A bill for an act
relating to jobs; appropriating money for the Department of Employment and
Economic Development, Department of Labor and Industry, the Bureau of
Mediation Services, and Workers' Compensation Court of Appeals; modifying
use of Minnesota investment fund; establishing an airport infrastructure renewal
(AIR) grant program; modifying the youth skills training program; modifying
retainage requirements for certain public contracts and building and construction
contracts; providing uniformity for employment mandates on private employers;
prohibiting wage theft; adopting recommendations from the Workers' Compensation
Advisory Council; making policy and technical changes; modifying fees;
establishing criminal penalties; requiring reports; amending Minnesota Statutes
2018, sections 15.72, subdivision 2; 116J.035, subdivision 7; 175.46, subdivisions
3, 13; 176.1812, subdivision 2; 176.231, subdivision 1; 177.23, subdivision 7;
177.27, subdivision 1; 177.32, subdivision 1; 181.03, subdivision 1, by adding
subdivisions; 326B.821, subdivision 21; 337.10, subdivision 4; 341.30, subdivision
1; 341.32, subdivision 1; 469.074, by adding a subdivision; Laws 2017,
chapter 94, article 1, section 2, subdivision 3; proposing coding for new law in
Minnesota Statutes, chapters 116J; 116L; 181.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

APPROPRIATIONS

Section 1. JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies
and for the purposes specified in this article. The appropriations are from the general fund,
or another named fund, and are available for the fiscal years indicated for each purpose.
The figures "2020" and "2021" used in this article mean that the appropriations listed under
them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively.
"The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium"
is fiscal years 2020 and 2021.
Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation $114,607,000 $114,607,000

Appropriations by Fund

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>82,810,000</td>
<td>82,810,000</td>
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<tr>
<td>Remediation</td>
<td>700,000</td>
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<tr>
<td>Workforce</td>
<td>31,097,000</td>
<td>31,097,000</td>
</tr>
</tbody>
</table>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Business and Community Development $38,286,000 $38,286,000

Appropriations by Fund

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
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<td>36,111,000</td>
<td>36,111,000</td>
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<tr>
<td>Remediation</td>
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</tr>
<tr>
<td>Workforce</td>
<td>1,475,000</td>
<td>1,475,000</td>
</tr>
</tbody>
</table>

(a)(1) $12,500,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, up to two percent is for administration and monitoring of the program. This appropriation is available until spent. Notwithstanding Minnesota Statutes, section 116J.8731, funds appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the
grant amount limitation under Minnesota Statutes, section 116J.8731;

(2) of the amount appropriated in fiscal year 2020, $2,000,000 is for a loan to a paper mill in Duluth to support the operation and manufacture of packaging paper grades. The company that owns the paper mill must spend $25,000,000 on expansion activities by December 31, 2020, in order to be eligible to receive funds in this appropriation. This appropriation is onetime and may be used for the mill's equipment, materials, supplies, and other operating expenses. The commissioner of employment and economic development shall forgive a portion of the loan each year after verification that the mill has retained 200 full-time jobs over a period of five years and has satisfied other performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731;

(3) of the amount appropriated in fiscal year 2020, $1,000,000 is for the airport infrastructure renewal (AIR) grant program under Minnesota Statutes, section 116J.439;

and

(4) of the amount appropriated in fiscal year 2020, $100,000 is for a grant to FIRST in Upper Midwest to support competitive robotics teams. Funds must be used to make up to five awards of no more than $20,000 each to Minnesota-based public entities or private nonprofit organizations for the creation of competitive robotics hubs. Awards may be used for tools, equipment, and physical space to be utilized by robotics teams. At least 50
percent of grant funds must be used outside
of the seven-county metropolitan area, as
defined under Minnesota Statutes, section
473.121, subdivision 2. The grant recipient
shall report to the chairs and ranking minority
members of the legislative committees with
jurisdiction over jobs and economic growth
by February 1, 2021, on the status of awards
and include information on the number and
amount of awards made, the number of
customers served, and any outcomes resulting
from the grant. The grant requires a 50 percent
match from nonstate sources.

(b) $8,000,000 each year is for the Minnesota
job creation fund under Minnesota Statutes,
section 116J.8748. Of this amount, up to two
percent is for administration and monitoring
of the program. This appropriation is available
until spent.

(c) $1,000,000 each year is for the Minnesota
emerging entrepreneur loan program under
Minnesota Statutes, section 116M.18. Funds
available under this paragraph are for transfer
into the emerging entrepreneur program
special revenue fund account created under
Minnesota Statutes, chapter 116M, and are
available until spent.

(d) $1,350,000 each year from the workforce
development fund is for job training costs
under Minnesota Statutes, section 116L.42.

(e) $1,787,000 each year is for the greater
Minnesota business development public
infrastructure grant program under Minnesota
Statutes, section 116J.431. This appropriation
is available until spent.
(f) $139,000 each year is for the Center for Rural Policy and Development.

(g) $1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent.

(h) $700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent.

(i) $1,425,000 each year is for the business development competitive grant program. Of this amount, up to two percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(j) $4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent.

(k) $875,000 each year is from the general fund for the host community economic development program established in Minnesota Statutes, section 116J.548.

(l) $25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.
(m) $125,000 each year from the workforce development fund is for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation.

(n) $12,000 each year is from the general fund for a grant to the Upper Minnesota Film Office.

(o) $163,000 each year is from the general fund for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(p) $500,000 each year is from the general fund for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until spent.

Subd. 3. **Minnesota Trade Office**

| 2,292,000 | 2,292,000 |

(a) $300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) $180,000 each year is for the Invest Minnesota Marketing Initiative in Minnesota Statutes, section 116J.9781.
7.1 (c) $270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

7.4 (d) $50,000 each year is for the trade policy advisory group under Minnesota Statutes, section 116J.9661.

Subd. 4. **Workforce Development**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>26,242,000</th>
<th>26,242,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>4,450,000</td>
<td>4,450,000</td>
</tr>
<tr>
<td>Workforce Development</td>
<td>21,792,000</td>
<td>21,792,000</td>
</tr>
</tbody>
</table>

7.12 (a) $4,604,000 each year from the workforce development fund is for the pathways to prosperity competitive grant program. Of this amount, up to two percent is for administration and monitoring of the program.

7.17 (b) $4,065,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

7.21 (c) $1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

7.25 (d) $750,000 each year is from the general fund and $3,348,000 each year is from the workforce development fund for the youth at work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to two percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.
(e) $500,000 each year from the general fund and $500,000 each year from the workforce development fund are for rural career counseling coordinators in the workforce service areas and for the purposes specified under Minnesota Statutes, section 116L.667.

(f) $250,000 each year is for the higher education career advising program.

(g) $1,000,000 each year is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to two percent is for administration and monitoring of the program.

(h) $1,000,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to two percent is for administration and monitoring of the program.

(i) $750,000 each year is for the high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.667.
116L.99. Of this amount, up to two percent is for administration and monitoring of the program.

