

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 2065

1.2 A bill for an act  
1.3 relating to labor and industry; extending an independent contractor registration  
1.4 pilot project; exempting certain sawmills from high pressure boiler attendance  
1.5 requirements; amending Minnesota Statutes 2012, sections 181.723, subdivisions  
1.6 4, 4a, 5, 7; 326B.988; proposing coding for new law in Minnesota Statutes,  
1.7 chapter 326B.

1.8 May 15, 2014

1.9 The Honorable Sandra L. Pappas  
1.10 President of the Senate

1.11 The Honorable Paul Thissen  
1.12 Speaker of the House of Representatives

1.13 We, the undersigned conferees for S.F. No. 2065 report that we have agreed upon  
1.14 the items in dispute and recommend as follows:

1.15 That the House recede from its amendments and that S.F. No. 2065 be further  
1.16 amended as follows:

1.17 Delete everything after the enacting clause and insert:

1.18 "Section 1. [178.011] DEFINITIONS.

1.19 Subdivision 1. **Scope.** The terms defined in this section have the meanings given  
1.20 and apply to this chapter.

1.21 Subd. 2. **Apprentice.** "Apprentice" means a worker who is at least 16 years of  
1.22 age who is employed to learn an apprenticeable trade or occupation in a registered  
1.23 apprenticeship program under this chapter.

1.24 Subd. 3. **Apprenticeship Advisory Board.** "Apprenticeship Advisory Board" or  
1.25 "board" means the Apprenticeship Advisory Board established under section 178.02 and  
1.26 as an advisory State Apprenticeship Council as defined in Code of Federal Regulations,  
1.27 title 29, section 29.2.

1.28 Subd. 4. **Apprenticeship program.** "Apprenticeship program" means a program  
1.29 registered under this chapter that includes standards containing all terms and conditions  
1.30 for the qualification, recruitment, selection, employment, and training of apprentices,

2.1 as required under Code of Federal Regulations, title 29, parts 29 and 30, and a written  
2.2 apprenticeship agreement.

2.3 Subd. 5. **Commissioner.** "Commissioner" means the commissioner of labor and  
2.4 industry or a duly designated representative of the commissioner who is an employee  
2.5 of the department.

2.6 Subd. 6. **Department.** "Department" means the Department of Labor and Industry  
2.7 established under section 175.001.

2.8 Subd. 7. **Division.** "Division" means the department's Labor Standards and  
2.9 Apprenticeship Division, established under sections 175.16 and 178.03, and the State  
2.10 Apprenticeship Agency as defined in Code of Federal Regulations, title 29, part 29,  
2.11 section 29.2.

2.12 Subd. 8. **Employer.** "Employer" means any person or organization employing  
2.13 an apprentice whether or not the person or organization is a party to an apprenticeship  
2.14 agreement with the apprentice.

2.15 Subd. 9. **Journeyworker.** "Journeyworker" means a person who has attained a level  
2.16 of skill, abilities, and competencies recognized within an industry as having mastered the  
2.17 skills and competencies required for the trade or occupation.

2.18 Subd. 10. **Registered apprenticeship agreement.** "Registered apprenticeship  
2.19 agreement" or "apprenticeship agreement" means a written agreement, complying with  
2.20 section 178.07, between the division, sponsor, and apprentice, and, if the apprentice is  
2.21 a minor, the minor's parent or guardian, which contains the terms and conditions of the  
2.22 employment and training of the apprentice.

2.23 Subd. 11. **Related instruction.** "Related instruction" means an organized and  
2.24 systematic form of instruction designed to provide the apprentice with the knowledge of  
2.25 the theoretical and technical subjects related to the apprentice's trade or occupation. The  
2.26 instruction may be given in a classroom through trade, occupational, or industrial courses  
2.27 or, when of equivalent value, by correspondence, electronic media, or other forms of  
2.28 self-study approved by the commissioner.

2.29 Subd. 12. **Sponsor.** "Sponsor" means an employer, employer association, or  
2.30 apprenticeship committee as defined by Code of Federal Regulations, title 29, part 29,  
2.31 section 29.2, that operates an apprenticeship program and in whose name the program is  
2.32 or is to be registered or approved.

2.33 **EFFECTIVE DATE.** This section is effective January 1, 2015.

2.34 Sec. 2. **[178.012] UNIFORMITY WITH FEDERAL LAW.**

3.1 Subdivision 1. **Apprenticeship rules.** Federal regulations governing apprenticeship  
3.2 in effect on July 1, 2013, as provided by Code of Federal Regulations, title 29, part 29,  
3.3 sections 29.1 to 29.6 and 29.11, are the apprenticeship rules in this state, subject to  
3.4 amendment by this chapter or by rule under section 178.041.

3.5 Subd. 2. **State Apprenticeship Agency.** The commissioner shall take all necessary  
3.6 steps as permitted by law to obtain and maintain the status of the division as a State  
3.7 Apprenticeship Agency recognized by the United States Department of Labor under Code  
3.8 of Federal Regulations, title 29, part 29, section 29.13.

3.9 **EFFECTIVE DATE.** This section is effective January 1, 2015.

3.10 Sec. 3. Minnesota Statutes 2012, section 178.02, is amended to read:

3.11 **178.02 APPRENTICESHIP ADVISORY BOARD.**

3.12 Subdivision 1. **Members.** ~~The commissioner of labor and industry, hereinafter~~  
3.13 ~~called the commissioner,~~ shall appoint an Apprenticeship Board, ~~hereinafter referred~~  
3.14 ~~to as the board,~~ composed of three representatives each from employer and employee  
3.15 organizations, and two representatives of the general public. ~~The director~~ A designee of  
3.16 the commissioner of education responsible for career and technical education or designee  
3.17 shall be an ex officio member of the board and shall serve in an advisory capacity only.

3.18 Subd. 2. **Terms.** The board shall not expire. The terms, compensation, and removal  
3.19 of appointed members shall be as provided in section 15.059.

3.20 Subd. 4. **Duties.** The board shall meet at the call of the commissioner and  
3.21 shall advise the commissioner about matters relating to this chapter. It shall propose  
3.22 occupational classifications for apprenticeship programs; propose minimum standards for  
3.23 apprenticeship programs and agreements; and advise on the establishment of such policies,  
3.24 procedures, and rules as the board or commissioner deems necessary in implementing  
3.25 the intent of this chapter.

3.26 **EFFECTIVE DATE.** This section is effective January 1, 2015.

3.27 Sec. 4. Minnesota Statutes 2012, section 178.03, is amended to read:

3.28 **178.03 DIVISION OF LABOR STANDARDS AND APPRENTICESHIP.**

3.29 Subdivision 1. **Establishment of division.** There is established a Division of Labor  
3.30 Standards and Apprenticeship in the Department of Labor and Industry. This division  
3.31 shall be administered by a director, and be under the supervision of the commissioner ~~of~~  
3.32 ~~labor and industry, hereinafter referred to as the commissioner.~~

4.1 Subd. 2. **Director of labor standards and apprenticeship.** The commissioner  
4.2 shall appoint a director of the Division of Labor Standards and Apprenticeship, hereinafter  
4.3 referred to as the director, and may appoint and employ such clerical, technical, and  
4.4 professional help as is necessary to accomplish the purposes of this chapter. The director  
4.5 and division staff shall be appointed and shall serve in the classified service pursuant to  
4.6 civil service law and rules.

