

CHAPTER 380—S.F.No. 3431

An act relating to economic development; regulating eligibility for unemployment compensation benefits; providing for a special assessment for interest on federal loans; providing for extended unemployment compensation benefits; providing for unemployment insurance taxes; providing extra benefits for airline industry, Fingerhut Companies, Inc., and Farmland Foods Company; appropriating certain federal funds for unemployment administration; providing for workforce development fund transfers; making housekeeping changes related to the department of trade and economic development; repealing certain authority given to city of Chisago relating to annexation arguments; prohibiting employers from charging certain expenses to employees; regulating redevelopment grants; allowing foster parents to take certain leaves; providing certain youth employment to construct early childhood program facilities; reinstating a repealed law; providing unemployment benefits to certain employees doing food service contract work for school districts; requiring a study on unemployment trust fund solvency by the unemployment insurance advisory council; amending Minnesota Statutes 2000, sections 48.24, subdivision 5; 116J.565, subdivision 1; 116J.58, subdivision 1; 116J.9665, subdivisions 1, 4, 6; 116M.14, subdivision 4; 116M.18, subdivisions 2, 3, 4, 4a, 5, 8, by adding a subdivision; 119A.45; 181.9412, by adding a subdivision; 268.051, subdivision 8; 270B.14, subdivision 8; 298.22, subdivision 7, by adding a subdivision; 446A.07, subdivision 4; 446A.12, subdivision 1; Minnesota Statutes 2001 Supplement, section 116L.17, subdivision 5; Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 181; repealing Minnesota Statutes 2000, sections 116J.9672; 116J.9673; Laws 2001, First Special Session chapter 5, article 3, section 88.

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

ARTICLE 1

UNEMPLOYMENT INSURANCE

Section 1. Minnesota Statutes 2000, section 268.051, subdivision 8, is amended to read:

Subd. 8. ~~**SOLVENCY SPECIAL ASSESSMENT FOR INTEREST ON FEDERAL LOAN.**~~ (a) If the fund balance is less than \$150,000,000 on June 30 October 31 of any year, the commissioner, in consultation with the commissioner of finance, determines that an interest payment will be due during the following calendar year on any loan from the federal unemployment trust fund under section 268.194, subdivision 6, a solvency special assessment on taxpaying employers will be in effect for the following calendar year. The taxpaying employer shall pay quarterly a solvency The legislature authorizes the commissioner, in consultation with the commissioner of finance, to determine the appropriate level of the assessment, of ten from two percent to eight percent of the quarterly unemployment taxes due, that will be necessary to pay the interest due on the loan.

(b) The solvency special assessment shall be placed into a special account from which the commissioner shall pay any interest accruing that has accrued on any loan from the federal unemployment trust fund provided for under section 268.194,

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subdivision 6. If, at the end of each calendar quarter, the commissioner, in consultation with the commissioner of finance, determines that the balance in this special account, including interest earned on the special account, is more than is necessary to pay the interest which has accrued on any loan as of that date, or will accrue over the following calendar quarter, the commissioner shall immediately pay to the fund the amount in excess of that necessary to pay the interest on any loan.

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

Sec. 2. Minnesota Statutes 2000, section 270B.14, subdivision 8, is amended to read:

Subd. 8. **EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.** The departments of labor and industry and revenue may exchange information as follows:

(1) data used in determining whether a business is an employer or a contracting agent;

(2) taxpayer identity information relating to employers and employees for purposes of supporting tax administration and ~~chapter~~ chapters 176, 177, and 181; and

(3) data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.

Sec. 3. **UNEMPLOYMENT INSURANCE; FOOD SERVICES.**

Notwithstanding the provisions of Minnesota Statutes, section 268.085, subdivision 8, wage credits from an employer are not subject to the provisions of Minnesota Statutes, section 268.085, subdivision 7, if those wage credits were earned by an employee of a private employer performing work pursuant to a contract between the employer and an elementary or secondary school and the employment was related to food services provided to the school by the employer. This section expires December 31, 2004.

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

Sec. 4. **2003 UNEMPLOYMENT INSURANCE BASE TAX RATE.**

Notwithstanding Minnesota Statutes, section 268.051, subdivision 2, and Laws 2001, First Special Session chapter 2, article 2, section 32, subdivision 2, the unemployment insurance base tax rate for employers is 0.38 percent for calendar year 2003.

