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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE NO. **626**

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

1.1 A bill for an act
1.2 relating to economic development; extending MFIP assistance; modifying
1.3 unemployment compensation; augmenting foreclosure provisions; establishing a
1.4 jobs creation program; limiting certain layoffs; appropriating money; amending
1.5 Minnesota Statutes 2008, sections 256J.42, by adding a subdivision; 268.035,
1.6 subdivisions 4, 21a; 268.07, subdivision 1; 268.085, subdivision 15; 504B.151;
1.7 proposing coding for new law in Minnesota Statutes, chapter 582.

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

1.9 Section 1. Minnesota Statutes 2008, section 256J.42, is amended by adding a
1.10 subdivision to read:

1.11 Subd. 1a. **Temporary 60-month time limit extension.** For assistance units that
1.12 have reached the 60-month time limit under subdivision 1 or assistance units that will
1.13 reach the 60-month time limit under subdivision 1 before the sunset of this subdivision,
1.14 MFIP benefits are extended to eligible assistance units until the sunset of this subdivision.
1.15 This subdivision sunsets July 1, 2011.

1.16 Sec. 2. Minnesota Statutes 2008, section 268.035, subdivision 4, is amended to read:

1.17 Subd. 4. **Base period.** (a) "Base period," unless otherwise provided in this
1.18 subdivision, means the last four completed calendar quarters before the effective date of
1.19 an applicant's application for unemployment benefits if the application has an effective
1.20 date occurring after the month following the last completed calendar quarter. The base
1.21 period under this paragraph is as follows:

1.22 If the application for unemployment
1.23 benefits is effective on or between these
1.24 dates:

1.25 February 1 - March 31

The base period is the prior:

January 1 - December 31

2.1	<u>May 1 - June 30</u>	<u>April 1 - March 31</u>
2.2	<u>August 1 - September 30</u>	<u>July 1 - June 30</u>
2.3	<u>November 1 - December 31</u>	<u>October 1 - September 30</u>

2.4 ~~(1)~~ (b) If an application for unemployment benefits has an effective date that is
 2.5 during the month following the last completed calendar quarter, then the base period is
 2.6 the first four of the last five completed calendar quarters before the effective date of an
 2.7 applicant's application for unemployment benefits. The base period under this paragraph
 2.8 is as set forth below follows:

2.9	If the application for unemployment	The base period is the prior:
2.10	benefits is effective on or between these	
2.11	dates:	
2.12	January 1 - March <u>January 31</u>	October 1 - September 30
2.13	April 1 - June <u>April 30</u>	January 1 - December 31
2.14	July 1 - September 30 <u>July 31</u>	April 1 - March 31
2.15	October 1 - December <u>October 31</u>	July 1 - June 30

2.16 ~~(2)~~ (c) If the applicant has insufficient wage credits to establish a benefit account
 2.17 under ~~clauses (1) and (3), and paragraph (a) or (b), but during the base period under~~
 2.18 ~~clause (1) paragraph (a) or (b)~~ an applicant received workers' compensation for temporary
 2.19 disability under chapter 176 or a similar federal law or similar law of another state, or
 2.20 if an applicant whose own serious illness caused a loss of work for which the applicant
 2.21 received compensation for loss of wages from some other source, the applicant may
 2.22 request an extended base period as follows:

2.23 ~~(i)~~ (1) if an applicant was compensated for a loss of work of seven to 13 weeks, the
 2.24 base period is the first four of the last six completed calendar quarters before the effective
 2.25 date of the application for unemployment benefits;

2.26 ~~(ii)~~ (2) if an applicant was compensated for a loss of work of 14 to 26 weeks, the
 2.27 base period is the first four of the last seven completed calendar quarters before the
 2.28 effective date of the application for unemployment benefits;

2.29 ~~(iii)~~ (3) if an applicant was compensated for a loss of work of 27 to 39 weeks,
 2.30 the base period is the first four of the last eight completed calendar quarters before the
 2.31 effective date of the application for unemployment benefits; and

2.32 ~~(iv)~~ (4) if an applicant was compensated for a loss of work of 40 to 52 weeks, the
 2.33 base period is the first four of the last nine completed calendar quarters before the effective
 2.34 date of the application for unemployment benefits;

2.35 ~~(3) if the applicant has insufficient wage credits to establish a benefit account under~~
 2.36 ~~clause (1), an alternate base period of the last four completed calendar quarters before the~~
 2.37 ~~date the applicant's application for unemployment benefits is effective will be used. This~~

~~base period can be used only 30 calendar days or more after the end of the last completed quarter, when a wage detail report has been, or should have been, filed for that quarter under section 268.044; and~~

~~(4) (d) No base period under clause (1), (2), or (3) paragraph (a), (b), or (c) may include wage credits upon which a prior benefit account was established.~~

~~(e) Notwithstanding paragraph (a), the base period calculated under paragraph (b) using the first four of the last five complete calendar quarters before the effective date of the applicant's application for unemployment benefits must be used for an applicant if the applicant has more wage credits under that base period than under the base period in paragraph (a).~~

EFFECTIVE DATE. This section is effective for applications for unemployment benefits filed effective on or after July 1, 2009.

