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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3427**

February 25, 2008

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The bill was read for the first time and referred to the Committee on Agriculture, Rural Economies and Veterans Affairs

March 17, 2008

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to veterans; establishing a loan program; adding certain veterans to those
1.3 eligible for a program; changing an unemployment compensation provision;
1.4 appropriating money; amending Minnesota Statutes 2007 Supplement, sections
1.5 116L.17, subdivision 1; 268.047, subdivision 2; proposing coding for new law
1.6 in Minnesota Statutes, chapter 116J.

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

1.8 Section 1. [116J.996] MILITARY RESERVIST ECONOMIC INJURY LOANS.

1.9 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this
1.10 section.

1.11 (b) "Active service" has the meaning given in section 190.05.

1.12 (c) "Commissioner" means the commissioner of employment and economic
1.13 development.

1.14 (d) "Eligible business" means a small business, as defined in section 645.445, that
1.15 was operating in Minnesota on the date a military reservist received orders for active
1.16 service.

1.17 (e) "Essential employee" means a military reservist who is an owner or employee
1.18 of an eligible business and whose managerial or technical expertise is critical to the
1.19 day-to-day operation of the eligible business.

1.20 (f) "Military reservist" means a member of the reserve component of the armed
1.21 forces.

1.22 (g) "Reserve component of the armed forces" has the meaning given it in United
1.23 States Code, title 10, section 101(c).

1.24 (h) "Substantial economic injury" means an economic harm to an eligible business
1.25 that results in the inability of the eligible business to:

- 2.1 (1) meet its obligations as they mature;
2.2 (2) pay its ordinary and necessary operating expenses; or
2.3 (3) manufacture, produce, market, or provide a product or service ordinarily
2.4 manufactured, produced, marketed, or provided by the eligible business.

2.5 Subd. 2. **Loan program.** The commissioner may make onetime, interest-free loans
2.6 of up to \$20,000 per borrower to eligible businesses that have sustained or are likely to
2.7 sustain substantial economic injury as a result of the call to active service for 180 days
2.8 or more of an essential employee. Loans must be made for the purpose of preventing,
2.9 remedying, or ameliorating the substantial economic injury.

2.10 Subd. 3. **Revolving loan account.** The commissioner shall use money appropriated
2.11 for the purpose to establish a revolving loan account. All repayments of loans made
2.12 under this section must be deposited into this account. Interest earned on money in the
2.13 account accrues to the account. Money in the account is appropriated to the commissioner
2.14 for purposes of the loan program created in this section, including costs incurred by the
2.15 commissioner to establish and administer the program.

2.16 Subd. 4. **Rules.** Using the expedited rulemaking procedures of section 14.389, the
2.17 commissioner shall develop and publish expedited rules for loan applications, use of
2.18 funds, needed collateral, terms of loans, and other details of military reservist economic
2.19 injury loans.

2.20 Sec. 2. Minnesota Statutes 2007 Supplement, section 116L.17, subdivision 1, is
2.21 amended to read:

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

2.24 (b) "Commissioner" means the commissioner of employment and economic
2.25 development.

2.26 (c) "Dislocated worker" means an individual who is a resident of Minnesota at the
2.27 time employment ceased or was working in the state at the time employment ceased and:

2.28 (1) has been permanently separated or has received a notice of permanent separation
2.29 from public or private sector employment and is eligible for or has exhausted entitlement
2.30 to unemployment benefits, and is unlikely to return to the previous industry or occupation;

2.31 (2) has been long-term unemployed and has limited opportunities for employment
2.32 or reemployment in the same or a similar occupation in the area in which the individual
2.33 resides, including older individuals who may have substantial barriers to employment by
2.34 reason of age;

3.1 (3) has been terminated or has received a notice of termination of employment as a
3.2 result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

3.3 (4) has been self-employed, including farmers and ranchers, and is unemployed as a
3.4 result of general economic conditions in the community in which the individual resides
3.5 or because of natural disasters;

3.6 (5) has been permanently separated from employment in a restaurant, bar, or
3.7 lawful gambling organization from October 1, 2007, to October 1, 2009, due to the
3.8 implementation of any state law prohibiting smoking; ~~or~~

3.9 (6) is a veteran as defined by section 197.447, has been discharged or released from
3.10 active duty under honorable conditions within the last 36 months, and (i) is unemployed or
3.11 (ii) is employed in a job which pays less than what the veteran could verifiably earn; or

3.12 ~~(6)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who
3.13 has spent a substantial number of years in the home providing homemaking service and
3.14 (i) has been dependent upon the financial support of another; and now due to divorce,
3.15 separation, death, or disability of that person, must find employment to self support; or (ii)
3.16 derived the substantial share of support from public assistance on account of dependents
3.17 in the home and no longer receives such support.

