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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **3722**

March 3, 2008

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The bill was read for the first time and referred to the Committee on Finance

April 16, 2008

Committee Recommendation and Adoption of Report:
To Pass as Amended and re-referred to the Committee on Ways and Means

April 21, 2008

Committee Recommendation and Adoption of Report:
To Pass as Amended
Read Second Time

1.1 A bill for an act
1.2 relating to economic development; providing military reservist economic injury
1.3 loans; defining terms; appropriating money; amending Minnesota Statutes 2007
1.4 Supplement, section 116L.17, subdivision 1; proposing coding for new law in
1.5 Minnesota Statutes, chapter 116J.

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

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

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

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

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

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

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

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

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

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

1.25 (1) meet its obligations as they mature;

2.1 (2) pay its ordinary and necessary operating expenses; or

2.2 (3) manufacture, produce, market, or provide a product or service ordinarily
2.3 manufactured, produced, marketed, or provided by the eligible business.

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

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

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

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

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

3.31 Sec. 3. **APPROPRIATION; MILITARY RESERVIST ECONOMIC INJURY**
3.32 **LOANS.**

3.33 \$500,000 is appropriated from the general fund to the commissioner of employment
3.34 and economic development in fiscal year 2009 for military reservist economic injury loans
3.35 under Minnesota Statutes, section 116J.996.

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

4.2 Sec. 4. **APPROPRIATION; DISLOCATED WORKERS.**

4.3 \$500,000 is appropriated from the general fund to the commissioner of employment
4.4 and economic development in fiscal year 2009 for expenditures related to dislocated
4.5 workers who are eligible veterans under Minnesota Statutes, section 116L.17, subdivision
4.6 1, paragraph (c), clause (6).

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

4.8 Sec. 5. **DUPLICATE APPROPRIATIONS.**

4.9 Unless another act explicitly provides otherwise, appropriations made in this act
4.10 and other acts must be implemented only once even if the provision or a similar provision
4.11 with the same fiscal effect in the same fiscal year is included in another act. This section
4.12 applies to laws enacted in the 2008 regular session.

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