

HOUSE RESEARCH

Bill Summary

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Article 1: Appropriations

Summary of Appropriations.

- 2 **Jobs and Economic Development.** Defines fiscal years and biennium.
- 3 **Department of Employment and Economic Development Appropriations.**

Provides direct appropriations to all programs in fiscal year 2012 and directs the commissioner in consultation with others to develop and implement three new competitive grant pilot programs- business development, adult workforce development, and youth workforce development-as a mechanism to provide public funding beginning in fiscal year 2013. Programs and funding mechanisms are highlighted below.

Item	Direct Appropriation by Fiscal Year	Competitive Grant by Fiscal Year
<i>Business and Community Development</i>		
Contaminated Site Cleanup	2012-2013	
Women Venture	2012	2013
Metropolitan Economic Development Association	2012	2013
BioBusiness Alliance	2012	2013
Minnesota Inventors Congress	2012	2013
Rural Policy and Development Center	2012	2013
Entrepreneur and Small Business Development	2012	2013
<i>Workforce Development</i>		
Minnesota Job Skills Partnership	2012-2013	

Vocational Rehabilitation	2012-2013	
State Services for the Blind	2012-2013	
Centers for Independent Living	2012-2013	
Extended Employment - Disabled	2012-2013	
Employment Services MI	2012-2013	
Twin Cities RISE	2012	2013
Northern Connections	2012	2013
Rise, Inc.	2012	2013
Lifetrack Resources	2012	2013
Opportunities Industrialization Centers	2012	2013
Minnesota Youth Program	2012	2013
Minneapolis Summer Youth	2012	2013
Minneapolis Learn to Earn	2012	2013
Minnesota Alliance of Boys and Girls Club	2012	2013
St. Paul Summer Youth Employment	2012	2013
Youthbuild	2012	2013
Deaf/Hard of Hearing/DeafBlind Interpreters	2012	2013

4 Housing Finance Agency. Appropriates funds for the following:

- Challenge Program
- Housing Trust Fund
- rental assistance for the mentally ill
- family homeless prevention
- Home Ownership Assistance Fund
- Affordable Rental Investment Fund
- housing rehabilitation
- homeownership education, counseling, and training
- capacity building grants

5 Department of Labor and Industry. Appropriates funds for the following items:

- workers compensation
- Vinland Center
- labor standards and apprenticeship programs
- prevailing wage enforcement
- apprenticeship and LEAP

6 Bureau of Mediation Services.

- 7 **Workers' Compensation Court of Appeals.**
- 8 **Board of Accountancy.**
- 9 **Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design.**
- 10 **Board of Cosmetologist Examiners.**
- 11 **Board of Barber Examiners.**
- 12 **Minnesota Science and Technology Authority.**
- 13 **Transfer from the UI state administration fund to the general fund.**

Article 2: Economic Development and Miscellaneous Provisions

- 1 **Expenditure.** Of the annual appropriation from the PetroFund to the commissioner for contamination cleanup grants, \$800,000 may be used without regard to petroleum contamination requirements.
- 2 **Monitoring pass-through grants.** Directs the commissioner of DEED to monitor the outcomes and activities of programs and services funded by pass-through grants. Authorizes the commissioner to retain up to 5 percent of the amount appropriated for the grants for administering and monitoring.
- 3 **Grant account.** Technical change regarding applicable funds in which the contaminated site cleanup and development grant account may be created.
- 4 **Small business loan guarantee program.** Establishes a program through which the state would guarantee up to 70 percent of the amount of money loaned to a small business. The maximum guarantee amount would be capped at \$1,500,000 per loan. Loans eligible for the guarantee would be those to small businesses with fewer than 500 employees in the state, and which would be used for business purposes exclusively in Minnesota including: construction, remodeling, or renovation; leasehold improvements; land and building purchases; business acquisitions, including employee stock ownership plan financing; machinery or equipment purchases, maintenance, or repair; moving expenses; and working capital when the capital is secured by fixed assets. A guarantee would be provided only when a bank or other commercial lender provides at least 50 percent of the total amount loaned to the small business. The guarantee amount would apply only to that portion of the loan that was made by QED lender. A QED lender-a Qualified Economic Development lender-is a public or private economic development organization headquartered in Minnesota, that has at least three years of active lending experience in providing financing to small businesses in partnership with other commercial lenders, and which originates subordinated loans to small businesses for sale to the secondary market. A subordinated loan is a loan secured by a lien that is lower in priority than other specified liens.