Sec. 5. **EXTRA UNEMPLOYMENT BENEFITS.**

Subdivision 1. AVAILABILITY. Extra unemployment benefits are available to an applicant who was permanently laid off due to lack of work if:

(1) the applicant was laid off from the Farmland Foods Company in Freeborn county on or after July 8, 2001;

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(2) the applicant was laid off by Fingerhut Companies, Incorporated on or after January 1, 2002, and worked at one of that employer's facilities in the St. Cloud, Eveleth, or Mora areas; or

(3) the applicant was laid off by Northwest Airlines, Sun Country Airlines, Mesaba Airlines, United Airlines, LSG Sky Chefs, Air Wisconsin, American Airlines, American TransAir, Champion Air, Chautauqua Airlines, Continental Airlines, Emery Worldwide Air, Great Lakes Airlines, PanAm International, Skyway Airlines, or U.S. Airways on or after September 11, 2001, and before June 1, 2002.

Subd. 2. PAYMENT FROM FUND; EFFECT ON EMPLOYER. Extra benefits under this section are payable from the fund.

Subd. 3. ELIGIBILITY CONDITIONS. An applicant described in subdivision 1 is eligible to collect benefits for any week through December 31, 2003, if:

(1) a majority of the applicant's wage credits were with the employer responsible for the layoff described in subdivision 1;

(2) the applicant meets the eligibility requirements of Minnesota Statutes, section 268.085;

(3) the applicant is not subject to a disqualification under Minnesota Statutes, section 268.095;

(4) the applicant is not entitled to any regular, additional, or extended unemployment benefits for that week and the applicant is not entitled to receive unemployment benefits under any other state or federal law or the law of Canada for that week; and

(5) the applicant is enrolled in, or has within the last two weeks successfully completed, a program that qualifies as reemployment assistance training under the state dislocated worker program, except that an applicant whose training is scheduled to begin in more than 30 days may be considered to be in training if:

(i) the applicant's chosen training program does not offer an available start date within 30 days;

(ii) the applicant is scheduled to begin training on the earliest available start date for the chosen training program; and

(iii) the applicant is scheduled to begin training in no more than 60 days.

If an applicant qualifies for a new regular benefit account at any time after exhausting regular unemployment benefits as a result of the layoff under subdivision 1, the applicant must apply for and exhaust entitlement to those new regular or any other type of unemployment benefits under any state or federal law.

Subd. 4. WEEKLY AMOUNT OF EXTRA BENEFITS. The weekly unemployment extra benefits amount available to an applicant under this section is the same as the applicant's regular weekly benefit amount on the benefit account established as a result of the layoff under subdivision 1.

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Subd. 5. MAXIMUM AMOUNT OF EXTRA UNEMPLOYMENT BENEFITS. The maximum amount of extra unemployment benefits available is 13 times the applicant's weekly extra unemployment benefit amount.

Subd. 6. PROGRAM EXPIRATION. This extra unemployment benefit program expires December 31, 2003. No extra unemployment benefits shall be paid under this section after the expiration of this program.

Subd. 7. EFFECTIVE DATE. This section is effective the day following final enactment and is effective retroactive to June 1, 2001.

Sec. 6. FINDINGS.

The legislature finds that the extra benefits provided to workers in this act are appropriate because the affected employees or their employers meet one of the following criteria:

(a) Benefit extensions may be appropriate where:

(1) taking into consideration the effect of the layoff affecting the applicant, the unemployment rate in the applicant's county of employment is higher than the statewide average rate of unemployment;

(2) the employer involved in the layoff has permanently ceased operations at the location where the employee worked;

(3) the community or communities in which the employees worked is disproportionately affected by the layoff; and

(4) the community or communities in which the affected employees live is in a remote location where opportunities for reemployment are limited.

(b) Benefit extensions may be appropriate in some cases where the affected employees were part of layoffs that resulted from an act of war or terrorism.

Sec. 7. PAYMENT OF SPECIAL STATE TEMPORARY EXTENDED UNEMPLOYMENT BENEFITS.

