3) the applicant is not disqualified under regular unemployment rules;

(4) the applicant is not eligible for any other federal or state unemployment benefits;

(5) the applicant meets training requirements; and

(6) the applicant qualifies for a new regular benefit account at any time after exhausting regular unemployment benefits as a result of the layoff under subdivision 1.

Subd. 4. Provides that the weekly extra benefit amount will be the same as the regular weekly benefit amount.

Subd. 5. Provides for 13 weeks of extra benefits.

Subd. 6. Provides that the extra benefit program will expire December 31, 2003, and that no extra benefits may be paid after that date.

Subd. 7. Provides that this section is effective immediately and is retroactive to June 1, 2001.

6 **Findings.** States the reasons that the benefits provided in section 5 are considered appropriate by the legislature.

7 **Payment of special state temporary extended unemployment benefits.**

Subd. 1. Provides temporary extended unemployment benefits to an applicant who does not qualify for benefits under the federal Temporary Extended Unemployment Compensation Act of 2002. Provides that an applicant may not receive more than a combined total of 13 times the applicant's weekly benefit amount available under the federal act and this section.

Subd. 2. Prohibits special state temporary extended unemployment benefits paid from being used in computing future unemployment tax rates of taxpaying employers or from being charged to reimbursing employers.

Subd. 3. Provides that this program expires December 28, 2002, and that no payments under this section shall be paid for any week after the expiration date.

8 **Study.** Directs the Unemployment Insurance Advisory Council to prepare a report on the long-term solvency of the Minnesota unemployment insurance program trust fund. The report must be presented to the Legislature by January 15, 2003.

- 9 **Reed Act federal funds appropriation.** Appropriates \$12,000,000 of "Reed Act" funds received from the federal government for unemployment insurance administration.
- 10 **Workforce development fund transfers.** Provides that up to \$12,000,000 in collections from an assessment that would otherwise go to the unemployment insurance technology initiative is transferred to the workforce development fund. The understanding is that the funds provided in section 9 can fully fund the technology initiative.
- 11 **Transfers.** Transfers money from the general fund to the workforce development fund, primarily in fiscal years 2004 and 2005.

Article 2: Trade and Economic Development

- 1 **Export finance authority.** Removes a reference to the export finance authority.
- 2 **Enumeration.** Removes a requirement that the commissioner of DTED report certain statistics relating to companies that have left the state and moved to other states or countries.
- 3 **Definitions.** Removes the definition of the conference and service center.
- 4 **Duties.** Removes a reference to duties related to the conference and service center.
- 5 **World trade center account.** Removes a reference to the conference and service center.
- 6 **Cost allocations.** Provides that a waiver on certain cost limitations may be granted for the allocation of Dislocated Worker Program funds if funds, other than state funds appropriated for the program, are used to fund training assistance.
- 14714 **Urban initiative board.** These sections make several modifications to the Urban Initiative Board. Changes the definition of "low-income area;" authorizes the board to guarantee challenge grant loans to nonprofit corporations; provides that the amount of state funds contributed to any loan or loan guarantee may not exceed 50 percent of each loan, and strikes the provision that the amount of nonstate money must equal at least 50 percent for each loan; provides that microenterprise loans may be made for a maximum of \$25,000; authorizes the board to guarantee loans to new and expanding businesses and specifies certain loan and repayment criteria; and provides that a nonprofit corporation that receives a challenge grant must comply with the reporting requirements.
- 15 **Project area development authority.** Authorizes the Commissioner of the Iron Range Resources Rehabilitation Board to spend money to acquire real or personal property, and to establish and participate in charitable foundations and nonprofit corporations for the Ironworld Discovery Center area to foster economic development and tourism. The Commissioner currently has this authority for the Giants Ridge Recreation Area.
- 16 **Section 16** authorizes the Commissioner of the Iron Range Resources Rehabilitation Board to spend money in the same manner as private firms for the promotion of tourism, trade, and economic development. Provides that an expenditure for food, lodging, or travel is not governed by the travel rules of the Commissioner of Employee Relations.
- 17 **Intended use plan.** Current law requires the PCA to file the intended use plan with the EPA. This section changes this requirement to the PFA. Changes some requirements related to the preparation of the plan.
- 18 **Bonding authority.** Raises the limit on bonds issued by the public facilities authority from \$850,000,000 to \$1,000,000,000.
- 19 **Partnerships for tourism.** This section relates to a 2001 appropriation to the office of tourism for partnerships with local interests to promote tourism. This section would provide that the appropriation is available until spent.
- 20 **Reinstatement of law.** As part of changes made to the state dislocated worker program in 2001, a section of state law that provided for additional notice to the state when layoffs occur (over

and above any notice required under federal law) was repealed. This section would reinstate that provision.

21 **Repealers.** Repeals two provisions relating to the Export Finance Authority; and repeals certain authority given to the city of Chisago relating to annexation agreements.

Article 3: Background Checks

1 **Background checks.** Prohibits an employer from requiring an employee or prospective employee to pay for criminal or background checks, credit checks, or orientation, except in the case of school district background checks, or as otherwise provided in law. It also prohibits an employer from requiring an employee or prospective employee to pay for training or testing that is required by state or federal law, or that is required for the employee to maintain the employee's current position, unless the training is for a license, registration, or certification.

Article 4: Redevelopment Grants

1 **Characteristics.** Current law provides for redevelopment funds from DTED to be given in a balanced way to both metro and rural Minnesota projects, with at least 25 percent going to rural projects. This section increases this to a 50 percent split, provided that adequate applications are received for both metro and rural projects.

2 **Brownfield site; acquisition.** Specifies that funds in the Redevelopment account allocated for sites within the metropolitan area may be used for the purchase of a brownfield site for a facility to house the Department of Military Affairs' training and community center.

Article 5: School Conference and Activity Leave

1 **Foster child.** Provides that parents of foster children have the same benefits for school conference and activity unpaid leave as parents of biological and adopted children.

Article 6: Youth Employment

1 **Youth employment.** Provides that priority will be given for projects that use Youthbuild labor for at least 25 percent or \$50,000 of the grant, whichever is less, provided that the work is appropriate for Youthbuild, and the use of Youthbuild will not increase project costs.

Article 7: Competitive Bidding for Utilities

1 **Identification and evaluation; competitive bidding criteria.** Directs the commissioner of commerce to identify and evaluate various criteria which a utility could use in evaluating and selecting bids in a competitive bidding process.