4.7 Subd. 3. **Duties and functions.** ~~The director, under the supervision of the~~  
4.8 ~~commissioner, and with the advice and consultation of the Apprenticeship Board, is~~  
4.9 ~~authorized: to administer the provisions of this chapter; to promote apprenticeship and~~  
4.10 ~~other forms of on-the-job learning; to establish, in cooperation and consultation with the~~  
4.11 ~~Apprenticeship Board and with the apprenticeship committees, conditions, training, and~~  
4.12 ~~learning standards for the approval of apprenticeship programs and agreements, which~~  
4.13 ~~conditions and standards shall in no case be lower than those (1) prescribed by this chapter,~~  
4.14 ~~and (2) established under~~ The division shall be administered as prescribed by this chapter  
4.15 and in accordance with Code of Federal Regulations, title 29, part 29; to promote equal  
4.16 employment opportunity in apprenticeship and other on-the-job learning and to establish  
4.17 a Minnesota plan for equal employment opportunity in apprenticeship which shall be  
4.18 consistent with standards established under Code of Federal Regulations, title 29, part 30,  
4.19 as amended; ~~to issue certificates of registration to sponsors of approved apprenticeship~~  
4.20 ~~programs; to act as secretary of the Apprenticeship Board; to approve, if of the opinion~~  
4.21 ~~that approval is for the best interest of the apprentice, any apprenticeship agreement which~~  
4.22 ~~meets the standards established hereunder; to terminate any apprenticeship agreement in~~  
4.23 ~~accordance with the provisions of such agreement; to keep a record of apprenticeship~~  
4.24 ~~agreements and their disposition; to issue certificates of completion of apprenticeship;~~  
4.25 ~~and to perform such other duties as the commissioner deems necessary to carry out the~~  
4.26 ~~intent of this chapter; provided, that the administration and supervision of supplementary~~  
4.27 ~~instruction in related subjects for apprentices; coordination of instruction on a concurrent~~  
4.28 ~~basis with job experiences, and the selection and training of teachers and coordinators~~  
4.29 ~~for such instruction shall be the function of state and local boards responsible for~~  
4.30 ~~vocational education.~~ The director division shall have the authority to make wage  
4.31 determinations applicable to the graduated schedule of wages and journeyworker wage  
4.32 rate for apprenticeship agreements, giving consideration to the existing wage rates  
4.33 prevailing throughout the state, except that no wage determination by the director shall  
4.34 alter an existing wage provision for apprentices or journeyworkers that is contained in a  
4.35 bargaining agreement in effect between an employer and an organization of employees,

5.1 nor shall the director make any determination for the beginning rate for an apprentice that  
5.2 is below the wage minimum established by federal or state law.

5.3 Subd. 4. **Reciprocity approval.** The ~~director~~ commissioner, if requested by a  
5.4 ~~sponsoring entity~~ program sponsor, shall grant reciprocity approval to apprentices,  
5.5 ~~apprenticeship programs of employers and unions who jointly form a sponsoring entity~~  
5.6 ~~on a multistate basis in other than the building construction industry if such programs~~  
5.7 ~~are in conformity with this chapter and have been registered in compliance with Code~~  
5.8 ~~of Federal Regulations, title 29, part 29, by a state apprenticeship council recognized~~  
5.9 ~~by or registered with the United States Department of Labor, Office of Apprenticeship,~~  
5.10 ~~when such approval is necessary for federal purposes under Code of Federal Regulations,~~  
5.11 ~~title 29, section 29.13(a) or 29.13(b)(7), and standards that are registered in other states.~~  
5.12 Program sponsors seeking reciprocal approval must meet the requirements of this chapter  
5.13 including the wage and hour provisions and apprentice ratio standards.

5.14 **EFFECTIVE DATE.** This section is effective January 1, 2015.

5.15 Sec. 5. **[178.035] REGISTRATION OF APPRENTICESHIP PROGRAMS.**

5.16 Subdivision 1. **Application.** To apply for the registration of an apprenticeship  
5.17 program, a sponsor shall submit a completed application to the division on a form provided  
5.18 by the commissioner, which shall include standards of apprenticeship that comply with the  
5.19 requirements of Code of Federal Regulations, title 29, part 29, section 29.5, and this chapter.

5.20 Subd. 2. **Provisional approval.** The division shall grant a provisional approval  
5.21 period of one year to an applicant demonstrating that the standards submitted meet the  
5.22 requirements of this chapter. The division may review each program granted provisional  
5.23 approval for quality and for conformity with the requirements of this section and section  
5.24 178.036 at any time, but not less than biannually, during the provisional approval period.

5.25 After review:

5.26 (1) a program that conforms with the requirements of this chapter:

5.27 (i) may be approved; or

5.28 (ii) may continue to be provisionally approved through the first full training cycle; and

5.29 (2) a program not in operation or not conforming with the requirements of this  
5.30 chapter during the provisional approval period shall be deregistered.

5.31 The division shall inform the applicant of the results of its review in writing at least 30  
5.32 days prior to the expiration of the provisional approval period.

5.33 Subd. 3. **Review.** The division shall review all programs for quality and for  
5.34 conformity with the requirements of this chapter at the end of the first full training  
5.35 cycle. Subsequent review of a registered program must be conducted at least annually.

6.1 Programs not in operation or not conforming to this chapter at the time of review may be  
6.2 recommended for deregistration.

6.3 Subd. 4. **Program modification.** To apply for modification of or change to a  
6.4 registered program, a sponsor shall submit a written request for modification to the  
6.5 division. The division shall approve or disapprove a modification request within 90 days  
6.6 from the date of receipt. If approved, the modification or change must be recorded and  
6.7 acknowledged within 90 days of its approval as an amendment to the registered program.  
6.8 If not approved, the division shall notify the sponsor in writing of the disapproval and the  
6.9 reasons for the disapproval. The division may provide technical assistance to a sponsor  
6.10 seeking to modify or change a registered program.

6.11 Subd. 5. **Notice.** When an application is submitted under subdivision 1 by an  
6.12 employer or employers' association, and where the standards, collective bargaining  
6.13 agreement, or other instrument provides for participation by a union in any manner in the  
6.14 operation of the substantive matters of the apprenticeship program, and the participation  
6.15 is exercised, a written acknowledgment of the union's agreement or a written statement  
6.16 specifying that the union has no objection to the registration is required. Where no union  
6.17 participation is evidenced and practiced, the employer or employers' association shall  
6.18 simultaneously furnish to the union, if any, which functions as the collective bargaining  
6.19 agent of the employees to be trained, a copy of its application for registration and the  
6.20 apprenticeship program. The commissioner shall provide a reasonable time of not less  
6.21 than 30 days nor more than 60 days for receipt of union comments, if any, before final  
6.22 action on the application for registration is taken. Union comments must be submitted to  
6.23 the division during the time period specified by the commissioner.

6.24 Subd. 6. **Certificate.** Upon registration of a program, the commissioner shall issue a  
6.25 certificate of registration to the sponsor. Within 30 days after the certificate is mailed or  
6.26 otherwise delivered to the sponsor, the sponsor must submit to the commissioner a copy of  
6.27 at least one executed apprenticeship agreement.

6.28 Subd. 7. **Policy requirement.** It must be the policy of the employer and sponsor  
6.29 that the recruitment, selection, employment, and training of apprentices during their  
6.30 apprenticeship must be without discrimination due to race, color, creed, religion, national  
6.31 origin, sex, sexual orientation, marital status, physical or mental disability, receipt of  
6.32 public assistance, or age. The employer and sponsor must take affirmative action to  
6.33 provide equal opportunity in apprenticeship and must operate the apprenticeship program  
6.34 as required under Code of Federal Regulations, title 29, part 30, and under the Minnesota  
6.35 plan for equal opportunity in apprenticeship.

6.36 **EFFECTIVE DATE.** This section is effective January 1, 2015.

7.1       Sec. 6. **[178.036] STANDARDS OF APPRENTICESHIP.**

7.2             Subdivision 1. **Federal uniformity.** Each program must have an organized, written  
7.3 plan of program standards embodying the terms and conditions of employment, training,  
7.4 and supervision of one or more apprentices in an apprenticeable trade or occupation, as  
7.5 defined in Code of Federal Regulations, title 29, part 29, section 29.4, and subscribed to by  
7.6 a sponsor and employer who has undertaken to carry out the apprentice training program.  
7.7 The program standards must contain the provisions that address each item identified in  
7.8 Code of Federal Regulations, title 29, part 29, section 29.5(b).

7.9             Subd. 2. **Standards.** (a) In addition to the requirements in subdivision 1, the  
7.10 program standards must also contain provisions in compliance with paragraphs (b) to (k):

7.11             (b) **Related instruction.** A minimum of 144 hours of related instruction is required  
7.12 in each training cycle. At least 50 hours of related safety instruction is required during the  
7.13 term of apprenticeship. Time spent in related instruction cannot be considered as hours of  
7.14 work as required by the job process schedule. Every apprenticeship instructor must meet  
7.15 the Department of Education's requirements for a vocational-technical instructor or be a  
7.16 subject matter expert, which is an individual such as a journeyworker who is recognized  
7.17 within an industry as having expertise in a specific trade or occupation.