Subdivision 1. ELIGIBILITY. Special state temporary extended unemployment benefits shall be paid to an applicant who does not qualify for unemployment benefits under the federal Temporary Extended Unemployment Compensation Act of 2002 because the applicant does not meet the requirement under section 202(d)(2)(A) of that act. Special state extended unemployment benefits shall be paid to individuals who have established a benefit account effective on or after March 19, 2000, under the same terms and conditions as apply to federal temporary extended unemployment compensation. An applicant may not receive more than a combined total of 13 times the applicant's weekly benefit amount available under the federal Temporary Extended Unemployment Compensation Act and this section.

Subd. 2. PAYMENT FROM THE FUND; EFFECT ON EMPLOYER. Special state temporary extended unemployment benefits shall be paid from the Minnesota unemployment insurance program trust fund. Special state temporary extended

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unemployment benefits paid shall not be used in computing the future unemployment tax rate of a taxpaying employer nor charged to the reimbursing account of a government or nonprofit employer.

Subd. 3. EXPIRATION. This program expires December 28, 2002. No payments under this section shall be paid for any week after the expiration date.

EFFECTIVE DATE. This section is effective the day following final enactment and is retroactive to March 10, 2002.

Sec. 8. ADVISORY COUNCIL REPORT TRUST FUND SOLVENCY.

The unemployment insurance advisory council shall present to the legislature, by January 15, 2003, a report, including proposals for any legislation, on the long-term solvency of the Minnesota unemployment insurance program trust fund.

Sec. 9. REED ACT FEDERAL FUNDS APPROPRIATION.

\$12,000,000 of the approximately \$163,000,000 of federal "Reed Act" money transferred to the state of Minnesota on March 13, 2002, pursuant to section 209 of the Temporary Extended Unemployment Compensation Act of 2002, is appropriated from the unemployment insurance program trust fund to the commissioner of economic security for unemployment insurance program administration. The amount appropriated must be transferred to the appropriate account used to pay unemployment insurance program administration costs.

EFFECTIVE DATE. This section is effective July 1, 2002.

Sec. 10. WORKFORCE DEVELOPMENT FUND TRANSFERS.

Notwithstanding Laws 2001, First Special Session chapter 4, article 2, sections 31 and 32, the amount actually collected in calendar years 2002 and 2003, to a maximum of \$12,000,000, net of collection costs, and otherwise required to be deposited in the unemployment insurance technology initiative account by those sections shall be deposited into the workforce development fund created under Minnesota Statutes, section 268.022.

EFFECTIVE DATE. This section is effective the day following final enactment and retroactive to January 1, 2002.

Sec. 11. TRANSFERS.

(a) On or before July 15, 2002, the commissioner of finance shall transfer \$89,000 from the general fund to the workforce development fund.

(b) After July 16, 2002, but on or before July 15, 2003, the commissioner of finance shall transfer \$1,069,000 from the general fund to the workforce development fund.

(c) After July 16, 2003, but on or before July 15, 2004, the commissioner of finance shall transfer \$1,069,000 from the general fund to the workforce development fund.

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ARTICLE 2

TRADE AND ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2000, section 48.24, subdivision 5, is amended to read:

Subd. 5. Loans or obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that they are secured or covered by guarantees, or by commitments or agreements to take over or to purchase the same, made by:

- (1) the commissioner of agriculture on the purchase of agricultural land;
- (2) any Federal Reserve bank;
- (3) the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States;
- (4) the Minnesota energy and economic development authority; or
- (5) the Minnesota export finance authority; or
- (6) a municipality or political subdivision within Minnesota to the extent that the guarantee or collateral is a valid and enforceable general obligation of that political body.

Sec. 2. Minnesota Statutes 2000, section 116J.58, subdivision 1, is amended to read:

Subdivision 1. **ENUMERATION.** The commissioner shall:

- (1) investigate, study, and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Minnesota business, industry, and commerce, within and outside the state;
- (2) locate markets for manufacturers and processors and aid merchants in locating and contacting markets;
- (3) investigate and study conditions affecting Minnesota business, industry, and commerce and collect and disseminate information, and engage in technical studies, scientific investigations, and statistical research and educational activities necessary or useful for the proper execution of the powers and duties of the commissioner in promoting and developing Minnesota business, industry, and commerce, both within and outside the state;
- (4) plan and develop an effective business information service both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state;
- (5) compile, collect, and develop periodically, or otherwise make available, information relating to current business conditions;

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(6) conduct or encourage research designed to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes;

