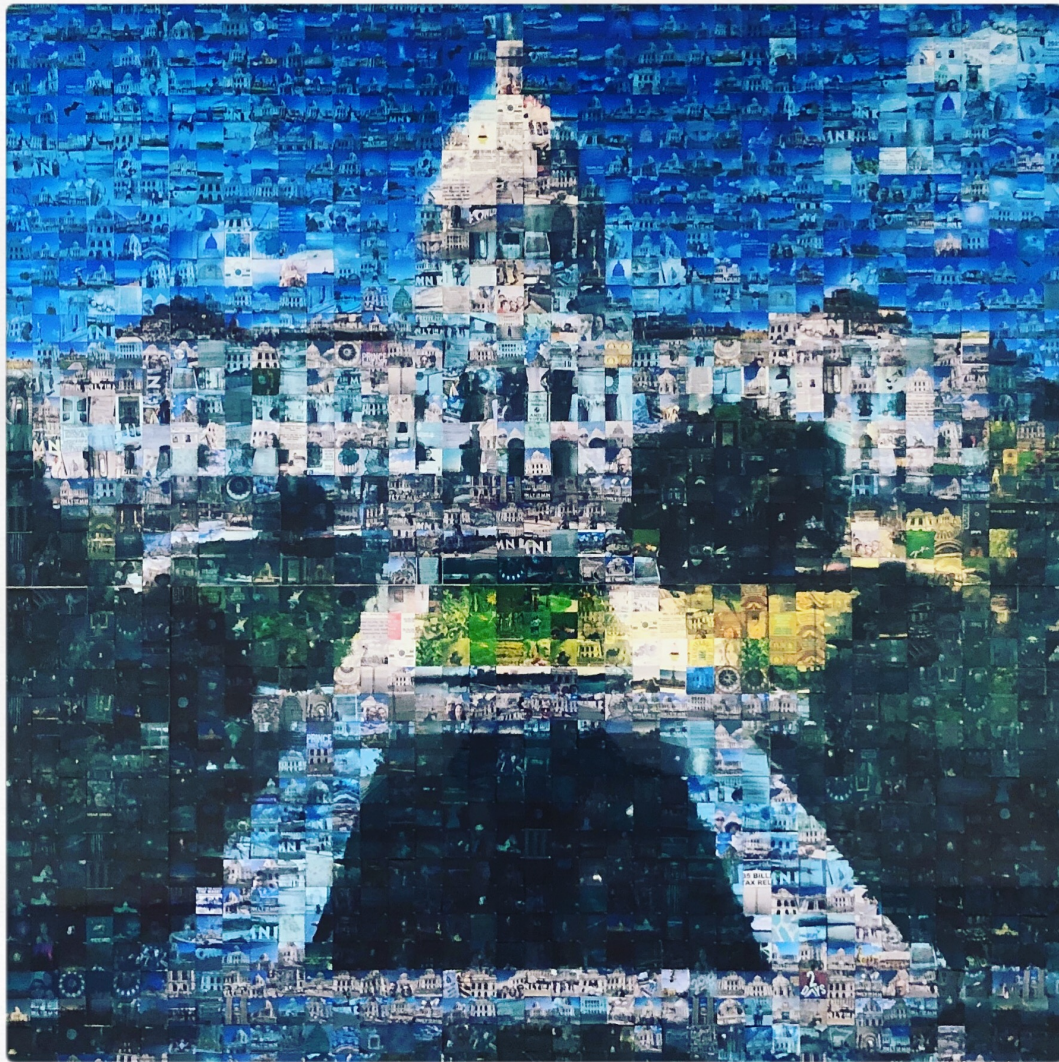


BUILDERS ASSOCIATION OF MINNESOTA

2019 LEGISLATIVE SESSION



BAM LAW SUMMARY – 2019

2019 Regular and 1st Special Legislative Sessions: The 2019 Legislative Session adjourned on May 20th only for the Governor to call the Legislators back for a special session later in the week. Having completed their budget work, the Legislature is scheduled to re-convene on Tuesday, February 11, 2020.

It was a highly productive year for BAM. The organization successfully passed several pieces of legislation and killed a handful of onerous bills. Below is just a snapshot of BAM's 2019 legislative work.

Many thanks to BAM's members, who are always very engaged. Many thanks to the Legislators who carried the industry's priority legislation (highlighted in the following summary) as well as those who did a lot of behind the scenes lift for the residential construction industry this session including Senators Pratt, R-Prior Lake, Simonson, DFL-Duluth, Eken, DFL-Twin Valley, M. Johnson, R-East Grand Forks and Representatives O'Driscoll, R-Sartell, Lien, DFL-Moorhead, Mekeland, R-Clear Lake, and M. Nelson, DFL-Brooklyn Park.