7.18             (c) **Job process schedule.** Each time-based apprenticeship program must include  
7.19 not less than 2,000 hours of reasonably continuous employment.

7.20             (d) **Ratios.** If the apprentice is covered by a collective bargaining agreement, the  
7.21 employer must follow the provisions of the collective bargaining agreement regarding the  
7.22 maximum number of apprentices to be employed at the work site for each journeyworker  
7.23 employed at the same work site. In the absence of a collective bargaining agreement, for  
7.24 the purposes of direct supervision and the safety and instruction of the apprentice, the  
7.25 ratio shall be:

7.26             (1) one apprentice for the first journeyworker employed at the work site plus one  
7.27 apprentice for each additional three journeyworkers employed at the work site;

7.28             (2) the work site ratio utilized by the majority of registered apprenticeship  
7.29 agreements in the same trade or occupation; or

7.30             (3) a program-specific ratio that has been approved by the Apprenticeship Advisory  
7.31 Board.

7.32             (e) **Graduated schedule of wages.** The graduated schedule of wages for an  
7.33 apprenticeship program shall be calculated as a percentage of the journeyworker rate in  
7.34 the majority of registered apprenticeship agreements in the same trade or occupation in the  
7.35 state. If there are no registered apprenticeship agreements in the same trade or occupation,  
7.36 the graduated schedule of wages may be determined by the sponsor.

8.1 (f) Probationary period. The standards must provide a period of probation of not  
8.2 more than 500 hours of employment and instruction extending over not more than four  
8.3 months, during which time the apprenticeship agreement shall be terminated by the director  
8.4 upon written request of either party, and providing that after such probationary period the  
8.5 apprenticeship agreement may be terminated by the director by mutual agreement of all  
8.6 parties thereto, or terminated by the director for good and sufficient reason.

8.7 (g) Dispute resolution. The program standards must include a provision that  
8.8 controversies or differences concerning the terms of the apprenticeship agreement which  
8.9 cannot be resolved by the parties thereto, or which are not covered by a collective  
8.10 bargaining agreement, may be submitted to the commissioner for determination as  
8.11 provided for in section 178.09.

8.12 (h) Term of apprenticeship. The term of apprenticeship may be measured either  
8.13 through:

8.14 (1) the time-based approach, which requires completion of at least 2,000 work  
8.15 hours of on-the-job training;

8.16 (2) the competency-based approach, which requires the attainment of competency; or

8.17 (3) the hybrid approach, which is a blend of the time-based and competency-based  
8.18 approaches.

8.19 (i) Training cycle. The training cycle for related instruction must be designated in  
8.20 hours, days, or months for each individual trade or occupation included in the standards.

8.21 (j) Responsibilities of the apprentice. An apprentice employed under the program  
8.22 standards shall agree to be punctual and regular in attendance, and to endeavor to the best  
8.23 of the apprentice's ability to perfect the required skills for the trade or occupation.

8.24 (k) Coordination of apprentices. The sponsor shall designate a qualified individual  
8.25 as a coordinator of apprentices who shall:

8.26 (1) maintain an adequate record of progress in training each apprentice;

8.27 (2) be responsible for assuring that the requirements of the applicable learning  
8.28 program are met during the prescribed training term; and

8.29 (3) perform other duties as may be assigned by the sponsor relative to the  
8.30 development and operation of an effective program of apprenticeship.

8.31 EFFECTIVE DATE. This section is effective January 1, 2015.

8.32 Sec. 7. Minnesota Statutes 2012, section 178.041, subdivision 2, is amended to read:

8.33 Subd. 2. **Chapter 14 applies.** Rules, modifications, amendments, and repeals  
8.34 thereof which may be issued by the commissioner under this ~~section~~ chapter shall be  
8.35 adopted in accordance with chapter 14 and shall have the force and effect of law.

9.1 **EFFECTIVE DATE.** This section is effective January 1, 2015.

9.2 Sec. 8. **[178.044] DETERMINATION OF APPRENTICE WAGES.**

9.3 Subdivision 1. **Maximum hours.** The maximum number of hours of work per week  
9.4 shall not exceed either the number prescribed by law or the customary regular number of  
9.5 hours per week for the employees of the company by which the apprentice is employed.  
9.6 Time spent in related and supplemental instruction for any apprentice shall not be included  
9.7 in the maximum number of hours of work per workweek.

9.8 Subd. 2. **Overtime.** An apprentice may be allowed to work overtime provided that  
9.9 the overtime work does not conflict with related instruction course attendance. All time  
9.10 in excess of the number of hours of work per week as specified in the apprenticeship  
9.11 agreement shall be considered overtime. For overtime, the apprentice's rate of pay shall  
9.12 be increased by the same percentage as the journeyworker's rate of pay for overtime is  
9.13 increased in the same industry or establishment.

9.14 Subd. 3. **Journeyworker wage rate.** If the apprentice is not covered by a collective  
9.15 bargaining agreement, the journeyworker wage rate upon which the apprentice agreement  
9.16 graduated schedule of wages is calculated shall be:

9.17 (1) the most current Minnesota state prevailing wage rate determination for the  
9.18 same trade or occupation in the county in which the apprentice's employer is located. If  
9.19 an apprenticeship agreement entered into after January 1, 2015, does not specify fringe  
9.20 benefits, the journeyworker wage rate upon which the apprentice wage rate is calculated  
9.21 must be the total rate listed in the wage determination; or

9.22 (2) if there is no Minnesota prevailing wage rate determination for the same trade or  
9.23 occupation in the county in which the apprentice's employer is located, the journeyworker  
9.24 wage may be determined by the sponsor with the approval of the division.

9.25 **EFFECTIVE DATE.** This section is effective January 1, 2015.

9.26 Sec. 9. Minnesota Statutes 2012, section 178.07, is amended to read:

9.27 **178.07 REGISTERED APPRENTICESHIP AGREEMENTS.**

9.28 Subdivision 1. **Approval required.** All terminations, cancellations, and transfers of  
9.29 apprenticeship agreements shall be approved by the division in writing. The division must  
9.30 be notified in writing by the sponsor within 45 days of all terminations, cancellations,  
9.31 or transfer of apprenticeship agreements.

9.32 Subd. 2. **Signatures required.** Apprenticeship agreements shall be signed by  
9.33 the sponsor, and by the apprentice, and if the apprentice is a minor, by a parent or legal

10.1 guardian. When a minor enters into an apprenticeship agreement under this chapter for a  
10.2 period of learning extending into majority, the apprenticeship agreement shall likewise be  
10.3 binding for such a period as may be covered during the apprentice's majority.

10.4 Subd. 3. **Contents.** Every apprenticeship agreement entered into under this chapter  
10.5 shall contain:

10.6 (1) the names of the contracting parties, and the signatures required by subdivision 1;

10.7 (2) the date of birth, and information as to the race and sex of the apprentice, and, on  
10.8 a voluntary basis, the apprentice's Social Security number;

10.9 (3) a statement of the trade, craft, occupation, or business which the apprentice is to  
10.10 be taught, and the time at which the apprenticeship will begin and end;

10.11 (3) contact information of the sponsor and the division;

10.12 (4) a statement showing of the trade or occupation which the apprentice is to be  
10.13 taught, the date on which the apprenticeship will begin, and the number of hours to be  
10.14 spent by the apprentice in work and the number of hours to be spent in concurrent,  
10.15 supplementary instruction in related subjects, which instruction shall be not less than 144  
10.16 hours during each year of the apprenticeship term. The maximum number of hours of  
10.17 work per week not including time spent in related and supplemental instruction for any  
10.18 apprentice shall not exceed either the number prescribed by law or the customary regular  
10.19 number of hours per week for the employees of the company by which the apprentice is  
10.20 employed. An apprentice may be allowed to work overtime provided that the overtime  
10.21 work does not conflict with supplementary instruction course attendance. All time in  
10.22 excess of the number of hours of work per week as specified in the apprenticeship  
10.23 agreement shall be considered overtime. For overtime, the apprentice's rate of pay shall  
10.24 be increased by the same percentage as the journeyworker's rate of pay for overtime is  
10.25 increased in the same industry or establishment related instruction;