(7) study trends and developments in the industries of the state and analyze the reasons underlying the trends; study costs and other factors affecting successful operation of businesses within the state; and make recommendations regarding circumstances promoting or hampering business and industrial development;

(8) serve as a clearing house for business and industrial problems of the state; and advise small business enterprises regarding improved methods of accounting and bookkeeping;

(9) cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry, and commerce;

(10) cooperate with other state departments, and with boards, commissions, and other state agencies, in the preparation and coordination of plans and policies for the development of the state and for the use and conservation of its resources insofar as the use, conservation, and development may be appropriately directed or influenced by a state agency;

(11) assemble and coordinate information relative to the status, scope, cost, and employment possibilities and the availability of materials, equipment, and labor in connection with public works projects, state, county, and municipal; recommend limitations on the public works; gather current progress information with reference to public and private works projects of the state and its political subdivisions with reference to conditions of employment; inquire into and report to the governor, when requested by the governor, with respect to any program of public state improvements and the financing thereof; and request and obtain information from other state departments or agencies as may be needed properly to report thereon;

(12) study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state;

(13) confer and cooperate with the executive, legislative, or planning authorities of the United States and neighboring states and provinces and of the counties and municipalities of such neighboring states, for the purpose of bringing about a coordination between the development of such neighboring provinces, states, counties, and municipalities and the development of this state;

(14) generally, gather, compile, and make available statistical information relating to business, trade, commerce, industry, transportation, communication, natural resources, and other like subjects in this state, with authority to call upon other departments of the state for statistical data and results obtained by them and to arrange and compile that statistical information in a manner that seems wise;

(15) prepare an annual report to the legislature estimating and, to the extent possible, describing the number of Minnesota companies which have left the state or

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moved to surrounding states or other countries. The report should include an estimate of the number of jobs lost by these moves, an estimate of the total employment payroll, average hourly wage of those jobs lost and those created in the new location, and to the extent possible, the reasons for each company moving out of state, if known;

(16) publish documents and annually convene regional meetings to inform businesses, local government units, assistance providers, and other interested persons of changes in state and federal law related to economic development;

(17) annually convene conferences of providers of economic development related financial and technical assistance for the purposes of exchanging information on economic development assistance, coordinating economic development activities, and formulating economic development strategies;

(18) provide business with information on the economic benefits of energy conservation and on the availability of energy conservation assistance; and

(19) prepare, as part of biennial budget process, performance measures for each business loan or grant program within the jurisdiction of the commissioner. Measures would include source of funds for each program, numbers of jobs proposed or promised at the time of application and the number of jobs created, estimated number of jobs retained, the average salary and benefits for the jobs resulting from the program, and the number of projects approved.

Sec. 3. Minnesota Statutes 2000, section 116J.9665, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, the following terms have the meanings given them:

(1) "~~Conference and service center~~" means the approximately 20,000 square feet of space on the third and fourth floors of the Minnesota world trade center that the state of Minnesota has the right to possess, occupy, and use subject to the terms and conditions of the development agreement.

(2) "Development agreement" means the agreement entered into by and between the world trade center board, as agent of the state of Minnesota, and Oxford Development Minnesota, Inc. dated July 27, 1984, and the amendments to that agreement, for development and construction of a world trade center at a designated site in Minnesota.

(3) (2) "Minnesota world trade center" means the facility constructed in accordance with the development agreement or other facilities meeting the membership requirements of the World Trade Centers Association.

Sec. 4. Minnesota Statutes 2000, section 116J.9665, subdivision 4, is amended to read:

Subd. 4. **DUTIES.** The commissioner shall:

(1) promote and market the Minnesota world trade center and membership in the World Trade Centers Association;

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(2) ~~sponsor conferences or other promotional events in the conference and service center;~~

(3) sponsor, develop, and conduct educational programs related to international trade;

(4) ~~(3)~~ establish and maintain an office in the Minnesota world trade center; and

~~(5)~~ (4) not duplicate programs or services provided by the commissioner of agriculture.

Sec. 5. Minnesota Statutes 2000, section 116J.9665, subdivision 6, is amended to read:

Subd. 6. **WORLD TRADE CENTER ACCOUNT.** The world trade center account is in the special revenue fund. All money ~~received from the use of the conference and service center or~~ appropriated under this section must be deposited in the account. Money in the account including interest earned is appropriated to the commissioner and must be used exclusively for the purposes of this section.