(j) $500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs. This appropriation shall be divided equally among the eligible centers.

(k) $250,000 each year is from the workforce development fund for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. This is a onetime appropriation.

(l) $750,000 each year is from the workforce development fund for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(m) $800,000 each year is from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to hard-to-train individuals. This is a onetime appropriation.

(n) $600,000 each year from the workforce development fund is for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity-building. This is a onetime appropriation.
(o) $200,000 each year is for a grant to AccessAbility Incorporated to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. AccessAbility Incorporated shall annually report to the commissioner on how the money was spent and what results were achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and training provided to program participants. This is a onetime appropriation.

(p) $450,000 each year is from the workforce development fund for grants to Minnesota Diversified Industries, Inc. to provide progressive development and employment opportunities for people with disabilities. This is a onetime appropriation.

(q) $750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, must be designed to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This
grant requires a 25 percent match from nonstate resources. This is a onetime appropriation.

(r) $500,000 each year is from the workforce development fund for a grant to Avivo to provide low-income individuals with career education and job skills training that is fully integrated with chemical and mental health services. This is a onetime appropriation.

(s) $1,500,000 each year is from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota having fewer than 250 employees worldwide. At least 350 students must be matched in the first year and at least 350 students must be matched in the second year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at $3,000 per intern. The program must work toward increasing the participation among women or other underserved populations. This is a onetime appropriation.

(t) $250,000 each year is from the workforce development fund for a grant to Big Brothers Big Sisters of the Greater Twin Cities for

Article 1 Sec. 2.
workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Big Brothers Big Sisters chapters in the Twin Cities, central Minnesota, and southern Minnesota. This is a onetime appropriation.

(u) $200,000 each year is from the workforce development fund for a grant to 180 Degrees to expand their job readiness training program to: young adults in group homes; sexually exploited girls at Brittany’s Place; and men who have recently been released from prison at the Clifton Residence. This is a onetime appropriation.

(v) $150,000 each year is from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 116L.96. The commissioner, through the adult career pathways program, shall distribute the funds to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(w) $500,000 each year is from the workforce development fund for a grant to Goodwill Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally. This is a onetime appropriation.

(x) $500,000 each year is from the workforce development fund for a grant to Summit Academy OIC to expand their contextualized
GED and employment placement program and
STEM program. This is a onetime
appropriation.

(y) $250,000 each year is from the workforce
development fund for a grant to Bridges to
Healthcare to provide career education,
wraparound support services, and job skills
training in high-demand health care fields to
low-income parents, nonnative speakers of
English, and other hard-to-train individuals,
helping families build secure pathways out of
poverty while also addressing worker
shortages in one of Minnesota's most
innovative industries. Funds may be used for
program expenses, including but not limited
to hiring instructors and navigators; space
rental; and supportive services to help
participants attend classes, including assistance
with course fees, child care, transportation,
and safe and stable housing. In addition, up to
five percent of grant funds may be used for
Bridges to Healthcare's administrative costs.
This is a onetime appropriation.

(z) $75,000 each year is from the workforce
development fund for grants to the Minnesota
Grocers Association Foundation for Carts to
Careers, a statewide initiative to promote
careers, conduct outreach, provide job skills
training, and grant scholarships for careers in
the retail food industry. This is a onetime
appropriation.

(aa) $250,000 each year is from the workforce
development fund for grants to the American
Indian Opportunities and Industrialization
Center, in collaboration with the Northwest
Indian Community Development Center, to reduce academic disparities for American Indian students and adults. The grant funds may be used to provide:

1. student tutoring and testing support services;
2. training and employment placement in information technology;
3. training and employment placement within trades;
4. assistance in obtaining a GED;
5. remedial training leading to enrollment or to sustain enrollment in a postsecondary higher education institution;
6. real-time work experience in information technology fields and in the trades;
7. contextualized adult basic education;
8. career and educational counseling for clients with significant and multiple barriers;
9. reentry services and counseling for adults and youth.

After notification to the legislature, the commissioner may transfer this appropriation to the commissioner of education.

Subd. 5. Vocational Rehabilitation

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>28,861,000</th>
<th>28,861,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>28,861,000</td>
<td>28,861,000</td>
</tr>
<tr>
<td>Workforce Development</td>
<td>7,830,000</td>
<td>7,830,000</td>
</tr>
</tbody>
</table>

Article 1 Sec. 2.
(a) $14,300,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) $3,011,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) $8,995,000 each year from the general fund and $6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the amounts appropriated from the general fund, $2,000,000 each year is for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(d) $1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-aged youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year. Of this amount, up to two percent is for administration and monitoring of the program.

(e) $2,555,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

Subd. 6. Services for the Blind

6,425,000

6,425,000
S500,000 each year is to provide services for senior citizens who are becoming blind. At least half of the funds appropriated must be used to provide training services for seniors who are becoming blind. Training services must provide independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes.

Subd. 7. General Support Services

(a) $250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.4011.
(b) $1,269,000 each year is for transfer to the Minnesota Housing Finance Agency for operating the Olmstead Implementation Office.
(c) $500,000 each year is for the capacity-building grant program to assist nonprofit organizations offering or seeking to offer workforce development and economic development programming.

Subd. 8. Competitive Grant Limitations

An organization that receives a direct appropriation under this section is not eligible to participate in competitive grant programs under this section for substantially the same program or purpose as the direct appropriation received during the fiscal years in which the direct appropriations are received.

Sec. 3. DEPARTMENT OF LABOR AND INDUSTRY

Subdivision 1. Total Appropriation

$28,700,000 $25,700,000
### Appropriations by Fund

<table>
<thead>
<tr>
<th>Subd.</th>
<th>Purpose</th>
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<th>2021</th>
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</thead>
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<tr>
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<td>General</td>
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<tr>
<td>3</td>
<td>Workers' Compensation</td>
<td>22,919,000</td>
<td>19,919,000</td>
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<tr>
<td>4</td>
<td>Workforce Development</td>
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</table>

The amounts that may be spent for each purpose are specified in the following subdivisions.

#### Subd. 2. Workers' Compensation

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Sub. 2.</td>
<td></td>
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<tr>
<td>Workers' Compensation</td>
<td>14,882,000</td>
<td>11,882,000</td>
</tr>
</tbody>
</table>

This appropriation is from the workers' compensation fund.

$3,000,000 in fiscal year 2020 is for workers' compensation system upgrades. This amount is available until June 30, 2021. This is a onetime appropriation.