Sec. 3. Minnesota Statutes 2008, section 268.035, subdivision 21a, is amended to read:

Subd. 21a. **Reemployment assistance training.** (a) An applicant is in "reemployment assistance training" when:

(1) ~~a reasonable and opportunity for~~ suitable employment for the applicant does not exist in the labor market area and ~~it is necessary that the applicant receive additional training in order to obtain~~ will assist the applicant in obtaining suitable employment;

(2) the curriculum, facilities, staff, and other essentials are adequate to achieve the training objective;

(3) the training is vocational ~~in nature~~ or short term academic training ~~vocationally~~ directed to an occupation or skill ~~for which there are reasonable~~ that will substantially enhance the employment opportunities available to the applicant in the applicant's labor market area;

(4) the training course is considered full time by the training provider; and

(5) the applicant is making satisfactory progress in the training.

(b) Full-time training provided through the dislocated worker program, the Trade Act of 1974, as amended, or the North American Free Trade Agreement is considered "reemployment assistance training," if that training course is in accordance with the requirements of that program.

(c) Apprenticeship training provided in order to meet the requirements of an apprenticeship program under chapter 178 is considered "reemployment assistance training."

(d) An applicant is considered in reemployment assistance training only if the training course has actually started or is scheduled to start within 30 calendar days.

4.1 **EFFECTIVE DATE.** This section is effective for determinations and appeal
4.2 decisions issued on or after the day following final enactment.

4.3 Sec. 4. Minnesota Statutes 2008, section 268.07, subdivision 1, is amended to read:

4.4 Subdivision 1. **Application for unemployment benefits; determination of benefit**
4.5 **account.** (a) An application for unemployment benefits may be filed in person, by mail,
4.6 or by electronic transmission as the commissioner may require. The applicant must be
4.7 unemployed at the time the application is filed and must provide all requested information
4.8 in the manner required. The commissioner shall accept a valid individual taxpayer
4.9 identification number from an applicant who is applying for benefits. If the applicant is
4.10 not unemployed at the time of the application or fails to provide all requested information,
4.11 the communication is not considered an application for unemployment benefits.

4.12 (b) The commissioner shall examine each application for unemployment benefits to
4.13 determine the base period and the benefit year, and based upon all the covered employment
4.14 in the base period the commissioner shall determine the weekly unemployment benefit
4.15 amount available, if any, and the maximum amount of unemployment benefits available, if
4.16 any. The determination is known as the determination of benefit account. A determination
4.17 of benefit account must be sent to the applicant and all base period employers, by mail or
4.18 electronic transmission.

4.19 (c) If a base period employer did not provide wage information for the applicant as
4.20 provided for in section 268.044, or provided erroneous information, the commissioner
4.21 may accept an applicant certification as to wage credits, based upon the applicant's records,
4.22 and issue a determination of benefit account.

4.23 (d) The commissioner may, at any time within 24 months from the establishment of
4.24 a benefit account, reconsider any determination of benefit account and make an amended
4.25 determination if the commissioner finds that the determination was incorrect for any
4.26 reason. An amended determination must be promptly sent to the applicant and all base
4.27 period employers, by mail or electronic transmission.

4.28 (e) If an amended determination of benefit account reduces the weekly
4.29 unemployment benefit amount or maximum amount of unemployment benefits available,
4.30 any unemployment benefits that have been paid greater than the applicant was entitled
4.31 is considered an overpayment of unemployment benefits. A determination or amended
4.32 determination issued under this section that results in an overpayment of unemployment
4.33 benefits must set out the amount of the overpayment and the requirement under section
4.34 268.18, subdivision 1, that the overpaid unemployment benefits must be repaid.

5.1 Sec. 5. Minnesota Statutes 2008, section 268.085, subdivision 15, is amended to read:

5.2 Subd. 15. **Available for suitable employment defined.** (a) "Available for suitable
5.3 employment" means an applicant is ready and willing to accept suitable employment in
5.4 the labor market area. The attachment to the work force must be genuine. An applicant
5.5 may restrict availability to suitable employment, but there must be no other restrictions,
5.6 either self-imposed or created by circumstances, temporary or permanent, that prevent
5.7 accepting suitable employment.

5.8 (b) Unless the applicant is in reemployment assistance training, to be considered
5.9 "available for suitable employment," a student who has regularly scheduled classes must
5.10 be willing to ~~quit school~~ discontinue classes to accept suitable employment when:

5.11 (1) class attendance restricts the applicant from accepting suitable employment; and

5.12 (2) the applicant is unable to change the scheduled class or make other arrangements
5.13 that excuse the applicant from attending class.