10.26 (5) a statement setting forth a schedule of the processes in the trade, occupation,  
10.27 or industry divisions in which the apprentice is to be taught and the approximate time to  
10.28 be spent at each process;

10.29 (6) (5) a statement of the graduated scale of wages to be paid the apprentice  
10.30 and whether the required school time shall be compensated under sections 178.036,  
10.31 subdivision 2, paragraph (e), and 178.044, as applicable;

10.32 (7) (6) a statement providing for a period of probation of not more than 500 hours  
10.33 of employment and instruction extending over not more than four months, during which  
10.34 time the apprenticeship agreement shall be terminated by the director upon written request  
10.35 of either party, and providing that after such probationary period the apprenticeship  
10.36 agreement may be terminated by the director by mutual agreement of all parties thereto,

11.1 ~~or terminated by the director for good and sufficient reason~~ listing any fringe benefits  
11.2 to be provided to the apprentice;

11.3 ~~(8) a provision that controversies or differences concerning the terms of the~~  
11.4 ~~apprenticeship agreement which cannot be resolved by the parties thereto, or which are~~  
11.5 ~~not covered by a collective bargaining agreement, may be submitted to the director for~~  
11.6 ~~determination as provided for in section 178.09;~~

11.7 ~~(9) a provision that an employer who is unable to fulfill an obligation under the~~  
11.8 ~~apprenticeship agreement may, with the approval of the director, transfer such contract to~~  
11.9 ~~any other employer, provided that the apprentice consents and that such other employer~~  
11.10 ~~agrees to assume the obligations of the apprenticeship agreement; and~~

11.11 ~~(7) a statement incorporating as part of the agreement the registered standards of~~  
11.12 ~~the apprenticeship program on the date of the agreement and as they may be amended~~  
11.13 ~~during the period of the agreement;~~

11.14 ~~(8) a statement that the apprentice will be accorded equal opportunity in all phases~~  
11.15 ~~of apprenticeship employment and training, without discrimination due to race, color,~~  
11.16 ~~creed, religion, national origin, sex, sexual orientation, marital status, physical or mental~~  
11.17 ~~disability, receipt of public assistance, or age; and~~

11.18 ~~(10) (9) such additional terms and conditions as may be prescribed or approved by~~  
11.19 ~~the director~~ commissioner not inconsistent with the provisions of this chapter.

11.20 **EFFECTIVE DATE.** This section is effective January 1, 2015.

11.21 Sec. 10. Minnesota Statutes 2012, section 178.09, is amended to read:

11.22 **178.09 INVESTIGATIONS BY DIRECTOR AND ENFORCEMENT OF**  
11.23 **APPRENTICESHIP AGREEMENTS.**

11.24 Subdivision 1. **Complaint.** Upon the complaint of any interested person or upon the  
11.25 ~~director's~~ division's own initiative, the ~~director~~ division may investigate to determine if  
11.26 there has been a violation of the terms of an apprenticeship agreement made under this  
11.27 chapter. Complaints must be made in writing within 60 days of the events giving rise to the  
11.28 complaint and must set forth the specific matters complained of together with relevant facts  
11.29 and circumstances. Copies of pertinent documents and correspondence must accompany  
11.30 the complaint. The ~~director~~ division may conduct such proceedings as are necessary for  
11.31 that investigation and determination. All such proceedings shall be on a fair and impartial  
11.32 basis ~~and shall be conducted according to rules promulgated under section 178.041.~~

11.33 Subd. 2. **Determination; appeal.** Within 90 days after the receipt of a complaint,  
11.34 the division must issue a determination. The determination of the ~~director~~ division shall

12.1 be filed with the commissioner and written notice shall be served on all parties affected  
 12.2 by it. Any person aggrieved by any determination or action of the director may appeal  
 12.3 to the commissioner. If no appeal is filed with the commissioner within ten days of the  
 12.4 date of service, the ~~director's~~ division's determination shall become the final order of the  
 12.5 commissioner. If an appeal is filed, the commissioner shall appoint and convene a hearing  
 12.6 board to be composed of three members of the Apprenticeship Advisory Board appointed  
 12.7 under section 178.02, one member being a representative of an employer organization, one  
 12.8 representative being a member of an employee organization, and one member representing  
 12.9 the general public. The board shall hold a hearing on the appeal after due notice to the  
 12.10 interested parties and shall submit to the commissioner findings of fact and a recommended  
 12.11 decision accompanied by a memorandum of the reasons for it. Within 30 days after  
 12.12 submission, the commissioner may adopt the recommended decision of the board, or  
 12.13 disregard the recommended decision of the board and prepare a decision based on the  
 12.14 findings of fact and accompanied by a memorandum of reasons for that decision. Written  
 12.15 notice of the commissioner's determination and order shall be served on all parties affected  
 12.16 by it. Any person aggrieved ~~or affected by any~~ the commissioner's determination ~~or order~~  
 12.17 ~~of the commissioner may appeal from it to the district court having jurisdiction at any time~~  
 12.18 ~~within 30 days after the date of the order by service of a written notice of appeal on the~~  
 12.19 ~~commissioner. Upon service of the notice of appeal, the commissioner shall file with the~~  
 12.20 ~~court administrator of the district court to which the appeal is taken a certified copy of the~~  
 12.21 ~~order appealed from, together with findings of fact on which it is based. The person serving~~  
 12.22 ~~a notice of appeal shall, within five days after its service, file it, with proof of service, with~~  
 12.23 ~~the court administrator of the court to which the appeal is taken. The district court shall~~  
 12.24 ~~then have jurisdiction over the appeal and it shall be entered in the records of the district~~  
 12.25 ~~court and tried de novo according to the applicable rules. Any person aggrieved or affected~~  
 12.26 ~~by any determination, order, or decision of the district court may appeal as in other civil~~  
 12.27 ~~eases and order under this section is entitled to judicial review under sections 14.63 to~~  
 12.28 14.68 in the same manner that a person aggrieved by a final decision in a contested case is  
 12.29 entitled to judicial review. The commissioner's determination and order under this section  
 12.30 shall be a final decision and order of the department for purposes of sections 14.63 to 14.68.

12.31 Subd. 3. Service. Service under this chapter may be by certified first class mail,  
 12.32 personal service, or in accordance with any consent to service filed with the commissioner.  
 12.33 Service by mail shall be accomplished in the manner provided in Minnesota Rules, part  
 12.34 1400.5550, subpart 2. Personal service shall be accomplished in the manner provided in  
 12.35 Minnesota Rules, part 1400.5550, subpart 3.

12.36 **EFFECTIVE DATE.** This section is effective January 1, 2015.

13.1 Sec. 11. **[178.091] INVESTIGATIONS AND ENFORCEMENT;**  
13.2 **APPRENTICESHIP PROGRAMS AND STANDARDS.**

13.3 Subdivision 1. **Investigations.** In order to carry out the purposes of this chapter,  
13.4 the commissioner may investigate registered apprenticeship programs and applicants  
13.5 for program registration to determine whether there are any grounds for deregistration  
13.6 of a registered program or for the denial of an application. Persons requested by the  
13.7 commissioner to provide information or produce documents shall respond within 30 days  
13.8 of the commissioner's service of the request.

13.9 Subd. 2. **Grounds.** (a) The commissioner may deregister a registered apprenticeship  
13.10 program or deny an application for registration if:

13.11 (1) the program does not comply with any requirement of Code of Federal  
13.12 Regulations, title 29, part 29 or 32, this chapter, or any rule adopted pursuant to section  
13.13 178.041;

13.14 (2) the program does not have at least one registered apprentice in each trade or  
13.15 occupation, except for the following specified periods of time:

13.16 (i) within the first 30 days after the date a program is registered; or

13.17 (ii) within one year of the date that a program graduates an apprentice in a trade or  
13.18 occupation and the date of registration for the next apprentice in that trade or occupation; or

13.19 (3) the program is not conducted, operated, or administered in accordance with  
13.20 the program's registered standards or with the requirements of this chapter, including  
13.21 but not limited to:

13.22 (i) failure to provide on-the-job learning;

13.23 (ii) failure to provide related instruction;

13.24 (iii) failure of an employer to pay the apprentice a progressively increasing schedule  
13.25 of wages consistent with the apprentice's skills acquired; or

13.26 (iv) persistent and significant failure to perform successfully.