Sec. 6. Minnesota Statutes 2001 Supplement, section 116L.17, subdivision 5, is amended to read:

Subd. 5. **COST LIMITATIONS.** (a) Funds allocated to a grantee are subject to the following cost limitations:

(1) no more than ten percent may be allocated for administration;

(2) at least 50 percent must be allocated for training assistance as provided in subdivision 4, clause (2); and

(3) no more than 15 percent may be allocated for support services as provided in subdivision 4, clause (3).

(b) A waiver of the training assistance minimum in clause (2) may be sought, but no waiver shall allow less than 30 percent of the grant to be spent on training assistance. A waiver of the support services maximum in clause (3) may be sought, but no waiver shall allow more than 20 percent of the grant to be spent on support services. A waiver may be granted below the minimum and above the maximum otherwise allowed by this paragraph if funds other than state funds appropriated for the dislocated worker program are used to fund training assistance.

Sec. 7. Minnesota Statutes 2000, section 116M.14, subdivision 4, is amended to read:

Subd. 4. **LOW-INCOME AREA.** "Low-income area" means Minneapolis, St. Paul, and inner ring suburbs as defined by the metropolitan council that had a median household income below \$31,000 as reported in the 1990 census those cities in the metropolitan area as defined in section 473.121, subdivision 2, that have an average income that is below 60 percent of the median income for a four-person family as of the latest report by the United States Census Bureau.

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Sec. 8. Minnesota Statutes 2000, section 116M.18, subdivision 2, is amended to read:

Subd. 2. **CHALLENGE GRANT ELIGIBILITY; NONPROFIT CORPORATION.** The board may enter into agreements with nonprofit corporations to fund and guarantee loans the nonprofit corporation makes in low-income areas under subdivision 4. A corporation must demonstrate that:

- (1) its board of directors includes citizens experienced in development, minority business enterprises, and creating jobs in low-income areas;
- (2) it has the technical skills to analyze projects;
- (3) it is familiar with other available public and private funding sources and economic development programs;
- (4) it can initiate and implement economic development projects;
- (5) it can establish and administer a revolving loan account; and
- (6) it can work with job referral networks which assist minority and other persons in low-income areas.

Sec. 9. Minnesota Statutes 2000, section 116M.18, subdivision 3, is amended to read:

Subd. 3. **REVOLVING LOAN FUND.** (a) The board shall establish a revolving loan fund to make grants to nonprofit corporations for the purpose of making loans and loan guarantees to new and expanding businesses in a low-income area to promote minority business enterprises and job creation for minority and other persons in low-income areas.

(b) Eligible business enterprises include, but are not limited to, technologically innovative industries, value-added manufacturing, and information industries. Loan applications given preliminary approval by the nonprofit corporation must be forwarded to the board for approval. The commissioner must give final approval for each loan or loan guarantee made by the nonprofit corporation. The amount of a grant the state funds contributed to any loan or loan guarantee may not exceed 50 percent of each loan. ~~The amount of nonstate money must equal at least 50 percent for each loan.~~

Sec. 10. Minnesota Statutes 2000, section 116M.18, subdivision 4, is amended to read:

Subd. 4. **BUSINESS LOAN CRITERIA.** (a) The criteria in this subdivision apply to loans made or guaranteed by nonprofit corporations under the urban challenge grant program.

(b) Loans or guarantees must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the urban challenge grant program.

(c) A loan or guarantee must be used for a project designed to benefit persons in low-income areas through the creation of job or business opportunities for them.

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Priority must be given for loans to the lowest income areas.

(d) The minimum state contribution to a loan or guarantee is \$5,000 and the maximum is \$150,000.

(e) A loan The state contribution must be matched by at least an equal amount of new private investment.

(f) A loan may not be used for a retail development project.

(g) The business must agree to work with job referral networks that focus on minority applicants from low-income areas.

Sec. 11. Minnesota Statutes 2000, section 116M.18, subdivision 4a, is amended to read:

Subd. 4a. **MICROENTERPRISE LOAN.** Urban challenge grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of \$1,000 and a maximum of \$10,000 \$25,000; and

(3) they do not require a match.