#### Subd. 3. Labor Standards and Apprenticeship

<table>
<thead>
<tr>
<th>Subd.</th>
<th>Purpose</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>(a) $1,500,000 each year is for wage theft prevention. Beginning in fiscal year 2022, the base amount for this appropriation is $1,000,000.</td>
<td>3,048,000</td>
<td>3,048,000</td>
</tr>
<tr>
<td>4</td>
<td>(b) $250,000 each year is to develop an open and competitive grant process in consultation with the Office of Justice Programs in the Department of Public Safety, law enforcement organizations, and the Minnesota County Attorneys Association to award a grant to a nonprofit organization identifying and serving victims of labor trafficking to: (1) develop a statewide model protocol for law enforcement,</td>
<td>1,683,000</td>
<td>1,683,000</td>
</tr>
</tbody>
</table>
prosecutors, and other persons who in their professional capacity encounter labor trafficking to identify and intervene with victims of labor trafficking; (2) conduct statewide training for law enforcement and prosecutors including, at a minimum, methods under Minnesota Statutes, section 299A.79, subdivision 2; and (3) develop and disseminate investigative best practices to identify victims of labor trafficking and traffickers to law enforcement, prosecutors, and other persons who in their professional capacity encounter labor trafficking. The grant recipient may use the money appropriated in this paragraph to partner with other entities to implement clauses (1) to (3).

(c) By January 15, 2021, the grant recipient shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over criminal justice and labor and industry policy and funding on the grant process and how the grant money was spent and details and results of the implementation of paragraph (a), clauses (1) to (3). This appropriation is onetime.

(d) $1,133,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

(e) $150,000 each year is from the workforce development fund for prevailing wage enforcement.

(f) $100,000 each year is from the workforce development fund for labor education and
advancement program grants under Minnesota Statutes, section 178.11, to expand and promote registered apprenticeship training for minorities and women.

(g) $300,000 each year is from the workforce development fund for grants to the Construction Careers Foundation for the Helmets to Hard Hats Minnesota initiative. Grant funds must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation into apprenticeship programs registered with the Department of Labor and Industry and connect them with career training and employment in the building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age. This is a onetime appropriation.

Subd. 4. Workplace Safety

This appropriation is from the workers' compensation fund.

Subd. 5. General Support

Appropriations by Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
<th>Amount</th>
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<tr>
<td>Workers' Compensation</td>
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<tr>
<td>Workforce Development</td>
<td>1,050,000</td>
<td>1,050,000</td>
</tr>
</tbody>
</table>

(a) $300,000 each year is from the workforce development fund for the PIPELINE program.

(b) $750,000 each year is from the workforce development fund for youth skills training
grants under Minnesota Statutes, section 175.46. The commissioner shall award grants not to exceed $100,000 per local partnership grant. $100,000 each year is from the workforce development fund for the administration of the grant program.

Sec. 4. BUREAU OF MEDIATION SERVICES

(a) $68,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(b) $394,000 each year is for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. Of this amount, $160,000 each year is for grants under Minnesota Statutes, section 179.91.

Sec. 5. WORKERS' COMPENSATION COURT OF APPEALS

This appropriation is from the workers' compensation fund.

Sec. 6. REDUCTION IN APPROPRIATIONS FOR UNFILLED POSITIONS.

Subdivision 1. Reduction required. The commissioner of management and budget must reduce general fund and nongeneral fund appropriations to the Department of Employment and Economic Development and the Department of Labor and Industry for agency operations for the biennium ending June 30, 2021, for salary and benefits savings that results from any positions that have not been filled within 180 days of the posting of the position. This section applies only to positions that are posted in fiscal years 2019, 2020, and 2021. Reductions made under this paragraph must be reflected as reductions in agency base budgets for fiscal years 2022 and 2023.

Subd. 2. Reporting. The commissioner of management and budget must report to the chairs and ranking minority members of the senate and the house of representatives jobs...
21. and economic development finance committees regarding the amount of reductions in
21. spending by each agency under this section.

21. ARTICLE 2
21. JOBS POLICY

21. Section 1. Minnesota Statutes 2018, section 116J.035, subdivision 7, is amended to read:
21. Subd. 7. Monitoring pass-through grant recipients. The commissioner shall monitor
21. the activities and outcomes of programs and services funded by legislative appropriations
21. and administered by the department on a pass-through basis. Unless amounts are otherwise
21. appropriated for administrative costs, the commissioner may retain up to 2% of the amount appropriated to the department for grants to pass-through entities. Amounts
21. retained are deposited to a special revenue account and are appropriated to the commissioner
21. for costs incurred in administering and monitoring the pass-through grants.

21. Sec. 2. [116J.439] AIRPORT INFRASTRUCTURE RENEWAL (AIR) GRANT
21. PROGRAM.

21. Subdivision 1. Grant program established; purpose. (a) The commissioner shall make
21. grants to counties, airport authorities, or cities to provide up to 50 percent of the capital
21. costs of redevelopment of an existing facility or construction of a new facility; and for public
21. or private infrastructure costs, including broadband infrastructure costs, necessary for an
21. eligible airport infrastructure renewal economic development project.

21. (b) The purpose of the grants made under this section is to keep or enhance jobs in the
21. area, increase the tax base, or expand or create new economic development.

21. (c) In awarding grants under this section, the commissioner must adhere to the criteria
21. under subdivision 5.

21. Subd. 2. Definitions. (a) For purposes of this section, the following terms have the
21. meanings given.

21. (b) "City" means a statutory or home rule charter city located outside the metropolitan
21. area as defined in section 473.121, subdivision 2.

21. (c) "County" means a county located outside the metropolitan area as defined in section
21. 473.121, subdivision 2.

21. (d) "Airport authority" means an authority created pursuant to section 360.0426.
Subd. 3. Eligible projects. An economic development project for which a county, airport authority, or city may be eligible to receive a grant under this section includes: (1) manufacturing; (2) technology; (3) warehousing and distribution; or (4) research and development.

Subd. 4. Ineligible projects. The following projects are not eligible for a grant under this section: (1) retail development; or (2) office space development, except as incidental to an eligible purpose.

Subd. 5. Application. (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a county, airport authority, or city must include in its application a resolution of the governing body of the county, airport authority, or city certifying that half of the cost of the project is committed from nonstate sources. The commissioner must evaluate complete applications for eligible projects using the following criteria:

(1) the project is an eligible project as defined under subdivision 3;

(2) the project is expected to result in or will attract substantial public and private capital investment and provide substantial economic benefit to the county, airport authority, or city in which the project would be located; and

(3) the project is expected to or will create or retain full-time jobs.

(b) The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section. The commissioner's decisions and application of the criteria are not subject to judicial review except for abuse of discretion.

Subd. 6. Maximum grant amount. A county, airport authority, or city may receive no more than $250,000 in two years for one or more projects.

Subd. 7. Cancellation of grant; return of grant money. If after five years the commissioner determines that a project has not proceeded in a timely manner and is unlikely to be completed, the commissioner must cancel the grant and require the grantee to return all grant money awarded for that project.

Subd. 8. Appropriation. Grant money returned to the commissioner is appropriated to the commissioner to make additional grants under this section.

Sec. 3. [116L.35] INVENTORY OF ECONOMIC DEVELOPMENT PROGRAMS.