Any loan guarantee made under this program would be subject to the following requirements:

- Principal and interest payments be applied by the loan purchaser to reduce the guaranteed and nonguaranteed portion of the loan on a proportionate basis. The nonguaranteed portion may not receive preferential treatment;
- Loan purchasers cannot accelerate repayment of the loan or exercise other remedies in the case of a default unless the borrower failed to make required principal and interest payments, the state consents in writing, or the loan guarantee agreement provided for accelerated repayment or other remedies. A loan purchaser cannot make a demand for

payment under the guarantee unless the state agrees in writing;

- A written commitment exists from at least one secondary market investor to purchase the loan;
- The QED lender has timely prepared and delivered to the state each year, an audited or reviewed financial statement for the loan along with documentation that the borrower used the loan proceeds solely for purposes of its Minnesota operations;
- The commissioner of employment and economic development has access to original loan documents;
- QED lenders maintain adequate records and documents concerning the original loan so that the state may determine its financial condition and compliance with program requirements; and
- There are provisions for orderly liquidation of collateral securing the original loan in the case of a default. The commissioner would have the option to acquire the loan purchaser's interest in the assets.

A loan guarantee trust fund is established to pay for defaulted loan guarantees. Participating lenders would pay a fee equal to .25 percent of the principal amount of each guaranteed loan. DEED is directed to prepare loan guarantee application forms and administer the loan notice and application process and decide whether to provide a loan guarantee.

- 5 Overpayment because of fraud.** Specifies that payments made toward UI penalties are credited to the contingent account.
- 6 Interest.** Directs that interest payments related to UI fraud penalties are deposited in the contingent account.
- 7 Contingent account.** Statutorily reallocates funds in the UI contingent account to the general fund beginning in fiscal year 2012.
- 8 Evaluation.** Extends the deadline to October 31 each year for the submission to the commissioner of independent compliance audits of extended employment service providers.
- 9 Occupation taxes apportioned.** Reduces the allocation based upon occupation taxes for region three by one-half (from 1.5 cent to .75 cent).
- 10 Combative sports commission fees.** Provides for fee changes to make the commission supported by fee revenue.
- 11 Combative sports commission.** Strikes 2009 session law language that eliminated the combative sports commission on July 1, 2011, if it was found to be not self-supporting.

Article 3: Labor and Industry

- 1 Application.** Strikes language relating to independent contractor exemption certificate registration that specifies that when a person submits a simultaneous application for a residential contractor or remodeler license and an independent contractor exemption certificate, the fee is \$150. Also adds language that gives the commissioner the authority to file and enforce unpaid penalties as a judgment in district court without additional notice or proceedings.

- 2 **Enforcement.** Corrects a statutory reference regarding enforcement.
- 3 **Deposits.** Clarifies DOLI fees that are deposited in the construction code fund.
- 4 **Definitions.** Provides new definition of qualifying individual as person responsible for obtaining continuing education on behalf of contractors, remodelers or roofers.
- 5 **Continuing education.** Clarifies continuing education requirements applicable to seminars offered by the department; adds refund requirement for cancelled seminars.
- 6 **Continuing education; nondepartment seminars.** Creates a new section applicable to seminars offered by an entity other than the department.
- 7 **Effective date of rules.** Changes the effective date of state building code rules from 180 days after the rule is filed with the secretary of state, to 180 days after the publication of the rule's notice of adoption in the state register.
- 8 **Computation.** Extends the \$5 permit surcharge through June 30, 2013.
- 9 **Backflow prevention rebuilder.** Provides definition of backflow prevention rebuilder.
- 10 **Backflow prevention tester.** Provides definition of a backflow prevention tester.
- 11 **Plumbing contractor.** Changes term responsible "licensed plumber" to responsible "individual."
- 12 **Responsible individual.** Changes term responsible "licensed plumber" to responsible "individual."
- 13 **Restricted plumbing contractor.** Changes term responsible "licensed plumber" to responsible "individual."
- 14 **Powers; duties; administrative support.** Modifies powers and duties of the plumbing board to include: the authority to adopt rules regarding licensure of restricted plumbing contractors; certification of and continuing education for persons engaged in medical gas system installation, maintenance or repair; and certification of and continuing education for backflow prevention rebuilders and testers. Authorizes the board to recommend registration fees.
- 15 **Reduced pressure backflow prevention rebuilders and testers.** Requires backflow prevention rebuilder and backflow prevention tester certificates for testing, maintenance, repair, or rebuilding of reduced pressure zone backflow prevention assemblies. Prohibits anyone from performing or offering to perform this work unless they have a plumbing contractor license. Provides that certificates are good for two years and requires the board to adopt expedited rulemaking that expires December 31, 2014. Existing certificate programs that require at least 16 contact hours and include passage of an exam are allowed until the board adopts rules.
- 16 **Medical gas systems.** Aligns medical gas certification with the fee schedule enacted in 2010 and the two-year licensing cycle. Clarifies that persons who work with medical gas systems must hold a plumbing contractor license. Changes the term "person" to individual." Updates and clarifies references to requirements of the American Society of Sanitary Engineering (ASSE) and the National Fire Protection Association (NFPA) for the purpose of licensing exemptions. Specifies that fees for an initial or renewed medical gas certificate are at the level of a journeyman license.
- 17 **License required.** Technical; corrects a statutory cross-reference.
- 18 **Exemptions from licensing.** Changes term "responsible person" to "responsible individual" and clarifies that those who do pipe laying do not need a plumbing contractor license if they have posted a

bond and maintain the required liability insurance.