Construction Employment

- Career counseling in high and middle schools became law. (1st Special Session – Chapter 7)
 - **BAM Priority Bill – SF 293 C. Nelson, R-Rochester / HF 1915 Wolgamott, DFL-St. Cloud**
- Opportunities for youth experiential learning on residential construction sites will be studied with a report back to the 2020 Legislature for recommended changes to the statutes under a bill passed into law. (1st Special Session Chapter 7)
 - **BAM Priority Bill – SF 293 C. Nelson, R-Rochester / HF 1915 Wolgamott, DFL-St. Cloud**
- Several workforce development programs were included in the Omnibus Jobs, Economic Development, Energy, and Commerce Bill. (1st Special Session – Chapter 7)
 - MN Workforce Scholarships were increased with \$8,000,000 appropriated over the biennium – the construction industry will primarily benefit through its targeted efforts on welding.
- Helmets to Hard Hats – \$400,000 for the biennium to bring veterans into the trades.
- Construction Careers Foundation – \$750,000 for the biennium for construction programming for youth.
- **Wage Theft** provisions passed into law that may impact members businesses. The new law establishes several new requirements. It is effective July 1, 2019. (1st Special Session – Chapter 7)
 - Wage Theft is defined as occurring when an employer intends to defraud, and
 - Fails to pay an employee all wages, salary, gratuities, earnings, or commissions.
 - Directly or indirectly causes an employee to give a receipt for wages greater than the amount paid.

- Directly or indirectly demands or received from an employee a refund or rebate from wages owed under contract.
 - Makes or attempts to make it appear the wages paid to the employee are greater than the amount actually paid.
 - The Commissioner of Labor and Industry (DLI) has the authority to enter, without unreasonable delay, and inspect places of employment.
 - The Attorney General has the authority to enforce the Wage Theft law.
 - DLI may fine an employer up to \$5,000 for failure to provide employment records.
 - Employers must keep record of hours worked including piece rates.
 - An employer must not retaliate against employees asserting their rights, including filing complaints with DLI.
 - Statements of earnings are required and that all wages must be paid at least once every 31 days.
- Unlicensed individuals will face increased sanctions as DLI's enforcement authority was expanded. (1st Special Session – Chapter 7)
 - **BAM Priority Bill – HF 2183 Mahoney, DFL-St. Paul / SF 2773 Rarick, R-Pine City**
 - Plumbing contractors must have the contractors name and license on work vehicles. (1st Special Session – Chapter 7)
 - Allowing licensed residential contractors to conduct radon testing was discussed; it did not pass. (HF 1646 / SF 1559)
 - Licensing of solar contractors within the residential contractor provisions was discussed; it did not pass. (HF 2467 / SF 2421)

Contractor Recovery Fund (CRF)

- \$1,000,000 was approved for a consumer awareness campaign targeted to promote the benefits of hiring licensed contractors and to educate consumer about the dangers of hiring unlicensed individuals; this appropriation is consistent with the statutorily authorized purpose of the CFR (1st Special Session – Chapter 7)
 - **BAM Priority Bill – SF 2339 Howe, R-Rockville / HF 2389 Sundin, DFL-Esko**
 - BAM's lobbying efforts include making sure the CRF is used to advance the purpose of contractor licensing. As a result, DLI will be hiring an employee or two to work in non-code administered jurisdictions and areas where unlicensed activity has been identified.
 - There will be a cooperative effort with local chapters of licensed builders.
 - The position(s) must be a certified building official and will be responsible for

Licensure

- Business and financial management education applicable to residential construction businesses became a required one hour for licensed residential contractor continuing education. (1st Special Session – Chapter 7)
 - **BAM Priority Bill – HF 2281 Theis, R-St. Cloud / SF 2182 Howe, R-Rockville**

- Investigating unlicensed activity
 - Consultation and inspection assistance (not enforcement) to licensed builders
 - Educating municipal staff on licensing issues
- A proposal to raid the contractor recovery fund to pay for damages caused by unlicensed contractors was defeated. (HF 2467 / SF 2421)
 - *BAM Priority Defense*

Several code officials support this idea, too.

- *BAM Priority Bill – HF 1634 Theis, R-St. Cloud / SF 1459 Senjem, R-Rochester*
- A State Building Code stakeholder code-review-for-repeal panel was discussed; it did not pass. (HF 726 / SF 813)
- The \$1,000 “WI Solution” housing cost increase per code provision idea was discussed; it did not pass. (HF 2188 / SF 2006)
- A prohibition on mandatory fire sprinklers was introduced; it did not pass.
 - *BAM Priority Bill – HF 477 Theis, R-St. Cloud / SF 212 Senjem, R-Rochester*
- A bill to expand the jurisdiction of Fire Marshals by shifting plan review and inspection of “fire protection features” to the State Fire Marshal was introduced; it did not pass. (HF 2064 / SF 1839)
- Places of public accommodation would have seen an expansion of state fire code safety requirements and State Fire Marshal inspections in a bill that was introduced; it did not pass. (HF 2537 / SF 2514)