(a) By January 15, 2020, and by January 15 of each even-numbered year thereafter, the commissioner of employment and economic development must submit a report to the chairs
of the legislative committees with jurisdiction over economic development that provides
an inventory of all economic development programs, including any workforce development
programs, either provided by or overseen by any agency of the state of Minnesota.

(b) Programs related to economic development that must be included in the report include
those that:

(1) receive federal funds or state funds;
(2) provide assistance to either businesses or individuals; or
(3) support internships, apprenticeships, career and technical education, or any form of
employment training.

(c) For each economic development program, the report must include, at a minimum,
the following information:

(1) details of program costs;
(2) the number of staff, both within the department and any outside organization;
(3) the number of program participants;
(4) the demographic information including, but not limited to, race, age, gender, and
income of program participants;
(5) a list of any and all subgrantees receiving funds from the program, as well as the
amount of funding received;
(6) information about other sources of funding including other public or private funding
or in-kind donations;
(7) evidence that: (i) the organization administering a program; (ii) a business receiving
a loan for a new or expanded business from a program; or (iii) a subgrantee of a program
is in good standing with the Minnesota Secretary of State and the Minnesota Department
of Revenue;
(8) a short description of what each program does; and
(9) to the extent practical, quantifiable measures of program success.

(d) In addition to the information required under paragraph (c), a program related to
economic development under paragraph (b) that requests an increase in state funding over
the previous biennium must provide the following:

(1) detailed information regarding the need for increased funds; and
(2) the planned uses of the increased funds.

(e) A program related to economic development under paragraph (b) is ineligible for state funding in the following biennium if it does not submit the information required under paragraph (c).

Sec. 4. Minnesota Statutes 2018, section 469.074, is amended by adding a subdivision to read:

Subd. 3. Meetings by telephone or other electronic means. The port authority may conduct meetings as provided in section 13D.015.

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

Sec. 5. Laws 2017, chapter 94, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. Workforce Development Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$6,239,000</td>
<td>$5,889,000</td>
</tr>
<tr>
<td>Workforce Development</td>
<td>$25,259,000</td>
<td>$24,342,000</td>
</tr>
</tbody>
</table>

(a) $500,000 each year is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562.

Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2020 and beyond, the base amount is $750,000.

(b) $250,000 each year is for pilot programs in the workforce service areas to combine career and higher education advising.

(c) $500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section

Article 2 Sec. 5.
25.1 116L.667. The commissioner of employment
25.2 and economic development, in consultation
25.3 with local workforce investment boards and
25.4 local elected officials in each of the service
25.5 areas receiving funds, shall develop a method
25.6 of distributing funds to provide equitable
25.7 services across workforce service areas.

25.8 (d) $1,000,000 each year is for a grant to the
25.9 Construction Careers Foundation for the
25.10 construction career pathway initiative to
25.11 provide year-round educational and
25.12 experiential learning opportunities for teens
25.13 and young adults under the age of 21 that lead
25.14 to careers in the construction industry. This is
25.15 a onetime appropriation. Grant funds must be
25.16 used to:

25.17 (1) increase construction industry exposure
25.18 activities for middle school and high school
25.19 youth, parents, and counselors to reach a more
25.20 diverse demographic and broader statewide
25.21 audience. This requirement includes, but is
25.22 not limited to, an expansion of programs to
25.23 provide experience in different crafts to youth
25.24 and young adults throughout the state;

25.25 (2) increase the number of high schools in
25.26 Minnesota offering construction classes during
25.27 the academic year that utilize a multicraft
25.28 curriculum;

25.29 (3) increase the number of summer internship
25.30 opportunities;

25.31 (4) enhance activities to support graduating
25.32 seniors in their efforts to obtain employment
25.33 in the construction industry;
(5) increase the number of young adults employed in the construction industry and ensure that they reflect Minnesota’s diverse workforce; and

(6) enhance an industrywide marketing campaign targeted to youth and young adults about the depth and breadth of careers within the construction industry.

Programs and services supported by grant funds must give priority to individuals and groups that are economically disadvantaged or historically underrepresented in the construction industry, including but not limited to women, veterans, and members of minority and immigrant groups.

(e) $1,539,000 each year from the general fund and $4,604,000 each year from the workforce development fund are for the Pathways to Prosperity adult workforce development competitive grant program. Of this amount, up to four percent is for administration and monitoring of the program. When awarding grants under this paragraph, the commissioner of employment and economic development may give preference to any previous grantee with demonstrated success in job training and placement for hard-to-train individuals. In fiscal year 2020 and beyond, the general fund base amount for this program is $4,039,000.

(f) $750,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and
behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $1,000,000.

(g) $500,000 each year is for the women and high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $750,000.

(h) $500,000 each year is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is $1,000,000.

(i) $250,000 each year is for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. This is a onetime appropriation. The grant funds may be used to provide:
(1) student tutoring and testing support services;

(2) training in information technology;

(3) assistance in obtaining a GED;

(4) remedial training leading to enrollment in a postsecondary higher education institution;

(5) real-time work experience in information technology fields; and

(6) contextualized adult basic education.

After notification to the legislature, the commissioner may transfer this appropriation to the commissioner of education.

(j) $100,000 each year is for the getting to work grant program. This is a onetime appropriation and is available until June 30, 2021.

(k) $525,000 each year is from the workforce development fund for a grant to the YWCA of Minneapolis to provide economically challenged individuals the job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. This is a onetime appropriation.

(l) $1,350,000 each year is from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their field of study. The internship
opportunities must match students with paid
internships within STEM disciplines at small,
for-profit companies located in Minnesota,
having fewer than 250 employees worldwide.
At least 300 students must be matched in the
first year and at least 350 students must be
matched in the second year. No more than 15
percent of the hires may be graduate students.
Selected hiring companies shall receive from
the grant 50 percent of the wages paid to the
intern, capped at $2,500 per intern. The
program must work toward increasing the
participation of women or other underserved
populations. This is a onetime appropriation.

(m) $450,000 each year is from the workforce
development fund for grants to Minnesota
Diversified Industries, Inc. to provide
progressive development and employment
opportunities for people with disabilities. This
is a onetime appropriation.

(n) $500,000 each year is from the workforce
development fund for a grant to Resource, Inc.
to provide low-income individuals career
education and job skills training that are fully
integrated with chemical and mental health
services. This is a onetime appropriation.

(o) $750,000 each year is from the workforce
development fund for a grant to the Minnesota
Alliance of Boys and Girls Clubs to administer
a statewide project of youth job skills and
career development. This project, which may
have career guidance components including
health and life skills, is designed to encourage,
train, and assist youth in early access to
education and job-seeking skills, work-based
learning experience including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate resources. This is a onetime appropriation. (p) $215,000 each year is from the workforce development fund for grants to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, Central Minnesota, and Southern Minnesota Big Brothers, Big Sisters chapters. This is a onetime appropriation. (q) $250,000 each year is from the workforce development fund for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. This is a onetime appropriation. (r) $1,000,000 each year is from the workforce development fund for a grant to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of African and African-American joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult
diploma program. This is a onetime appropriation.