- 19 Employment of master plumber or restricted master plumber.** Changes term "responsible person" to "responsible individual."
- 20 Bond; insurance.** Clarifies that persons that perform sewer or water service installation do not need a contractor's license; they must meet the same bond and liability insurance requirements as a plumbing contractor.
- 21 Bond insurance exemption.** Provides that an individual—who is either a licensed plumber or who has completed approved pipe laying training—employed by a person in compliance with bond and insurance requirements, does not personally need to meet those requirements.
- 22 Registration; supervision; records.** Clarifies that individuals that have completed pipe laying training do not have to register as unlicensed persons. Provides clarification of registered unlicensed individuals.
- 23 Registration, rules, applications, renewals, and fees.** Clarifies reference to the Plumbing Board.
- 24 Application, examination, and license fees.** Technical coordination with definitions of "person" and "individual." Clarifies that persons that perform sewer or water installation that do not have a contractor's license must pay a bond filing fee consistent with that for filing a mechanical bond.
- 25 Bonds.** Removes obsolete reference to water conditioning installer.
- 26 Fees; renewal.** Removes obsolete reference to water conditioning installer.
- 27 Appropriate and related knowledge.** Clarifies definition for more general application.
- 28 Classroom hour.** Clarifies definition.
- 29 Medical hardship.** Clarifies definition.
- 30 Regulated industry.** Clarifies definition.
- 31 Purpose.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 32 Content.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 33 Internet continuing education.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 34 Course approval.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 35 Courses open to all.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 36 Course sponsor.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 37 Responsibilities.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.

- 38 Instructors.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B. Requires instructors dealing with electricity, plumbing or high pressure piping to comply with rules adopted by the respective boards.
- 39 Prohibited practices for sponsors and instructors.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 40 Course tuition.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 41 Advertising courses.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 42 Notice to students.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 43 Falsification of reports or certificates.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 44 Waivers and extensions.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 45 Reporting requirements.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 46 Continuing education approval.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 47 Continuing education fees.** Technical; provides for consistent continuing education requirements by nondepartmental entities for trades regulated under chapter 326B.
- 48 Sign contractor bond.** Aligns with fee schedule enacted in 2010.
- 49 Verified application.** Relates to applications for payment from the Contractor Recovery Fund by clarifying that payouts do not include any attorney fees or costs that aren't directly related to the value difference between what was contracted for and what was provided.
- 50 Administrative hearing.** Clarifies that the commissioner, owner or lessee may seek judicial review of an administrative law judge's order regarding compensation from the Contractor Recovery Fund under the provisions of chapter 14, the Administrative Procedures Act.
- 51 Requirement; used manufactured homes.** Requires licensed or limited manufactured home retailers to retain at least one copy of compliance forms to meet dealer record requirements.
- 52 Alternative design plan.** Adds local building officials and third-party inspectors to the list of those to whom an alternative frost-free design slab for new or used manufactured homes may be submitted. The compliance standards are amended to be either the federal installation standard in effect at the date of manufacture, the manufacturer's installation manual, or the Minnesota State Building Code. A permit must be issued within ten days of receipt by the department or the approving authority.
- 53 Reinstallation requirements.** Removes the reference to single-section used manufactured homes.
- 54 Notice requirement.** Removes the reference to single-section used manufactured homes.
- 55 Enforcement.** Authorizes municipalities that have adopted the state building code to do manufactured housing installation inspections and review plans in areas that have not adopted the

code.

- 56** **Fees.** Provides that municipalities that provide inspection services in noncode areas must charge fees equal to those imposed in code areas. Third-party vendors may charge their usual and normal fees.
- 57** **Payment to manufactured home relocation trust fund.** Establishes a \$1 million cap on manufactured home park owner payments into the manufactured home relocation trust fund, so that if the balance in the fund is over \$1 million at the end of a fiscal year, park owners do not get assessed for payments for the subsequent fiscal year. The fund is used for compensation to manufactured home owners under certain conditions when a manufactured home park is closed or converted to another use.
- 58** **Revisor's instruction.** Provides for renumbering of statutes.
- 59** **Repealer.** Repeals sections 326B82, subdivisions 4 ("coordinator" replaced with "sponsor" and defined in another section); subdivision 6, obsolete definition of licensee; and section 326B.821, subdivision 3, specific continuing education requirement that is dealt with generically.