Codes

- New and remodeled public buildings funding by the state must be ADA compliant regardless of price, however, the threshold to trigger the ADA requirement for school districts and charter schools is \$100,000. (1st Special Session – Chapter 7)
- IMPORTANT NOTE ON CODES: There were numerous bills introduced and were either killed or simply ran out of time in 2019. This area of the industry will continue to see increased attention at the legislature.
 - **Stretch energy code initiatives were defeated.** This will be back in force as advocates are actively expanding their coalition. (HF 2396 / SF 2637)
 - *BAM Priority Defense*
 - An initiative to allow border cities to opt-out of the building code was stopped. (HF 1406 / SF 1464)
 - *BAM Priority Defense*
 - Mandatory gas fireplace disclosures did not pass. (HF 2012 / SF 2077)
 - *BAM Priority Defense*
 - Increasing the height of a building before window cleaning anchors are required was introduced but did not pass.

Housing Policy

- The Legislature made housing a top priority and made significant investments in affordable and workforce housing. A cool \$180,600,000 was appropriated for affordable housing across several programs including housing challenge grants, workforce housing development, \$750,000

specifically for workforce homeownership, owner-occupied housing rehabilitation, rental housing rehabilitation, homeownership education, housing pool allocations, low-income housing tax credits, and \$60,000,000 for housing infrastructure bonds. (1st Special Session – Chapter 1)

- However, the housing investment tax credits did not pass into law. This was designed to assist private housing investors to create lower price point housing.

- **BAM Priority Bill - HF 1156 – Tabke, DFL-Shakopee / SF 404 C. Nelson, R-Rochester**

- A Legislative Commission on Housing Affordability was formed to make recommendations to increase affordability and access to homeownership. (1st Special Session – Chapter 10)

- Bi-Partisan composed of 8 legislators
- Tasked to study emerging market forces, housing costs, access to homeownership, and policies to reduce equity gaps.
- Charged with making recommendations to increase affordability and access to home ownership.

- The Senate Select Committee on Home Ownership Affordability

and Availability was formed, too, with its work beginning August 13, 2019.

- Manufactured Home Parks and Modular Homes policy changes include allowing modular homes to be placed in a manufactured home park. It includes the definition for “modular home” to mean a single-family dwelling constructed in accordance with the 1360 or 1361 of the State Building Code and attached to a foundation.

3rd Party Consultant Fee Estimates

- Applicants applying for a city permit, license, or other approval related to real estate development or construction may ask for a non-binding estimate for cost of the city’s third-party consultants (engineers, other design professionals, etc.), if the city engages them to work on such applications. (1st Special Session – Chapter 27) (HF 823 / SF 998)

Temporary Well Borings

- Changes made to the well and boring statute allow temporary well borings less than 25 feet in depth to be exempt from notification and fee requirements of MN. Statute 103I. (1st Special Session – Chapter 9)
 - **BAM Priority Bill - HF 922 / SF 890 & SF 1379 / 1342**

WHAT’S IN STORE FOR THE 2020 “SHORT” SESSION?

They say hindsight is 2020. Let’s hope so as we head into the second half of the State’s 91st Legislative Biennium. BAM will reflect back upon at this past session and confidently say many of the ideas that stagnated in 2019 will return in 2020. The Legislature is scheduled to re-convene on Tuesday, February 11, 2020. The following **did not pass into law** but are “alive” for next year.

- Stretch Energy Codes (HF 2396 / SF 2637)
- Municipal Opt-Out of Building Code Administration (HF 1406 / SF 1464)

- Window Cleaning Anchors
(HF 1634 / SF 1459)
- ADA Work Group
(HF 803 / SF 806)
- Green Roof Advisory Task Force
(HF 1570 / SF 297)
- Mandatory Fire Sprinklers Prohibited
(HF 477 / SF 212)
- Building Code Repeal Work Group
(HF 726 / SF 813)
- Solar Contractor Licensing Under the Building Contractor Law
(HF 2467 / SF 2421)
- Radon Testing Allowed by Licensed Building Contractors
(HF 1646 / SF 1559)
- \$1,000 Residential Code Provisions Require Legislative Approval
(HF 2188 / SF2006)
- Comprehensive watershed reforms – uniform and streamlined permitting
(HF 2902)
- Subdivision Approval Conditioned on Road Capacity
(HF 2297 / SF 2443)
- Street Impact Fees
(HF 2296 / SF 2442)
- Street Improvement Districts – Utility Fees
(HF 1095 / SF 1271)
- Housing Tax Credits for private development of affordable housing
(HF1156 / SF 404)
- Accelerated Sales Tax Shift for Construction Businesses. Instead, and unfortunately, the Legislature increased the estimated percentage of owed sales tax on all businesses
(HF 869 / SF 329)
- 16 and 17-year-old individuals allowed to perform construction work
(HF 2255 / SF 2193)
- Uniform State Labor Standards – Local Government Ordinance Pre-emption
(HF 2776 / SF 2321)
- Carpet Stewardship Tax
(HF 2267 / SF2300)



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