(s) $1,000,000 each year is from the workforce development fund for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(t) $750,000 each year is from the workforce development fund for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(u) $600,000 each year is from the workforce development fund for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building. This is a onetime appropriation.

(v) $1,297,000 in the first year and $800,000 in the second year are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747,
to Twin Cities R!SE to provide training to hard-to-train individuals. Of the amounts appropriated, $497,000 in fiscal year 2018 is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and Hennepin Technical College for the Metro Transit technician training program. This is a onetime appropriation and funds are available until June 30, 2020.

(w) $230,000 in fiscal year 2018 is from the workforce development fund for a grant to the Bois Forte Tribal Employment Rights Office (TERO) for an American Indian workforce development training pilot project. This is a onetime appropriation and is available until June 30, 2019. Funds appropriated the first year are available for use in the second year of the biennium.

(x) $40,000 in fiscal year 2018 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated to the board.

(y) $250,000 each year is from the workforce development fund for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker...
shortages in one of Minnesota's most innovative industries. Funds may be used for program expenses, including, but not limited to, hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant funds may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation and is available until June 30, 2020.

(z) $500,000 each year is from the workforce development fund for a grant to the Nonprofits Assistance Fund to provide capacity-building grants to small, culturally specific organizations that primarily serve historically underserved cultural communities. Grants may only be awarded to nonprofit organizations that have an annual organizational budget of less than $500,000 and are culturally specific organizations that primarily serve historically underserved cultural communities. Grant funds awarded must be used for:

(1) organizational infrastructure improvement, including developing database management systems and financial systems, or other administrative needs that increase the organization's ability to access new funding sources;

(2) organizational workforce development, including hiring culturally competent staff, training and skills development, and other methods of increasing staff capacity; or
creation or expansion of partnerships with existing organizations that have specialized expertise in order to increase the capacity of the grantee organization to improve services for the community. Of this amount, up to five percent may be used by the Nonprofits Assistance Fund for administration costs and providing technical assistance to potential grantees. This is a onetime appropriation.

(aa) $4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(bb) $1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(cc) $3,348,000 each year is from the workforce development fund for the "Youth at Work" youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(dd) $500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs.

(ee) $750,000 each year is from the workforce development fund for a grant to Summit Academy OIC to expand its contextualized GED and employment placement program. This is a onetime appropriation.

Article 2 Sec. 5.
(ff) $500,000 each year is from the workforce development fund for a grant to Goodwill-Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally. This is a onetime appropriation.

(gg) $150,000 each year is from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 116L.96. The commissioner shall distribute the funds to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(hh)(1) $150,000 in fiscal year 2018 is from the workforce development fund for a grant to Anoka County to develop and implement a pilot program to increase competitive employment opportunities for transition-age youth ages 18 to 21.

(2) The competitive employment for transition-age youth pilot program shall include career guidance components, including health and life skills, to encourage, train, and assist transition-age youth in job-seeking skills, workplace orientation, and job site knowledge.

(3) In operating the pilot program, Anoka County shall collaborate with schools, disability providers, jobs and training organizations, vocational rehabilitation providers, and employers to build upon
opportunities and services, to prepare transition-age youth for competitive employment, and to enhance employer connections that lead to employment for the individuals served.

(4) Grant funds may be used to create an on-the-job training incentive to encourage employers to hire and train qualifying individuals. A participating employer may receive up to 50 percent of the wages paid to the employee as a cost reimbursement for on-the-job training provided.

(ii) $500,000 each year is from the workforce development fund for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(jj) In calendar year 2017, the public utility subject to Minnesota Statutes, section 116C.779, must withhold $1,000,000 from the funds required to fulfill its financial commitments under Minnesota Statutes, section 116C.779, subdivision 1, and pay such amounts to the commissioner of employment and economic development for deposit in the Minnesota 21st century fund under Minnesota Statutes, section 116J.423.
(kk) $350,000 in fiscal year 2018 is for a grant to AccessAbility Incorporated to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. AccessAbility Incorporated shall annually report to the commissioner on how the money was spent and the results achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support compliance; and training provided to program participants.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2017.

Sec. 6. **ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.**

(a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or statutory city, county, or town that has uncommitted money received from repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20 percent of the balance of that money to the state general fund before June 30, 2020. Any local entity that does so may then use the remaining 80 percent of the uncommitted money as a general purpose aid for any lawful expenditure.

(b) By February 15, 2021, a home rule charter or statutory city, county, or town that exercises the option under paragraph (a) shall submit to the chairs of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds.

**ARTICLE 3**

**LABOR AND INDUSTRY POLICY**

Section 1. Minnesota Statutes 2018, section 15.72, subdivision 2, is amended to read:

Subd. 2. **Retainage.** (a) A public contracting agency may reserve as retainage from any progress payment on a public contract for a public improvement an amount not to exceed five percent of the payment. A public contracting agency may reduce the amount of
the retainage and may eliminate retainage on any monthly contract payment if, in the agency's opinion, the work is progressing satisfactorily.

(b) For all construction contracts greater than $5,000,000, the public contracting agency must reduce retainage to no more than 2.5 percent if the public contracting agency determines the work is 75 percent or more complete, that work is progressing satisfactorily, and all contract requirements are being met.

c) The public contracting agency must release any remaining retainage no later than 60 days after substantial completion.

(d) A contractor on a public contract for a public improvement must pay out any remaining retainage to its subcontractors no later than ten days after receiving payment of retainage from the public contracting agency, unless there is a dispute about the work under a subcontract. If there is a dispute about the work under a subcontract, the contractor must pay out retainage to any subcontractor whose work is not involved in the dispute, and must provide a written statement detailing the amount and reason for the withholding to the affected subcontractor and the public agency.

(e) A contractor may not reserve as retainage from a subcontractor an amount that exceeds the amount reserved by the public contracting agency under this subdivision. Upon written request of a subcontractor who has not been paid for work in accordance with section 16A.1245 or 471.425, subdivision 4a, the public contracting agency shall notify the subcontractor of a progress payment, retainage payment, or final payment made to the contractor. A contractor must include in any contract with a subcontractor the name, address, and telephone number of a responsible official at the public contracting agency that may be contacted for purposes of making a request under this paragraph.

(f) After substantial completion, a public contracting agency may withhold no more than:

(1) 250 percent of the value of incomplete or defective work; and

(2) one percent of the value of the contract or $500, whichever is greater, pending completion and submission of all final paperwork by the contractor, provided that an amount withheld under this clause may not exceed $10,000.

If the public contracting agency withholds payment under this paragraph, the public contracting agency must promptly provide a written statement detailing the amount and basis of withholding to the contractor. The public contracting agency must provide a copy of this statement to any subcontractor that requests it. Any amounts withheld for incomplete
or defective work shall be paid within 45 days after the completion of the work. Any amounts withheld under clause (1) must be paid within 45 days after completion of the work. Any amounts withheld under clause (2) must be paid within 45 days after submission of all final paperwork.