13.27 (b) The commissioner may deregister an apprenticeship program at the written  
13.28 request of the sponsor in a manner consistent with the provisions of Code of Federal  
13.29 Regulations, title 29, part 29, section 29.8(a).

13.30 Subd. 3. **Reinstatement.** If the commissioner deregisters a registered apprenticeship  
13.31 program, the sponsor may request reinstatement not before one year after the effective  
13.32 date of the deregistration. The commissioner may, as a condition of reinstatement, require  
13.33 the sponsor to comply with reasonable conditions the commissioner considers necessary  
13.34 to effectuate the purposes of this chapter.

13.35 Subd. 4. **Orders; hearings related to orders.** (a) If the commissioner determines  
13.36 that a registered apprenticeship program should be deregistered or that an application for

14.1 registration should be denied, the commissioner shall issue to and serve on the sponsor an  
14.2 order deregistering the program's registration or denying the application for registration.

14.3 (b) An order issued under this subdivision must specify:

14.4 (1) the deficiency and the required remedy or corrective action;

14.5 (2) the time period to effectuate the required remedy or corrective action, which  
14.6 shall be no more than 90 days; and

14.7 (3) any other requirement consistent with Code of Federal Regulations, title 29,  
14.8 part 29, section 29.8(b).

14.9 (c) The sponsor to whom the commissioner issues an order under this subdivision  
14.10 may appeal to a hearing board appointed consistent with section 178.09, subdivision 2.

14.11 **EFFECTIVE DATE.** This section is effective January 1, 2015.

14.12 Sec. 12. Minnesota Statutes 2012, section 178.10, is amended to read:

14.13 **178.10 LIMITATION.**

14.14 (a) The provisions of this chapter shall have no application to those ~~infants~~  
14.15 individuals who are apprenticed by the commissioner of corrections pursuant to sections  
14.16 242.43 and 242.44.

14.17 (b) Nothing in this chapter or any apprenticeship agreement operates to invalidate:

14.18 (1) any apprenticeship provision in any collective bargaining agreement between  
14.19 employers and employees establishing higher apprenticeship standards; or

14.20 (2) any special provision for veterans, minority persons, or women, in the standards,  
14.21 apprentice qualifications, or operation of the program or in the apprenticeship agreement  
14.22 which is not otherwise prohibited by law.

14.23 **EFFECTIVE DATE.** This section is effective January 1, 2015.

14.24 Sec. 13. Minnesota Statutes 2012, section 181.723, subdivision 4, is amended to read:

14.25 Subd. 4. **Independent contractor.** (a) An individual is an independent contractor  
14.26 and not an employee of the person for whom the individual is performing services in the  
14.27 course of the person's trade, business, profession, or occupation only if the individual is  
14.28 ~~registered with the Department of Labor and Industry, if required under subdivision 4a,~~  
14.29 ~~and the individual:~~

14.30 (1) maintains a separate business with the individual's own office, equipment,  
14.31 materials, and other facilities;

15.1 (2)(i) holds or has applied for a federal employer identification number or (ii) has  
15.2 filed business or self-employment income tax returns with the federal Internal Revenue  
15.3 Service if the individual has performed services in the previous year;

15.4 (3) is operating under contract to perform the specific services for the person  
15.5 for specific amounts of money and under which the individual controls the means of  
15.6 performing the services;

15.7 (4) is incurring the main expenses related to the services that the individual is  
15.8 performing for the person under the contract;

15.9 (5) is responsible for the satisfactory completion of the services that the individual  
15.10 has contracted to perform for the person and is liable for a failure to complete the services;

15.11 (6) receives compensation from the person for the services performed under the  
15.12 contract on a commission or per-job or competitive bid basis and not on any other basis;

15.13 (7) may realize a profit or suffer a loss under the contract to perform services for  
15.14 the person;

15.15 (8) has continuing or recurring business liabilities or obligations; and

15.16 (9) the success or failure of the individual's business depends on the relationship of  
15.17 business receipts to expenditures.

15.18 An individual who is not registered, if required by section 326B.701, is presumed to  
15.19 be an employee of a person for whom the individual performs services in the course of  
15.20 the person's trade, business, profession, or occupation. The person for whom the services  
15.21 were performed may rebut this presumption by showing that the unregistered individual  
15.22 met all nine factors in this paragraph at the time the services were performed.

15.23 (b) If an individual is an owner or partial owner of a business entity, the individual is  
15.24 an employee of the person for whom the individual is performing services in the course  
15.25 of the person's trade, business, profession, or occupation, and is not an employee of the  
15.26 business entity in which the individual has an ownership interest, unless:

15.27 (1) the business entity meets the nine factors in paragraph (a);

15.28 (2) invoices and payments are ~~submitted~~ in the name of the business entity; and

15.29 (3) the business entity is registered with the secretary of state, if required; ~~and~~

15.30 ~~(4) the business entity is registered with the Department of Labor and Industry,~~  
15.31 ~~if required under subdivision 4a.~~

15.32 If the business entity in which the individual has an ownership interest is not  
15.33 registered, if required by section 326B.701, the individual is presumed to be an employee  
15.34 of a person for whom the individual performs services and not an employee of the business  
15.35 entity in which the individual has an ownership interest. The person for whom the services

16.1 were performed may rebut the presumption by showing that the business entity met the  
16.2 requirements of clauses (1) to (3) at the time the services were performed.

16.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.4 Sec. 14. Minnesota Statutes 2012, section 181.723, subdivision 4a, is amended to read:

16.5 Subd. 4a. **Applicability; registration pilot project requirement.** (a) ~~The~~  
16.6 ~~commissioner shall implement a pilot project, effective July 1, 2012, for the registration~~  
16.7 ~~of Persons who perform public or private sector commercial or residential building~~  
16.8 ~~construction or improvement services as described in subdivision 2 must register with the~~  
16.9 ~~commissioner as provided in this section. The purpose of the pilot project is to evaluate~~  
16.10 ~~whether the information obtained through registration assists registration is to assist~~  
16.11 ~~the Department of Labor and Industry, the Department of Employment and Economic~~  
16.12 ~~Development, and the Department of Revenue to enforce laws related to misclassification~~  
16.13 ~~of employees. The commissioner shall issue a report to the legislature no later than~~  
16.14 ~~January 1, 2014, on recommendations for amendments to the registration program,~~  
16.15 ~~including reasonable registration fees to be used to aid in enforcing misclassification laws.~~  
16.16 ~~The commissioner must not charge a fee for registration under the pilot project, but may~~  
16.17 ~~take the enforcement action specified in subdivision 8a. The pilot project shall expire on~~  
16.18 ~~June 30, 2014, unless extended by the legislature.~~

16.19 (b) Except as provided in paragraph (c), any person who performs construction  
16.20 services in the state on or after September 15, 2012, must register with the commissioner  
16.21 as provided in ~~subdivision 5~~ section 326B.701 before performing construction services for  
16.22 another person. The requirements for registration under ~~this subdivision~~ section 326B.701  
16.23 are not a substitute for, and do not relieve a person from complying with, any other law  
16.24 requiring that the person be licensed, registered, or certified.

16.25 (c) The registration requirements in ~~this subdivision~~ section 326B.701 do not apply to:

16.26 (1) a person who, at the time the person is performing the construction services,  
16.27 holds a current license, certificate, or registration under chapter 299M or 326B;

16.28 (2) a person who holds a current independent contractor exemption certificate  
16.29 issued under this section that is in effect on September 15, 2012, except that the person  
16.30 must register under ~~this section~~ 326B.701 no later than the date the exemption certificate  
16.31 expires, is revoked, or is canceled;

16.32 (3) a person who has given a bond to the state under section 326B.197 or 326B.46;

16.33 (4) an employee of the person performing the construction services, if the person  
16.34 was in compliance with laws related to employment of the individual at the time the  
16.35 construction services were performed;

17.1 (5) an architect or professional engineer engaging in professional practice as defined  
17.2 in section 326.02, subdivisions 2 and 3;

17.3 (6) a school district or technical college governed under chapter 136F;

17.4 (7) a person providing construction services on a volunteer basis, including but not  
17.5 limited to Habitat for Humanity and Builders Outreach Foundation, and their individual  
17.6 volunteers when engaged in activities on their behalf; or

17.7 (8) a person exempt from licensing under section 326B.805, subdivision 6, clause (5).

