

HOUSE RESEARCH

Bill Summary

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Overview

This bill establishes a business loan program for small businesses injured by the military deployment of an essential employee. \$1 million is appropriated to the commissioner of DEED for placement into a revolving account established for the program.

The bill also amends the state's dislocated worker program by broadening eligibility to include certain veterans who had been deployed for active military service and whose earnings are thereby less than what they verifiably could be earning.

The bill also amends unemployment compensation law by adding an exemption from an increase in the future unemployment compensation tax rate for the employer of a replacement worker who has been hired for six months or longer as the replacement for an employee who was ordered into active military service and has since returned to employment.

Section

1 Veterans Economic Injury Business Loan Program Established.

Subdivision 1. Definitions.

Section

“Active service” broadly includes federal, federally-funded state, and state active service.

“Eligible business” means a small business as defined in section 645.445, as being for-profit, not a subsidiary of another business, having 20 or fewer employees, and under \$1 million in annual gross revenues, or if a professional or technical service, under \$2.5 million.

“Essential employee” means a military reservist who is an owner or employee of an eligible business and whose managerial or technical expertise is critical to the day-to-day operation of the business.

“Military reservist and reserve component of the armed forces” are defined to include members of the National Guard and other reserve units of the United States military.

“Substantial economic injury” is also carefully defined in clause (h).

Subd. 2. Loan program. Provides that the commissioner of DEED may make one-time, interest-free loans of up to \$20,000 to eligible businesses that have sustained, or are likely to sustain, substantial economic injury as a result of the mobilization to active service for 180 days or more of an essential employee. Loans must be for the purpose of preventing, remedying, or ameliorating the substantial economic injury.

Subd. 3. Revolving Loan Account. Directs the commissioner of DEED to establish a special revolving loan account for monies appropriated, loaned, and paid back to the program, with a standing appropriation for continuing to make loans under the program.

Subd. 4. Expedited Rulemaking. Authorized.

- 2 **Dislocated Workers’ Fund.** Broadens the definition of dislocated worker to include a veteran who has been released from honorable active military service within the past 36 months, and who is employed in a job which pays less than what the veteran could earn given additional marketable skills obtained during military deployment. This program provides eligible persons with short- or long-term training, employment transition services, and/or certain related support services.
- 3 **Unemployment Compensation Tax.** A mends unemployment compensation law by adding an exemption from an increase in the future unemployment compensation tax rate for the employer of a person who has been hired for six months or longer as the replacement for an employee who was ordered into active military service and who has been laid off upon the return of that citizen/soldier employee.
- 4 **Appropriation.** Appropriates \$1 million to the commissioner of DEED to establish the revolving loan account for the small business loan program. Available until expended.