(g) As used in this subdivision, "substantial completion" shall be determined as provided in section 541.051, subdivision 1, paragraph (a). For construction, reconstruction, or improvement of streets and highways, including bridges, substantial completion means the date when construction-related traffic devices and ongoing inspections are no longer required.

(h) The maximum retainage percentage allowed for a building and construction contract is the retainage percentage withheld by the public contracting agency from the contractor.

(i) Withholding retainage for warranties or warranty work is prohibited.

EFFECTIVE DATE. This section applies to agreements entered into on or after August 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 175.46, subdivision 3, is amended to read:

Subd. 3. Duties. (a) The commissioner shall:

(1) approve youth skills training programs that train student learners for careers in high-growth, high-demand occupations that provide:

(i) that the work of the student learner in the occupations declared particularly hazardous shall be incidental to the training;

(ii) that the work shall be intermittent and for short periods of time, and under the direct and close supervision of a qualified and experienced person;

(iii) that safety instruction shall be provided to the student learner and may be given by the school and correlated by the employer with on-the-job training;

(iv) a schedule of organized and progressive work processes to be performed on the job;

(v) a schedule of wage rates in compliance with section 177.24; and

(vi) whether the student learner will obtain secondary school academic credit, postsecondary credit, or both, for the training program;

(2) approve occupations and maintain a list of approved occupations for programs under this section;

(3) issue requests for proposals for grants;
(4) work with individuals representing industry and labor to develop new youth skills training programs;

(5) develop model program guides;

(6) monitor youth skills training programs;

(7) provide technical assistance to local partnership grantees;

(8) work with providers to identify paths for receiving postsecondary credit for participation in the youth skills training program; and

(9) approve other activities as necessary to implement the program.

(b) The commissioner shall collaborate with stakeholders, including, but not limited to, representatives of secondary school institutions, career and technical education instructors, postsecondary institutions, businesses, and labor, in developing youth skills training programs, and identifying and approving occupations and competencies for youth skills training programs.

Sec. 3. Minnesota Statutes 2018, section 175.46, subdivision 13, is amended to read:

Subd. 13. Grant awards. (a) The commissioner shall award grants to local partnerships for youth skills training programs that train student learners for careers in high-growth, high-demand occupations. Grant awards may not exceed $100,000 per local partnership grant.

(b) A local partnership awarded a grant under this section must use the grant award for any of the following implementation and coordination activities:

(1) recruiting additional employers to provide on-the-job training and supervision for student learners and providing technical assistance to those employers;

(2) recruiting students to participate in the local youth skills training program, monitoring the progress of student learners participating in the program, and monitoring program outcomes;

(3) coordinating youth skills training activities within participating school districts and among participating school districts, postsecondary institutions, and employers;

(4) coordinating academic, vocational and occupational learning, school-based and work-based learning, and secondary and postsecondary education for participants in the local youth skills training program;
(5) coordinating transportation for student learners participating in the local youth skills
training program; and

(6) any other implementation or coordination activity that the commissioner may direct
or permit the local partnership to perform.

(b) Grant awards may not be used to directly or indirectly pay the wages of a student
learner.

Sec. 4. Minnesota Statutes 2018, section 326B.821, subdivision 21, is amended to read:

Subd. 21. Residential building contractor, remodeler, and roofer education. (a) Each
licensee must, during each continuing education reporting period, complete and report one
hour of continuing education relating to energy codes or energy conservation measures
applicable to residential buildings and one hour of business management strategies applicable
to residential construction businesses.

(b) Immediately following the adoption date of a new residential code, the commissioner
may prescribe that up to seven of the required 14 hours of continuing education credit per
licensure period include education hours specifically designated to instruct licensees on
new or existing State Building Code provisions.

Sec. 5. Minnesota Statutes 2018, section 337.10, subdivision 4, is amended to read:

Subd. 4. Progress payments and retainages. (a) Unless the building and construction
contract provides otherwise, the owner or other persons making payments under the contract
must make progress payments monthly as the work progresses. Payments shall be based
upon estimates of work completed as approved by the owner or the owner's agent. A progress
payment shall not be considered acceptance or approval of any work or waiver of any defects
therein.

(b) Retainage on a building and construction contract may not exceed five percent. An
owner or owner's agent may reduce the amount of retainage and may eliminate retainage
on any monthly contract payment if, in the owner's opinion, the work is progressing
satisfactorily. Nothing in this subdivision is intended to require that retainage be withheld
in any building or construction contract. For all construction contracts greater than
$5,000,000, the owner or the owner's agent must reduce retainage to no more than 2.5
percent if the owner or the owner's agent determines the work is 75 percent or more complete,
that work is progressing satisfactorily, and all contract requirements are being met.
(c) The owner or the owner's agent must release any remaining retainage no later than
60 days after substantial completion. For purposes of this subdivision, "substantial
completion" shall be determined as provided in section 541.051, subdivision 1, paragraph
(a).

(d) Any contractor holding retainage must reduce that retainage at the same rate
reduced by the owner or the owner's agent. A contractor must pay out any remaining retainage
no later than ten days after receiving payment of retainage, unless there is a dispute about
the work under a subcontract, in which case the contractor must pay out retainage to any
party whose work is not involved in the dispute. Nothing in this subdivision is intended to
require that retainage be withheld in any building or construction contract.

(e) After substantial completion, an owner or owner's agent may withhold no more than:

(1) 250 percent of the value of incomplete or defective work; and

(2) one percent of the value of the contract or $500, whichever is greater, pending
completion and submission of all final paperwork by the contractor, provided that an amount
withheld under this clause may not exceed $10,000.

If the owner or the owner's agent withholds payment under this paragraph, the owner or the
owner's agent must promptly provide a written statement detailing the amount and basis of
withholding to the contractor. The owner or the owner's agent and the contractor must
provide a copy of this statement to any subcontractor that requests it. Any amounts withheld
for incomplete or defective work shall be paid within 45 days after the completion of the
work. Any amounts withheld under clause (1) must be paid within 45 days after completion
of the work. Any amounts withheld under clause (2) must be paid within 45 days after
submission of all final paperwork.

(f) The maximum retainage percentage allowed for a building and construction contract
is the retainage percentage withheld by the owner from the contractor.

(g) Withholding retainage for warranties or warranty work is prohibited.

(h) Retainage must not be used as collateral for the owner, owner's agent, or contractor.

(i) This subdivision does not apply to a public agency as defined in section 15.71,
subdivision 3.

(j) This subdivision does not apply to contracts for professional services as defined in
sections 326.02 to 326.15.
EFFECTIVE DATE. This section applies to agreements entered into on or after August 1, 2019.

Sec. 6. Minnesota Statutes 2018, section 341.30, subdivision 1, is amended to read:

Subdivision 1. Licensure; individuals. All referees, judges, promoters, trainers, ring announcers, timekeepers, ringside physicians, combatants, managers, and seconds are required to be licensed by the commissioner. The commissioner shall not permit any of these persons to participate in any matter with any combative sport contest unless the commissioner has first issued the person a license.