17.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

17.9 Sec. 15. Minnesota Statutes 2012, section 181.723, subdivision 5, is amended to read:

17.10 Subd. 5. **Registration application.** (a) Persons required to register under  
17.11 ~~subdivision 4a~~ section 326B.701 must submit electronically, in the manner prescribed by  
17.12 the commissioner, a complete application according to paragraphs (b) to (d).

17.13 (b) A complete application must include all of the following information about any  
17.14 individual who is registering as an individual or a sole proprietor, or who owns 25 percent  
17.15 or more of a business entity being registered:

17.16 (1) the individual's full legal name and title at the applicant's business;

17.17 (2) the individual's business address and telephone number;

17.18 (3) the percentage of the applicant's business owned by the individual; and

17.19 (4) the individual's Social Security number.

17.20 (c) A complete application must also include the following information:

17.21 (1) the applicant's legal name; assumed name filed with the secretary of state, if any;  
17.22 designated business address; physical address; telephone number; and e-mail address;

17.23 (2) the applicant's Minnesota tax identification number, if one is required or has  
17.24 been issued;

17.25 (3) the applicant's federal employer identification number, if one is required or  
17.26 has been issued;

17.27 (4) evidence of the active status of the applicant's business filings with the secretary  
17.28 of state, if one is required or has been issued;

17.29 (5) whether the applicant has any employees at the time the application is filed;

17.30 (6) the names of all other persons with an ownership interest in the business entity  
17.31 who are not identified in paragraph (b), and the percentage of the interest owned by each  
17.32 person, except that the names of shareholders with less than ten percent ownership in a  
17.33 publicly traded corporation need not be provided;

17.34 (7) information documenting compliance with workers' compensation and  
17.35 unemployment insurance laws;

18.1 (8) a certification that the person signing the application has: reviewed it; determined  
18.2 that the information provided is true and accurate; and determined that the person signing  
18.3 is authorized to sign and file the application as an agent of the applicant. The name of the  
18.4 person signing, entered on an electronic application, shall constitute a valid signature of  
18.5 the agent on behalf of the applicant; and

18.6 (9) a signed authorization for the Department of Labor and Industry to verify the  
18.7 information provided on or with the application.

18.8 (d) A registered person must notify the commissioner within 15 days after there is a  
18.9 change in any of the information on the application as approved. This notification must  
18.10 be provided electronically in the manner prescribed by the commissioner. However, if  
18.11 the business entity structure, legal form of the business entity, or business ownership has  
18.12 changed, the person must submit a new registration application and registration fee, if  
18.13 any, for the new business entity.

18.14 (e) The registered person must remain registered while providing construction  
18.15 services for another person. The provisions of sections 326B.091 and 326B.094 to  
18.16 326B.095, and 326B.097 apply to this section 326B.701. A person with an expired  
18.17 registration shall not provide construction services for another person if registration is  
18.18 required under this section. Registration application and expiration time frames are as  
18.19 follows:

18.20 (1) all registrations issued on or before June 30, 2015, expire on June 30, 2015;

18.21 (2) all registrations issued after June 30, 2015, expire on the following June 30  
18.22 of each odd-numbered year; and

18.23 (3) a person may submit a registration or renewal application starting April 1 of the  
18.24 year the registration expires. If a renewal application is submitted later than May 1 of  
18.25 the expiration year, registration may expire before the department has issued or denied  
18.26 the registration.

18.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.28 Sec. 16. Minnesota Statutes 2012, section 181.723, subdivision 7, is amended to read:

18.29 Subd. 7. **Prohibited activities related to independent contractor status.** (a) The  
18.30 prohibited activities in this subdivision are in addition to those prohibited in sections  
18.31 326B.081 to 326B.085.

18.32 (b) An individual shall not hold himself or herself out as an independent contractor  
18.33 unless the individual meets the requirements of subdivision 4.

18.34 (c) A person who provides construction services in the course of the person's trade,  
18.35 business, occupation, or profession shall not:

19.1 (1) require an individual through coercion, misrepresentation, or fraudulent means to  
19.2 adopt independent contractor status or form a business entity;

19.3 (2) knowingly misrepresent or misclassify an individual as an independent  
19.4 contractor;

19.5 Subd. 7a. **Prohibited activities related to registration.** (a) The prohibited activities  
19.6 in this subdivision are in addition to those prohibited in sections 326B.081 to 326B.085.

19.7 (b) A person who provides construction services in the course of the person's trade,  
19.8 business, occupation, or profession shall not:

19.9 ~~(3)~~ (1) contract with or perform construction services for another person without first  
19.10 being registered if required by ~~subdivision 4a~~ section 326B.701;

19.11 ~~(4)~~ (2) contract with or pay another person to perform construction services if  
19.12 the other person is not registered if required by subdivision 4a. All payments to an  
19.13 unregistered person for construction services on a single project site shall be considered a  
19.14 single violation. It is not a violation of this clause:

19.15 (i) for a person to contract with or pay an unregistered person if the unregistered  
19.16 person was registered at the time the contract for construction services was entered into; or

19.17 (ii) for a homeowner or business to contract with or pay an unregistered person if  
19.18 the homeowner or business is not in the trade, business, profession, or occupation of  
19.19 performing building construction or improvement services; or

19.20 ~~(5)~~ (3) be penalized for violations of this subdivision that are committed by another  
19.21 person. This clause applies only to violations of this paragraph.

19.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

19.23 Sec. 17. Minnesota Statutes 2012, section 181.723, subdivision 8a, is amended to read:

19.24 Subd. 8a. **Enforcement; remedies; and penalties.** (a) Notwithstanding the  
19.25 maximum penalty amount in section 326B.082, subdivisions 7 and 12, the maximum  
19.26 penalty for failure to register is \$2,000, but the commissioner shall forgive the penalty if  
19.27 the person registers within 30 days of the date of the penalty order.

19.28 (b) The penalty for contracting with or paying an unregistered person to perform  
19.29 construction services in violation of subdivision 7a, paragraph (b), clause (2), shall be as  
19.30 provided in section 326B.082, subdivisions 7 and 12, but the commissioner shall forgive  
19.31 the penalty for the first violation.

19.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

19.33 Sec. 18. Minnesota Statutes 2012, section 326B.106, subdivision 2, is amended to read:

20.1 Subd. 2. **Public buildings and state-licensed facilities; administration by**  
20.2 **commissioner.** Unless the commissioner has entered into an agreement under subdivision  
20.3 2a or 2b, the commissioner shall administer and enforce the State Building Code as a  
20.4 municipality with respect to public buildings and state-licensed facilities in the state.  
20.5 The commissioner shall establish appropriate permit, plan review, inspection fees, and  
20.6 surcharges for public buildings and state-licensed facilities.

20.7 ~~Municipalities other than the state having an agreement with the commissioner~~  
20.8 ~~for code administration and enforcement service for public buildings and state-licensed~~  
20.9 ~~facilities shall charge their customary fees, including surcharge, to be paid directly to the~~  
20.10 ~~jurisdiction by the applicant seeking authorization to construct a public building or a state~~  
20.11 ~~licensed facility. The commissioner shall sign an agreement with a municipality other than~~  
20.12 ~~the state for plan review, code administration, and code enforcement service for public~~  
20.13 ~~buildings and state-licensed facilities in the jurisdiction if the building officials of the~~  
20.14 ~~municipality meet the requirements of section 326B.133 and wish to provide those services~~  
20.15 ~~and if the commissioner determines that the municipality has enough adequately trained~~  
20.16 ~~and qualified building inspectors to provide those services for the construction project.~~

20.17 ~~The commissioner may direct the state building official to assist a community that~~  
20.18 ~~has been affected by a natural disaster with building evaluation and other activities related~~  
20.19 ~~to building codes.~~

20.20 ~~Administration and enforcement in a municipality under this section must apply~~  
20.21 ~~any optional provisions of the State Building Code adopted by the municipality. A~~  
20.22 ~~municipality adopting any optional code provision shall notify the state building official~~  
20.23 ~~within 30 days of its adoption.~~

20.24 ~~The commissioner shall administer and enforce the provisions of the code relating to~~  
20.25 ~~elevators statewide, except as provided for under section 326B.184, subdivision 4.~~

20.26 Sec. 19. Minnesota Statutes 2012, section 326B.106, is amended by adding a  
20.27 subdivision to read:

20.28 Subd. 2a. **Public buildings and state-licensed facilities; municipal agreement**  
20.29 **for all building projects.** (a) The commissioner shall enter into an agreement with a  
20.30 municipality other than the state for plan review, inspection, code administration, and  
20.31 code enforcement on public buildings and state-licensed facilities in the jurisdiction if  
20.32 the municipality requests to provide those services and the commissioner determines  
20.33 that the municipality has enough adequately trained and qualified inspectors to provide  
20.34 those services. In determining whether a municipality has enough adequately trained and  
20.35 qualified inspectors to provide the service, the commissioner must consider all inspectors

21.1 who are employed by the municipality, are under contract with the municipality to provide  
21.2 inspection services, or are obligated to provide inspection services to the municipality  
21.3 under any other lawful agreement.