5.14 (c) An applicant who is absent from the labor market area for personal reasons, other
5.15 than to search for work, is not "available for suitable employment."

5.16 (d) An applicant who has restrictions on the hours of the day or days of the week
5.17 that the applicant can or will work, that are not normal for the applicant's usual occupation
5.18 or other suitable employment, is not "available for suitable employment." An applicant
5.19 must be available for daytime employment, if suitable employment is performed during
5.20 the daytime, even though the applicant previously worked the night shift.

5.21 (e) An applicant must have transportation throughout the labor market area to be
5.22 considered "available for suitable employment."

5.23 **EFFECTIVE DATE.** This section is effective for determinations and appeal
5.24 decisions issued on or after the day following final enactment.

5.25 Sec. 6. Minnesota Statutes 2008, section 504B.151, is amended to read:

5.26 **504B.151 RESTRICTION ON RESIDENTIAL LEASE TERMS FOR**
5.27 **BUILDINGS IN FINANCIAL DISTRESS; REQUIRED NOTICE OF PENDING**
5.28 **FORECLOSURE; RIGHTS OF TENANTS OF FORECLOSED PROPERTY.**

5.29 Subdivision 1. **Limitation on lease and notice to tenant.** (a) Once a landlord
5.30 has received notice of a contract for deed cancellation under section 559.21 or notice of
5.31 a mortgage foreclosure sale under chapter 580 or 582, the landlord may only enter into
5.32 (i) a periodic residential lease agreement with a term of not more than two months or
5.33 the time remaining in the contract cancellation period or the mortgagor's redemption

period, whichever is less or (ii) a fixed term residential tenancy not extending beyond the cancellation period or the landlord's period of redemption until:

- (1) the contract for deed has been reinstated or paid in full;
- (2) the mortgage default has been cured and the mortgage reinstated;
- (3) the mortgage has been satisfied;
- (4) the property has been redeemed from a foreclosure sale; or
- (5) a receiver has been appointed.

(b) Before entering into a lease under this section and accepting any rent or security deposit from a tenant, the landlord must notify the prospective tenant in writing that the landlord has received notice of a contract for deed cancellation or notice of a mortgage foreclosure sale as appropriate, and the date on which the contract cancellation period or the mortgagor's redemption period ends. The landlord must also inform the prospective tenant of the tenant's right to continued utility services if the landlord defaults on utility payments during the foreclosure process.

(c) This section does not apply to a manufactured home park as defined in section 327C.01, subdivision 5.

Subd. 2. **Exception allowing a longer term lease.** ~~This section~~ Subdivision 1 does not apply if:

- (1) the holder or the mortgagee agrees not to terminate the tenant's lease other than for lease violations for at least one year from the commencement of the tenancy; and
- (2) the lease does not require the tenant to prepay rent for any month commencing after the end of the cancellation or redemption period, so that the rent payment would be due prior to the end of the cancellation or redemption period.

For the purposes of this section, a holder means a contract for deed vendor or a holder of the sheriff's certificate of sale or any assignee of the contract for deed vendor or of the holder of the sheriff's certificate of sale.

Subd. 3. **Transfer of tenancy by operation of law.** (a) A tenant who enters into a lease under subdivision 2 is:

- (1) deemed by operation of law to become the tenant of the holder immediately upon the holder succeeding to the interest of the landlord under the lease; and
- (2) bound to the holder under all the provisions of the lease for either the balance of the lease term or for one year after the start of the tenancy, whichever occurs first.

(b) A tenant who becomes the tenant of the holder under this subdivision is not obligated to pay rent to the holder until the holder mails, by first class mail to the tenant at the property address, written notice that the holder has succeeded to the interest of the

landlord. A letter from the holder to the tenant to that effect is prima facie evidence that the holder has succeeded to the interest of the landlord.

Subd. 4. **Holder not bound by certain acts.** A holder succeeding to an interest in a lease lawfully entered into under subdivision 2 is not:

(1) liable for any act or omission of any prior landlord;

(2) subject to any offset or defense which the tenant had against any prior landlord; or

(3) bound by any modification of the lease entered into under subdivision 2, unless the modification is made with the holder's consent.

Subd. 5. **Rights of tenant of foreclosed property.** (a) When a holder takes over a rental property as the result of a foreclosure:

(1) a tenant is deemed by operation of law to become the tenant of the holder; and

(2) all leases, verbal or written, and all terms and conditions of those agreements shall be transferred to the holder.

(b) A holder shall:

(1) maintain as rental property, property that was used as rental property by the landlord;

(2) offer renewal leases to tenants of the foreclosed property; and

(3) keep affordable rent levels in place.