Sec. 7. Minnesota Statutes 2018, section 341.32, subdivision 1, is amended to read:

Subdivision 1. Annual licensure. The commissioner may establish and issue annual licenses subject to the collection of advance fees by the commissioner for promoters, managers, judges, referees, ring announcers, ringside physicians, timekeepers, combatants, trainers, and seconds.

Sec. 8. Minnesota Statutes 2018, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

(1) referees, $80 $25;
(2) promoters, $700;
(3) judges and knockdown judges, $80 $25;
(4) trainers and seconds, $80;
(5) ring announcers, $80;
(6) timekeepers, $80 $25;
(7) professional combatants, $70;
(8) amateur combatants, $50;
(9) managers, $80; and
(10) ringside physicians, $80 $25.
License fees for promoters are due at least six weeks prior to the combative sport contest. All other license fees shall be paid no later than the weigh-in prior to the contest. No license may be issued until all prelicensure requirements are satisfied and fees are paid.

(b) The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The combative sport contest fee is $1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled.

(c) A professional or amateur combative sport contest fee is nonrefundable and shall be paid as follows:

(1) $500 at the time the combative sport contest is scheduled; and

(2) $1,000 at the weigh-in prior to the contest.

If four percent of the gross ticket sales is greater than $1,500, the balance is due to the commissioner within seven days of the completed contest.

(d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.

(e) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 9. CONTRACTOR RECOVERY FUND; CONSUMER AWARENESS CAMPAIGN.

In fiscal years 2020 and 2021 the commissioner of labor and industry must conduct a statewide consumer awareness campaign highlighting the importance of hiring licensed contractors as well as the consequences of hiring unlicensed contractors, and may spend up to $500,000 each year from the contractor recovery fund to conduct the campaign.

ARTICLE 4
EMPLOYMENT POLICY

Section 1. Minnesota Statutes 2018, section 177.23, subdivision 7, is amended to read:

Subd. 7. Employee. "Employee" means any individual employed by an employer but does not include:

(1) two or fewer specified individuals employed at any given time in agriculture on a farming unit or operation who are paid a salary;
(2) any individual employed in agriculture on a farming unit or operation who is paid a 
salary greater than the individual would be paid if the individual worked 48 hours at the 
state minimum wage plus 17 hours at 1-1/2 times the state minimum wage per week;

(3) an individual under 18 who is employed in agriculture on a farm to perform services 
other than corn detasseling or hand field work when one or both of that minor hand field 
worker's parents or physical custodians are also hand field workers;

(4) for purposes of section 177.24, an individual under 18 who is employed as a corn 
detasseler;

(5) any staff member employed on a seasonal basis by an organization for work in an 
organized resident or day camp operating under a permit issued under section 144.72;

(6) any individual employed in a bona fide executive, administrative, or professional 
capacity, or a salesperson who conducts no more than 20 percent of sales on the premises 
of the employer;

(7) any individual who renders service gratuitously for a nonprofit organization;

(8) any individual who serves as an elected official for a political subdivision or who 
serves on any governmental board, commission, committee or other similar body, or who 
renders service gratuitously for a political subdivision;

(9) any individual employed by a political subdivision to provide police or fire protection 
services or employed by an entity whose principal purpose is to provide police or fire 
protection services to a political subdivision;

(10) any individual employed by a political subdivision who is ineligible for membership 
in the Public Employees Retirement Association under section 353.01, subdivision 2b, 
clause (1), (2), (4), or (9), item (i);

(11) any driver employed by an employer engaged in the business of operating taxicabs;

(12) any individual engaged in babysitting as a sole practitioner;

(13) for the purpose of section 177.25, any individual employed on a seasonal basis in 
a carnival, circus, fair, or ski facility;

(14) any individual under 18 working less than 20 hours per workweek for a municipality 
as part of a recreational program;

(15) any individual employed by the state as a natural resource manager 1, 2, or 3 
(conservation officer);
any individual in a position for which the United States Department of Transportation has power to establish qualifications and maximum hours of service under United States Code, title 49, section 31502;

(17) any individual employed as a seafarer. The term "seafarer" means a master of a vessel or any person subject to the authority, direction, and control of the master who is exempt from federal overtime standards under United States Code, title 29, section 213(b)(6), including but not limited to pilots, sailors, engineers, radio operators, firefighters, security guards, pursers, surgeons, cooks, and stewards;

(18) any individual employed by a county in a single-family residence owned by a county home school as authorized under section 260B.060 if the residence is an extension facility of that county home school, and if the individual as part of the employment duties resides at the residence for the purpose of supervising children as defined by section 260C.007, subdivision 4;

(19) nuns, monks, priests, lay brothers, lay sisters, ministers, deacons, and other members of religious orders who serve pursuant to their religious obligations in schools, hospitals, and other nonprofit institutions operated by the church or religious order; or

(20) any individual employed on a seasonal basis who has entered into a contract to play baseball at the minor league level.

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

Sec. 2. Minnesota Statutes 2018, section 177.27, subdivision 1, is amended to read:

Subdivision 1. Examination of records. The commissioner may enter during reasonable office hours or upon request and inspect the place of business or employment of any employer of employees working in the state, to examine and inspect books, registers, payrolls, and other records of any employer that in any way relate to wages, hours, and other conditions of employment of any employees. The commissioner may transcribe any or all of the books, registers, payrolls, and other records as the commissioner deems necessary or appropriate and may question the employees to ascertain compliance with sections 177.21 to 177.435. The commissioner may investigate wage claims or complaints by an employee against an employer if: (1) the failure to pay a wage may violate Minnesota law or an order or rule of the department; and (2) the employee making the wage claim or complaint has provided a written demand for payment to the employer at least five days prior to the commissioner initiating an investigation.
Sec. 3. Minnesota Statutes 2018, section 177.32, subdivision 1, is amended to read:

Subdivision 1. **Misdemeanors.** (a) An employer who does any of the following is guilty of a misdemeanor:

(1) hinders or delays the commissioner in the performance of duties required under sections 177.21 to 177.435, or sections 181.01 to 181.72;

(2) refuses to admit the commissioner to the place of business or employment of the employer, as required by section 177.27, subdivision 1;

(3) repeatedly fails to make, keep, and preserve records as required by section 177.30;

(4) falsifies any record;

(5) refuses to make any record available, or to furnish a sworn statement of the record or any other information as required by section 177.27;

(6) repeatedly fails to post a summary of sections 177.21 to 177.44 or a copy or summary of the applicable rules as required by section 177.31;

(7) pays or agrees to pay wages at a rate less than the rate required under sections 177.21 to 177.44;

(8) refuses to allow adequate time from work as required by section 177.253;

(9) otherwise violates any provision of sections 177.21 to 177.44; or

(10) commits wage theft as described in section 181.03, subdivision 1.