Sec. 12. Minnesota Statutes 2000, section 116M.18, subdivision 5, is amended to read:

Subd. 5. **REVOLVING FUND ADMINISTRATION; RULES.** (a) The board shall establish a minimum interest rate for loans or guarantees to ensure that necessary loan administration costs are covered.

(b) Loan repayment amounts equal to one-half of the principal and interest must be deposited in a revolving fund created by the board for challenge grants. The remaining amount of the loan repayment may be deposited in a revolving loan fund created by the nonprofit corporation originating the loan being repaid for further distribution, consistent with the loan criteria specified in subdivision 4.

(c) Administrative expenses of the board and nonprofit corporations with whom the board enters into agreements under subdivision 2, including expenses incurred by a nonprofit corporation in providing financial, technical, managerial, and marketing assistance to a business enterprise receiving a loan under subdivision 4, may be paid out of the interest earned on loans and out of interest earned on money invested by the state board of investment under section 116M.16, subdivision 2, as may be provided by the board.

Sec. 13. Minnesota Statutes 2000, section 116M.18, is amended by adding a subdivision to read:

Subd. 6a. **NONPROFIT CORPORATION LOANS.** The board may make loans to a nonprofit corporation with which it has entered into an agreement under

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subdivision 1. These loans must be used to support a new or expanding business. This support may include such forms of financing as the sale of goods to the business on installment or deferred payments, lease purchase agreements, or royalty investments in the business. The nonprofit corporation must provide at least an equal match to the loan received by the board. The maximum loan available to the nonprofit corporation under this subdivision is \$50,000. Loans made to the nonprofit corporation under this subdivision may be made without interest. Repayments made by the nonprofit corporation must be deposited in the revolving fund created for urban initiative grants.

Sec. 14. Minnesota Statutes 2000, section 116M.18, subdivision 8, is amended to read:

Subd. 8. **REPORTING REQUIREMENTS.** A nonprofit corporation that receives a challenge grant shall:

(1) submit an annual report to the board by September 30 of each year that includes a description of projects supported by the urban challenge grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and persons in low-income areas, the source and amount of money collected and distributed by the urban challenge grant program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the board.

Sec. 15. Minnesota Statutes 2000, section 298.22, subdivision 7, is amended to read:

Subd. 7. **~~GIANTS RIDGE RECREATION AREA PROJECT AREA DEVELOPMENT AUTHORITY.~~** (a) In addition to the other powers granted in this section and other law and notwithstanding any limitations contained in subdivision 5, the commissioner, for purposes of fostering economic development and tourism within the Giants Ridge recreation area or the Ironworld Discovery Center area, may spend any money made available to the agency under section 298.28 to acquire real or personal property or interests therein by gift, purchase, or lease and may convey by lease, sale, or other means of conveyance or commitment any or all of ~~these~~ property interests acquired owned or administered by the commissioner within such areas.

(b) In furtherance of development of the Giants Ridge recreation area or the Ironworld Discovery Center area, the commissioner may establish and participate in charitable foundations and nonprofit corporations, including a corporation within the meaning of section 317A.011, subdivision 6.

(c) The term "Giants Ridge recreation area" refers to an economic development project area established by the commissioner in furtherance of the powers delegated in this section within St. Louis county in the western portions of the town of White and in the eastern portion of the westerly, adjacent, unorganized township.

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(d) The term "Ironworld Discovery Center area" refers to an economic development and tourism promotion project area established by the commissioner in furtherance of the powers delegated in this section within St. Louis county in the south portion of the town of Balkan.

Sec. 16. Minnesota Statutes 2000, section 298.22, is amended by adding a subdivision to read:

Subd. 9. ECONOMIC DEVELOPMENT AND TRADE PROMOTION. In the promotion of tourism, trade, and economic development, the commissioner may expend money made available to the agency under section 298.28 in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes. An expenditure for food, lodging, or travel is not governed by the travel rules of the commissioner of employee relations.

Sec. 17. Minnesota Statutes 2000, section 446A.07, subdivision 4, is amended to read:

Subd. 4. **INTENDED USE PLAN.** (a) The pollution control agency public facilities authority shall annually prepare and submit to the United States Environmental Protection Agency an intended use plan. The plan must identify the intended uses of the amounts available to the water pollution control revolving fund, including a list of wastewater treatment and storm water projects and all other eligible activities to be funded during the fiscal year. Information regarding eligible activities must be submitted to the pollution control agency by the appropriate state agency or department within 30 days of written notification by the pollution control agency.