21.4 (b) The criteria used to make this determination shall be provided in writing to  
21.5 the municipality requesting an agreement.

21.6 (c) If the commissioner determines that the municipality lacks enough adequately  
21.7 trained and qualified inspectors to provide the required services, a written explanation of  
21.8 the deficiencies shall be provided to the municipality.

21.9 (d) The municipality shall be given an opportunity to remedy any deficiencies  
21.10 and request reconsideration of the commissioner's determination. A request for  
21.11 reconsideration must be in writing and accompanied by substantiating documentation. A  
21.12 request for reconsideration must be received by the commissioner within 90 days of the  
21.13 determination explanation. The commissioner shall review the information and issue a  
21.14 final determination to the municipality within 30 days of the request.

21.15 (e) A municipality aggrieved by a final decision of the commissioner to not enter into  
21.16 an agreement may appeal to be heard as a contested case in accordance with chapter 14.

21.17 Sec. 20. Minnesota Statutes 2012, section 326B.106, is amended by adding a  
21.18 subdivision to read:

21.19 Subd. 2b. **Public buildings and state-licensed facilities; municipal agreement**  
21.20 **for certain building projects.** The commissioner shall enter into an agreement with a  
21.21 municipality other than the state for inspection, code administration, and code enforcement  
21.22 of reserved projects occurring on public buildings and state-licensed facilities in its  
21.23 jurisdiction if the municipality has a designated building official as required by section  
21.24 326B.133 and requests to provide those services.

21.25 For purposes of this subdivision, "reserved projects" includes the following:

21.26 (1) roof covering replacement that does not add roof load;

21.27 (2) towers requiring special inspection;

21.28 (3) single-level storage buildings not exceeding 5,000 square feet;

21.29 (4) exterior maintenance work, including replacement of siding, windows, and doors;

21.30 (5) HVAC unit replacement that does not add roof load or ventilation capacity;

21.31 (6) accessibility upgrades not involving building additions or structural alterations;

21.32 (7) remodeling that does not change the building's occupancy, structural system, exit  
21.33 access or discharge pattern, or mechanical load; and

21.34 (8) other projects determined to be reserved by the commissioner.

22.1 Sec. 21. Minnesota Statutes 2012, section 326B.106, is amended by adding a  
22.2 subdivision to read:

22.3 Subd. 2c. **Municipal fees.** Municipalities other than the state having an agreement  
22.4 under subdivision 2a with the commissioner for code administration and enforcement  
22.5 service for public buildings and state-licensed facilities or inspecting under authority of  
22.6 subdivision 2b shall charge their customary fees, including surcharge, to be paid directly  
22.7 to the jurisdiction by the applicant seeking authorization to construct a public building or  
22.8 a state-licensed facility.

22.9 Sec. 22. Minnesota Statutes 2012, section 326B.106, is amended by adding a  
22.10 subdivision to read:

22.11 Subd. 2d. **Public buildings and state-licensed facilities; municipal obligation.**  
22.12 An agreement with the commissioner under subdivision 2a or 2b must require the  
22.13 municipality to attend to applicable aspects of code administration and enforcement as  
22.14 described in the agreement and established by rule.

22.15 Sec. 23. Minnesota Statutes 2012, section 326B.106, is amended by adding a  
22.16 subdivision to read:

22.17 Subd. 2e. **Public buildings and state-licensed facilities; applicable code.**  
22.18 Administration and enforcement in a municipality under subdivisions 2a and 2b must  
22.19 apply any optional provisions of the State Building Code adopted by the municipality. A  
22.20 municipality adopting any optional code provision shall notify the state building official  
22.21 within 30 days of its adoption.

22.22 Sec. 24. Minnesota Statutes 2012, section 326B.106, is amended by adding a  
22.23 subdivision to read:

22.24 Subd. 2f. **Natural disasters.** The commissioner may direct the state building  
22.25 official to assist a community that has been affected by a natural disaster with building  
22.26 evaluation and other activities related to building codes.

22.27 Sec. 25. Minnesota Statutes 2012, section 326B.106, is amended by adding a  
22.28 subdivision to read:

22.29 Subd. 2g. **Elevators.** The commissioner shall administer and enforce the provisions  
22.30 of the code relating to elevators statewide, except as provided for under section 326B.184,  
22.31 subdivision 4.

23.1 Sec. 26. **[326B.701] CONSTRUCTION CONTRACTOR REGISTRATION.**

23.2 The following definition applies to this section: "business entity" means a person  
23.3 other than an individual or a sole proprietor.

23.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.5 Sec. 27. Minnesota Statutes 2012, section 326B.988, is amended to read:

23.6 **326B.988 EXCEPTIONS.**

23.7 (a) The provisions of sections 326B.93 to 326B.998 shall not apply to:

23.8 (1) boilers and pressure vessels in buildings occupied solely for residence purposes  
23.9 with accommodations for not more than five families;

23.10 (2) railroad locomotives operated by railroad companies for transportation purposes;

23.11 (3) air tanks installed on the right-of-way of railroads and used directly in the  
23.12 operation of trains;

23.13 (4) boilers and pressure vessels under the direct jurisdiction of the United States;

23.14 (5) unfired pressure vessels having an internal or external working pressure not  
23.15 exceeding 15 psig with no limit on size;

23.16 (6) pressure vessels used for storage of compressed air not exceeding five cubic feet  
23.17 in volume and equipped with an ASME code stamped safety valve set at a maximum of  
23.18 100 psig;

23.19 (7) pressure vessels having an inside diameter not exceeding six inches;

23.20 (8) every vessel that contains water under pressure, including those containing air  
23.21 that serves only as a cushion, whose design pressure does not exceed 300 psig and whose  
23.22 design temperature does not exceed 210 degrees Fahrenheit;

23.23 (9) boiler or pressure vessels located on farms used solely for agricultural or  
23.24 horticultural purposes; for purposes of this section, boilers used for mint oil extraction  
23.25 are considered used for agricultural or horticultural purposes, provided that the owner or  
23.26 lessee complies with the inspection requirements contained in section 326B.958;

23.27 (10) tanks or cylinders used for storage or transfer of liquefied petroleum gases;

23.28 (11) unfired pressure vessels in petroleum refineries;

23.29 (12) an air tank or pressure vessel which is an integral part of a passenger motor  
23.30 bus, truck, or trailer;

23.31 (13) hot water heating and other hot liquid boilers not exceeding a heat input of  
23.32 750,000 BTU per hour;

24.1 (14) hot water supply boilers (water heaters) not exceeding a heat input of 500,000  
24.2 BTU per hour, a water temperature of 210 degrees Fahrenheit, a nominal water capacity  
24.3 of 120 gallons, or a pressure of 160 psig;

24.4 (15) a laundry and dry cleaning press not exceeding five cubic feet of steam volume;

24.5 (16) pressure vessels operated full of water or other liquid not materially more  
24.6 hazardous than water, if the vessel's contents' temperature does not exceed 210 degrees  
24.7 Fahrenheit or a pressure of 200 psig;

24.8 (17) steam-powered turbines at papermaking facilities which are powered by steam  
24.9 generated by steam facilities at a remote location;