(b) An employer who violates paragraph (a), clause (10), after having been previously convicted of violating that clause is guilty of a gross misdemeanor.

(c) Nothing in paragraph (a), clause (10), or paragraph (b), or section 609.035 or 609.04 shall limit the power of the state to prosecute or punish a person for conduct that constitutes any other crime under any other law of this state.

**EFFECTIVE DATE.** This section is effective August 1, 2019, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2018, section 181.03, subdivision 1, is amended to read:

Subdivision 1. **Prohibited practices.** An employer may not, directly or indirectly and with intent to defraud:

(a) No employer shall commit wage theft.
(b) For purposes of this section, wage theft is committed if an employer, with intent to defraud:

(1) fails to pay an employee all wages to which that employee is entitled;
(1) cause (2) directly or indirectly causes any employee to give a receipt for wages for a greater amount than that actually paid to the employee for services rendered;
(2) (3) directly or indirectly demand demands or receive receives from any employee any rebate or refund from the wages owed the employee under contract of employment with the employer; or
(3) in any manner make (4) makes or attempt attempts to make it appear in any manner that the wages paid to any employee were greater than the amount actually paid to the employee; or
(5) retaliates against an employee for asserting rights or remedies under this section, including but not limited to filing a complaint with the Department of Labor and Industry, telling the employer of intention to file a complaint, or making a written demand for payment to the employer as provided under section 177.27, subdivision 1.

Sec. 5. Minnesota Statutes 2018, section 181.03, is amended by adding a subdivision to read:

Subd. 4. Enforcement. The commissioner may enforce this section. The use of an enforcement provision in this section shall not preclude the use of any other enforcement provision provided by law.

Sec. 6. Minnesota Statutes 2018, section 181.03, is amended by adding a subdivision to read:

Subd. 5. Effect on other laws. Nothing in this section shall be construed to limit the application of other state or federal laws.

Sec. 7. [181.741] EXPRESS PREEMPTION; UNIFORMITY OF PRIVATE EMPLOYER MANDATES.

Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Employer" means a private person employing one or more employees in the state.
(c) "Local government" means a home rule charter city, statutory city, town, county, the Metropolitan Council, a metropolitan agency as defined in section 473.121, subdivision 5a, or a special district.

Subd. 2. Express preemption. (a) A local government must not adopt, enforce, or administer an ordinance, local resolution, or local policy requiring an employer to pay an employee a wage higher than the applicable state minimum wage rate provided in section 177.24.

(b) A local government must not adopt, enforce, or administer an ordinance, local resolution, or local policy requiring an employer to provide either paid or unpaid leave time.

(c) A local government must not adopt, enforce, or administer an ordinance, local resolution, or local policy regulating the hours or scheduling of work time that an employer provides to an employee. This paragraph does not preempt an ordinance, local resolution, or local policy limiting the hours a business may operate.

(d) A local government must not adopt, enforce, or administer an ordinance, local resolution, or local policy requiring an employer to provide an employee a particular benefit or terms of employment.

Subd. 3. Local governments as employers and contractors. This section does not regulate wages, hours, benefits, paid or unpaid leave, attendance policies, or other terms of employment that a local government:

(1) provides to its own employee;

(2) requires an employer to provide to its employee to the extent that employer is providing goods or services to the local government, and the requirement applies specifically to work performed in providing goods or services to the local government; or

(3) requires an employer to provide to its employee, to the extent that employer is receiving funding from the local government or is providing goods or services funded in whole or in part by the local government, when the requirement is an express condition of the funding.

EFFECTIVE DATE. This section is effective upon final enactment and applies to ordinances, local policies, and local resolutions enacted on or after January 1, 2017.
ARTICLE 5

WORKERS' COMPENSATION ADVISORY COUNCIL RECOMMENDATIONS

Section 1. Minnesota Statutes 2018, section 176.1812, subdivision 2, is amended to read:

Subd. 2. Filing and review. (a) A copy of the agreement and the approximate number of employees who will be covered under it must be filed with the commissioner. Within 21 days of receipt of an agreement, the commissioner shall review the agreement for compliance with this section and the benefit provisions of this chapter and notify the parties of any additional information required or any recommended modification that would bring the agreement into compliance. Upon receipt of any requested information or modification, the commissioner must notify the parties within 21 days whether the agreement is in compliance with this section and the benefit provisions of this chapter.

(b) After an agreement is approved by the commissioner under paragraph (a), a qualified employer may join or withdraw from a qualified group of employers without commissioner review or approval. The commissioner must be notified within 30 days when a qualified employer joins or withdraws from a qualified group of employers.

(c) In order for any agreement to remain in effect, it must provide for a timely and accurate method of reporting to the commissioner necessary information regarding service cost and utilization, the individual claims covered by the agreement and claim-specific dispute resolution data, in the form and manner prescribed by the commissioner. Dispute resolution data includes information about facilitation, mediation, and arbitration and shall be provided annually to the commissioner to enable the commissioner to annually report aggregate dispute data to the legislature. The information provided to the commissioner must include aggregate data on the:

(i) person hours and payroll covered by agreements filed;

(ii) number of claims filed;

(iii) average cost per claim;

(iv) number of litigated claims, including the number of claims submitted to arbitration, the Workers' Compensation Court of Appeals, the Office of Administrative Hearings, the district court, the Minnesota Court of Appeals or the supreme court;

(v) number of contested claims resolved prior to arbitration;

(vi) projected incurred costs and actual costs of claims;

(vii) employer's safety history;
(viii) number of workers participating in vocational rehabilitation; and

(ix) number of workers participating in light-duty programs.

EFFECTIVE DATE. Paragraphs (a) and (b) are effective June 1, 2019. Paragraph (c) is effective August 1, 2020.

Sec. 2. Minnesota Statutes 2018, section 176.231, subdivision 1, is amended to read:

Subdivision 1. Time limitation. (a) Where death or serious injury occurs to an employee during the course of employment, the employer shall report the injury or death to the commissioner and insurer within 48 hours after its occurrence. Where any other injury occurs which wholly or partly incapacitates the employee from performing labor or service for more than three calendar days, the employer shall report the injury to the insurer on a form prescribed by the commissioner within ten days from its occurrence. An insurer and self-insured employer shall report the injury to the commissioner no later than 14 days from its occurrence. Where an injury has once been reported but subsequently death ensues, the employer shall report the death to the commissioner and insurer within 48 hours after the employer receives notice of this fact. An employer who provides notice to the Occupational Safety and Health Division of the Department of Labor and Industry of a fatality within the eight-hour time frame required by law, or of an inpatient hospitalization within the 24-hour time frame required by law, has satisfied the employer's obligation under this section.

(b) At the time an injury is required to be reported to the commissioner, the insurer or self-insured employer must also specify whether the injury is covered by a collective bargaining agreement approved by the commissioner under section 176.1812. Notice must be provided in the format and manner prescribed by the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2020.