3.18 To be eligible under this clause, the support must have ceased while the worker
3.19 resided in Minnesota.

3.20 (d) "Eligible organization" means a state or local government unit, nonprofit
3.21 organization, community action agency, business organization or association, or labor
3.22 organization.

3.23 (e) "Plant closing" means the announced or actual permanent shutdown of a single
3.24 site of employment, or one or more facilities or operating units within a single site of
3.25 employment.

3.26 (f) "Substantial layoff" means a permanent reduction in the workforce, which is
3.27 not a result of a plant closing, and which results in an employment loss at a single site
3.28 of employment during any 30-day period for at least 50 employees excluding those
3.29 employees that work less than 20 hours per week.

3.30 Sec. 3. Minnesota Statutes 2007 Supplement, section 268.047, subdivision 2, is
3.31 amended to read:

3.32 Subd. 2. **Exceptions for all employers.** Unemployment benefits paid will not be
3.33 used in computing the future tax rate of a taxpaying base period employer or charged to
3.34 the reimbursable account of a base period nonprofit or government employer that has
3.35 elected to be liable for reimbursements when:

4.1 (1) the applicant was discharged from the employment because of aggravated
4.2 employment misconduct as determined under section 268.095. This exception applies
4.3 only to unemployment benefits paid for periods after the applicant's discharge from
4.4 employment;

4.5 (2) an applicant's discharge from that employment occurred because a law required
4.6 removal of the applicant from the position the applicant held;

4.7 (3) the employer is in the tourist or recreation industry and is in active operation of
4.8 business less than 15 calendar weeks each year and the applicant's wage credits from the
4.9 employer are less than 600 times the applicable state or federal minimum wage;

4.10 (4) the employer provided regularly scheduled part-time employment to the
4.11 applicant during the applicant's base period and continues to provide the applicant with
4.12 regularly scheduled part-time employment during the benefit year of at least 90 percent
4.13 of the part-time employment provided in the base period, and is an involved employer
4.14 because of the applicant's loss of other employment. This exception terminates effective
4.15 the first week that the employer fails to meet the benefit year employment requirements.
4.16 This exception applies to educational institutions without consideration of the period
4.17 between academic years or terms;

4.18 (5) the employer is a fire department or firefighting corporation or operator of
4.19 a life-support transportation service, and continues to provide employment for the
4.20 applicant as a volunteer firefighter or a volunteer ambulance service personnel during the
4.21 benefit year on the same basis that employment was provided in the base period. This
4.22 exception terminates effective the first week that the employer fails to meet the benefit
4.23 year employment requirements;

4.24 (6) the applicant's unemployment from this employer was a direct result of the
4.25 condemnation of property by a governmental agency, a fire, flood, or act of nature,
4.26 where 25 percent or more of the employees employed at the affected location, including
4.27 the applicant, became unemployed as a result. This exception does not apply where the
4.28 unemployment was a direct result of the intentional act of the employer or a person acting
4.29 on behalf of the employer;

4.30 (7) the unemployment benefits were paid by another state as a result of the
4.31 transferring of wage credits under a combined wage arrangement provided for in section
4.32 268.131;

4.33 (8) the applicant stopped working because of a labor dispute at the applicant's
4.34 primary place of employment if the employer was not a party to the labor dispute;

4.35 (9) the unemployment benefits were determined overpaid unemployment benefits
4.36 under section 268.18; ~~or~~

5.1 (10) the applicant was employed as a replacement worker, for a period of six months
5.2 or longer, for an employee who is in the military reserve and was called for active duty
5.3 during the time the applicant worked as a replacement, and the applicant was laid off
5.4 because the employee returned to employment after active duty; or

5.5 (11) the trust fund was reimbursed for the unemployment benefits by the federal
5.6 government.

5.7 Sec. 4. **APPROPRIATION.**

5.8 \$1,000,000 is appropriated in fiscal year 2009 to the commissioner of employment
5.9 and economic development to establish the revolving loan account created under
5.10 Minnesota Statutes, section 116J.996, subdivision 3. The appropriation is available until
5.11 spent.

5.12 Sec. 5. **EFFECTIVE DATE.**

5.13 Sections 2 and 3 are effective the day following final enactment.