24.10 (18) manually fired boilers for model locomotive, boat, tractor, stationary engine,  
24.11 or antique motor vehicles constructed or maintained only as a hobby for exhibition,  
24.12 educational or historical purposes and not for commercial use, if the boilers have an  
24.13 inside diameter of 12 inches or less, or a grate area of two square feet or less, and are  
24.14 equipped with an ASME stamped safety valve of adequate size, a water level indicator,  
24.15 and a pressure gauge;

24.16 (19) any pressure vessel used as an integral part of an electrical circuit breaker;

24.17 (20) pressure vessels used for the storage of refrigerant if they are built to ASME  
24.18 code specifications, registered with the national board, and equipped with an ASME  
24.19 code-stamped pressure-relieving device set no higher than the maximum allowable  
24.20 working pressure of the vessel. This does not include pressure vessels used in ammonia  
24.21 refrigeration systems;

24.22 (21) pressure vessels used for the storage of oxygen, nitrogen, helium, carbon dioxide,  
24.23 argon, nitrous oxide, or other medical gas, provided the vessel is constructed to ASME  
24.24 or Minnesota Department of Transportation specifications and equipped with an ASME  
24.25 code-stamped pressure-relieving device. The owner of the vessels shall perform annual  
24.26 visual inspections and planned maintenance on these vessels to ensure vessel integrity;

24.27 (22) pressure vessels used for the storage of compressed air for self-contained  
24.28 breathing apparatuses;

24.29 (23) hot water heating or other hot liquid boilers vented directly to the atmosphere;  
24.30 and

24.31 (24) pressure vessels used for the storage of compressed air not exceeding 1.5 cubic  
24.32 feet (11.22 gallons) in volume with a maximum allowable working pressure of 600 psi or  
24.33 less.

24.34 (b) An engineer's license is not required for hot water supply boilers.

25.1 (c) An engineer's license and annual inspection by the department is not required  
25.2 for boilers, steam cookers, steam kettles, steam sterilizers or other steam generators not  
25.3 exceeding 100,000 BTU per hour input, 25 kilowatt, and a pressure of 15 psig.

25.4 (d) Electric boilers not exceeding a maximum working pressure of 50 psig,  
25.5 maximum of 30 kilowatt input or three horsepower rating shall be inspected as pressure  
25.6 vessels and shall not require an engineer license to operate.

25.7 (e) Sawmills, located in a county with a population of less than 8,000 according to  
25.8 the last federal census and that utilize steam for the drying of lumber, are not required to  
25.9 meet the high pressure boiler attendance requirements set forth in Minnesota Rules, part  
25.10 5225.1180, only if all of the following conditions are met:

25.11 (1) the owner complies with the inspection requirements under section 326B.958,  
25.12 and the licensing requirements under section 326B.972; and

25.13 (2) the boiler:

25.14 (i) is equipped with electronic control systems that are remotely operated but which  
25.15 require on site manual reset of system faults;

25.16 (ii) is remotely monitored for log water levels, boiler pressure, and steam flow;

25.17 (iii) has automatic safety mechanisms built into the remote monitoring systems that  
25.18 send an alarm upon detection of a fault condition, and an on site alarm that will sound  
25.19 upon detection of a fault condition and which may be heard at a distance of 500 feet;

25.20 (iv) has a water treatment program that is supervised by a third party water treatment  
25.21 company; and

25.22 (v) is attended on site by a licensed boiler operator at least two times in a 24-hour  
25.23 period. If the boiler is not attended more than twice in a 24-hour period, the period  
25.24 between checks must not be less than eight hours.

25.25 This paragraph expires August 1, 2016.

25.26 Sec. 28. **PLUMBING AT RESORTS; WORKGROUP.**

25.27 The Department of Labor and Industry, in consultation with the Department of  
25.28 Health, must convene a workgroup to provide recommendations to the legislature on the  
25.29 requirements for plumbing at resorts classified as either class 1c or class 4c property under  
25.30 Minnesota Statutes, section 273.13, and licensed by the Department of Health under  
25.31 Minnesota Statutes, section 157.16. The Department must report its recommendations to  
25.32 the legislature not later than January 1, 2015.

25.33 Sec. 29. **HIGH PRESSURE BOILER RULES AND RECOMMENDATIONS;**  
25.34 **APPROPRIATION.**

26.1 \$100,000 in fiscal year 2015 is appropriated from the general fund to the  
26.2 commissioner of labor and industry to update and modernize rules related to high pressure  
26.3 boilers. The commissioner must make recommendations by October 1, 2015, to the  
26.4 committees of the house of representatives and senate with jurisdiction over construction  
26.5 codes and licensing on changes related to boilers that operate at levels of 15 PSI or higher.  
26.6 This is a onetime appropriation.

26.7 Sec. 30. **REVISOR'S INSTRUCTION.**

26.8 The revisor of statutes shall replace the phrase "Division of Voluntary  
26.9 Apprenticeship" with the word "division" in Minnesota Rules, chapter 5200.

26.10 **EFFECTIVE DATE.** This section is effective January 1, 2015.

26.11 Sec. 31. **REVISOR'S INSTRUCTION.**

26.12 The revisor of statutes shall renumber the citations in column A with the citations  
26.13 in column B. The revisor shall correct any cross-references required because of the  
26.14 renumbering and may make necessary grammatical and technical changes, including  
26.15 changes to sentence structure, to preserve the meaning of the text.

	<u>Column A</u>	<u>Column B</u>
26.16		
26.17	<u>326B.701</u>	<u>326B.701, subd. 1, paragraphs (a)</u>
26.18		<u>and (b)</u>
26.19	<u>181.723, subd. 1, paragraph (g)</u>	<u>326B.701, subd. 1, paragraph (c)</u>
26.20	<u>181.723, subd. 4a</u>	<u>326B.701, subd. 2</u>
26.21	<u>181.723, subd. 5</u>	<u>326B.701, subd. 3</u>
26.22	<u>181.723, subd. 5a</u>	<u>326B.701, subd. 4</u>
26.23	<u>181.723, subd. 7a</u>	<u>326B.701, subd. 5</u>
26.24	<u>181.723, subd. 8a</u>	<u>326B.701, subd. 6</u>
26.25	<u>181.723, subd. 10a</u>	<u>326B.701, subd. 7</u>
26.26	<u>181.723, subd. 16</u>	<u>326B.701, subd. 8</u>

26.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

26.28 Sec. 32. **REPEALER.**

26.29 (a) Minnesota Statutes 2012, sections 178.03, subdivision 2; 178.05; 178.06; and  
26.30 178.08, are repealed.

26.31 (b) Minnesota Rules, parts 5200.0300; 5200.0310; 5200.0320, subparts 1, 2, 3, 4, 5,  
26.32 7, 9, 10, 11, 12, 13, 14, and 15; 5200.0340; 5200.0360; and 5200.0390, are repealed.

26.33 **EFFECTIVE DATE.** This section is effective January 1, 2015."

27.1 Delete the title and insert:

27.2 "A bill for an act

27.3 relating to labor and industry; extending an independent contractor pilot  
27.4 program; making federal conformity changes to the apprenticeship program;  
27.5 modifying municipal building code enforcement; providing an exception to  
27.6 high pressure boiler requirements; requiring a workgroup to study plumbing at  
27.7 certain resorts; appropriating money for a high pressure boiler study; amending  
27.8 Minnesota Statutes 2012, sections 178.02; 178.03; 178.041, subdivision 2;  
27.9 178.07; 178.09; 178.10; 181.723, subdivisions 4, 4a, 5, 7, 8a; 326B.106,  
27.10 subdivision 2, by adding subdivisions; 326B.988; proposing coding for new law  
27.11 in Minnesota Statutes, chapters 178; 326B; repealing Minnesota Statutes 2012,  
27.12 sections 178.03, subdivision 2; 178.05; 178.06; 178.08; Minnesota Rules, parts  
27.13 5200.0300; 5200.0310; 5200.0320, subparts 1, 2, 3, 4, 5, 7, 9, 10, 11, 12, 13, 14,  
27.14 15; 5200.0340; 5200.0360; 5200.0390."

28.1 We request the adoption of this report and repassage of the bill.

28.2 Senate Conferees:

28.3 .....  
28.4 Matt Schmit Dan Sparks

28.5 .....  
28.6 Gary H. Dahms

28.7 House Conferees:

28.8 .....  
28.9 Tim Mahoney John Ward

28.10 .....  
28.11 Bob Gunther