(b) To be eligible for placement on the intended use plan:

(1) a project must be listed on the pollution control agency's project priority list;

(2) the applicant must submit a written request to the public facilities authority, including a brief description of the project, a project cost estimate and the requested loan amount, and a proposed project schedule; and

(3) for a construction loan, the project must have a facility plan approved by the pollution control agency.

(c) The pollution control agency shall annually provide to the public facilities authority its project priority list of wastewater and storm water projects to be considered for funding. The pollution control agency public facilities authority may not submit the plan until it has received the review and comment of the authority pollution control agency or until 30 days have elapsed since the plan was submitted to the authority pollution control agency, whichever occurs first. In addition, the public facilities authority shall offer municipalities seeking placement on the intended use plan an opportunity to review and comment on the plan before it is adopted. The plan may be amended to add additional projects for consideration for funding as it determines funds are available and additional projects are able to proceed.

Sec. 18. Minnesota Statutes 2000, section 446A.12, subdivision 1, is amended to read:

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Subdivision 1. **BONDING AUTHORITY.** The authority may issue negotiable bonds in a principal amount that the authority determines necessary to provide sufficient funds for achieving its purposes, including the making of loans and purchase of securities, the payment of interest on bonds of the authority, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the authority incident to and necessary or convenient to carry out its corporate purposes and powers, but not including the making of grants. Bonds of the authority may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed \$850,000,000 \$1,000,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Sec. 19. Laws 2001, First Special Session chapter 4, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. Office of Tourism

10,219,000 10,111,000

To develop maximum private sector involvement in tourism, \$3,500,000 the first year and \$3,500,000 the second year of the amounts appropriated for marketing activities are contingent on receipt of an equal contribution from nonstate sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions.

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained tourism activities. For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

If an appropriation for either year for grants is not sufficient, the appropriation for the other year is available for it.

The commissioner may use grant dollars or the value of in-kind services to provide the

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state contribution for the partnership program.

Any unexpended money from general fund appropriations made under this subdivision does not cancel but must be placed in a special advertising account for use by the office of tourism to purchase additional media.

Of this amount, \$50,000 the first year is for a one-time grant to the Mississippi River parkway commission to support the increased promotion of tourism along the Great River Road.

\$829,000 the first year and \$829,000 the second year are for the Minnesota film board. \$329,000 of this appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind from nonstate sources for every \$3 provided by this appropriation. Of this amount, \$500,000 the first year and \$500,000 the second year are for grants to the Minnesota film board for a film production jobs fund to stimulate film production in Minnesota. This appropriation is to reimburse film and television producers for up to ten percent of the documented wages and cost of services that they paid to Minnesotans for film and television production after January 1, 2001.

\$150,000 the first year is for partnerships with local tourism interests to operate travel information centers. This is a one-time appropriation. This appropriation is available until spent.

Sec. 20. REINSTATEMENT OF LAW.

Notwithstanding its repeal by Laws 2001, First Special Session chapter 4, article 2, section 41, Minnesota Statutes 2000, section 268.976, as amended by Laws 2001, chapter 175, section 50, is revived.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 21. REPEALER.

(a) Minnesota Statutes 2000, sections 116J.9672; and 116J.9673, are repealed.

(b) Laws 2001, First Special Session chapter 5, article 3, section 88, is repealed.

EFFECTIVE DATE. Paragraph (b) is effective July 1, 2002.

ARTICLE 3**BACKGROUND CHECKS****Section 1. [181.645] EXPENSES FOR BACKGROUND CHECKS, TESTING, AND ORIENTATION.**

Except as provided by section 123B.03 or as otherwise specifically provided by law, an employer, as defined in section 181.931, or a prospective employer may not require an employee or prospective employee to pay for expenses incurred in criminal or background checks, credit checks, or orientation. An employer or prospective employer may not require an employee or prospective employee to pay for the expenses of training or testing that is required by federal or state law or is required by the employer for the employee to maintain the employee's current position, unless the training or testing is required to obtain or maintain a license, registration, or certification for the employee or prospective employee.

ARTICLE 4**REDEVELOPMENT GRANTS**

Section 1. Minnesota Statutes 2000, section 116J.565, subdivision 1, is amended to read:

Subdivision 1. **CHARACTERISTICS.** (a) If applications for grants exceed the available appropriations, grants shall be made for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred. In making this judgment, the commissioner shall give priority to redevelopment projects with one or more of the following characteristics:

- (1) the need for redevelopment in conjunction with contamination remediation needs;
- (2) the redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project;
- (3) the redevelopment potential within the municipality;
- (4) proximity to public transit if located in the metropolitan area; and

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(5) multijurisdictional projects that take into account the need for affordable housing, transportation, and environmental impact.

(b) The factors in paragraph (a), clauses (1) to (5), are not listed in a rank order of priority; rather the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the redevelopment plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. The commissioner shall provide a written statement of the supporting reasons for each grant. Unless sufficient applications are not received within the first nine months of a fiscal year for qualifying sites outside of the metropolitan area, at least 25 50 percent of the money provided as grants in a fiscal year must be made for sites located outside of the metropolitan area. The commissioner shall consult with the metropolitan council about metropolitan area grants.

Sec. 2. **BROWNFIELD SITE; ACQUISITION.**

Funds in the redevelopment accounts created in Minnesota Statutes, section 116J.561, and allocated for sites within the metropolitan area may be used for the purchase of a brownfield site for a facility to house the department of military affairs' training and community center.

ARTICLE 5

SCHOOL CONFERENCE AND ACTIVITY LEAVE

Section 1. Minnesota Statutes 2000, section 181.9412, is amended by adding a subdivision to read:

Subd. 1a. **FOSTER CHILD.** For the purpose of this section, "child" includes a foster child.

ARTICLE 6

YOUTH EMPLOYMENT

Section 1. Minnesota Statutes 2000, section 119A.45, is amended to read:

119A.45 EARLY CHILDHOOD LEARNING AND CHILD PROTECTION FACILITIES.

The commissioner may make grants to state agencies and political subdivisions to construct or rehabilitate facilities for early childhood programs, with priority to centers

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in counties or municipalities with the highest percentage of children living in poverty. The commissioner may also make grants to state agencies and political subdivisions to construct or rehabilitate facilities for crisis nurseries or parenting time centers. The facilities must be owned by the state or a political subdivision, but may be leased under section 16A.695 to organizations that operate the programs. The commissioner must prescribe the terms and conditions of the leases. A grant for an individual facility must not exceed \$200,000 for each program that is housed in the facility, up to a maximum of \$500,000 for a facility that houses three programs or more. Programs include Head Start, early childhood and family education programs, and other early childhood intervention programs. The commissioner must give priority to grants that involve collaboration among sponsors of programs under this section and may give priority to projects that collaborate with child care providers, including all-day and school-age child care programs, special needs care, sick child care, nontraditional hour care, and programs that include services to refugee and immigrant families. The commissioner may give priority to grants for programs that will increase their child care workers' wages as a result of the grant. At least 25 percent of the amounts appropriated for these grants up to \$50,000 must if there is work that is appropriate for youthbuild, as mutually agreed upon by the grantee and the local youthbuild program, considering safety and skills needed, and if it is demonstrated by youthbuild that using youthbuild will not increase the overall cost of the project, then priority must be given to grants for programs that utilize youthbuild under sections 268.361 to 268.366 or other youth employment and training programs for at least 25 percent of each grant awarded or \$50,000, whichever is less, of the labor portion of the construction. Eligible programs must consult with appropriate labor organizations to deliver education and training. State appropriations must be matched on a 50 percent basis with nonstate funds. The matching requirement must apply programwide and not to individual grants.

ARTICLE 7

COMPETITIVE BIDDING FOR UTILITIES

Section 1. IDENTIFICATION AND EVALUATION; COMPETITIVE BIDDING CRITERIA.

The commissioner of commerce shall identify and evaluate various criteria that could be used by a utility in evaluating and selecting bids submitted in a competitive bidding process established under Minnesota Statutes, section 216B.2422, subdivision 5.

To assist in the evaluation, the commissioner shall convene a series of forums at which input from citizens and stakeholders can be solicited. The commissioner shall present this evaluation in a report to the house and senate policy and finance committees with jurisdiction over energy regulatory issues and agencies by January 15, 2003.

Presented to the governor May 17, 2002

Signed by the governor May 21, 2002, 3:05 p.m.

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