Subd. 6. **Eviction.** Notwithstanding any other law to the contrary, a holder must not begin an eviction action against a tenant without cause.

Subd. 7. **Termination of tenancy.** Except for lease violations, a holder must not terminate the tenancy of a tenant of foreclosed property without cause.

Subd. 8. **Periodic leases.** A holder must offer a fixed-term lease option to a tenant with a periodic lease in place at the time the tenant becomes a tenant of the holder.

Subd. 9. **Applicability.** The provisions of subdivisions 5 to 8 apply to all tenants regardless of when a tenant entered into a rental agreement with the property owner or at what stage the foreclosure process was in when the rental agreement was entered.

Sec. 7. **[582.33] FORECLOSURE MORATORIUM.**

Subdivision 1. **Emergency declared to exist.** The legislature of the state of Minnesota declares that a public economic emergency exists in the state of Minnesota due to the increase in foreclosure rates. The legislature declares that these conditions have created a housing emergency that justifies legislation creating a moratorium on mortgage foreclosures.

Subd. 2. **Court stay.** In an action to foreclose a mortgage upon residential property under chapter 580 or 581, in which a judgment of foreclosure has not been entered by the

effective date of this section, the district court having jurisdiction over the matter, upon motion of a defendant, shall order the action stayed for two years after the entry of the stay. The court may order that certain conditions relating to the property are met during the stay, including, but not limited to, possession of the property, payments by the person in possession, and preservation of the property.

Subd. 3. **Application.** This section applies only to mortgages executed before the effective date of this section.

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

Sec. 8. **SPECIAL STATE EMERGENCY UNEMPLOYMENT COMPENSATION PROGRAM.**

Subdivision 1. **Purpose.** Federal law currently provides for a federally funded extension of unemployment insurance benefits for applicants who have exhausted entitlement to regular Minnesota unemployment insurance benefits. But, because federal law contains a special requirement that an applicant has earned a certain amount of base period insured wages, a significant group of applicants who exhausted their regular Minnesota unemployment insurance benefits do not qualify for the federally funded extension. The purpose of this section is to provide a state-funded extension to that group.

Subd. 2. **Eligibility.** (a) Special state emergency unemployment insurance benefits are payable to an applicant who does not qualify for a federally funded extension of unemployment insurance benefits solely because the applicant does not meet the requirement under section 4001(d)(2)(a) of the federal Supplemental Appropriations Act of 2008 that an applicant have wage credits of not less than 40 times the applicant's weekly benefit amount.

(b) Except as provided in paragraph (a), all requirements for federally funded extended unemployment benefits and all requirements of Minnesota Statutes, chapter 268, must be met in order for the applicant to be eligible for special state emergency unemployment insurance benefits.

(c) Special state emergency unemployment insurance benefits are payable in the same amounts, the same duration, and for the same time period as provided for under the federal Supplemental Appropriations Act of 2008, and any later amendments, but shall be no less than 13 times the applicant's weekly special state emergency unemployment insurance benefit amount.

Subd. 3. **Payment from trust fund.** Special state emergency unemployment insurance benefits are payable from the Minnesota unemployment insurance trust fund. Special state emergency unemployment insurance benefits will not be used in computing

9.1 the future unemployment insurance tax rate of a taxpaying employer nor will they be
9.2 charged to the reimbursing account of government or nonprofit employers.

9.3 Subd. 4. **Expiration.** This section expires on June 30, 2010, and no benefits shall be
9.4 paid under this section for a week beginning after that date.

9.5 **EFFECTIVE DATE.** This section is effective the Sunday following final enactment
9.6 and applies only to weeks of unemployment after that date.

9.7 **Sec. 9. JOBS CREATION GRANT PROGRAM.**

9.8 Subdivision 1. **Establishment.** The commissioner of employment and economic
9.9 development shall develop and implement a jobs creation grant program to make grants
9.10 available to cities and towns for public and private projects that will generate new jobs
9.11 and produce a stronger state economy.

9.12 Subd. 2. **Fund distribution.** In distributing funds, the commissioner shall give
9.13 priority consideration to projects that are available to begin immediately and to projects
9.14 that promote environmental sustainability and a green economy.

9.15 Subd. 3. **Funding.** To the extent that the commissioner receives funds for this
9.16 purpose in fiscal year 2009, funding for the jobs creation grant program shall be done
9.17 through federal stimulus dollars. If federal stimulus dollars are not available, funds shall
9.18 come from state sources.

9.19 Subd. 4. **Appropriation.** \$..... is appropriated from the general fund to the
9.20 commissioner of employment and economic development to develop and implement
9.21 a jobs creation grant program. This appropriation is only available if federal stimulus
9.22 dollars are not available. This appropriation is available until expended.

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

9.24 **Sec. 10. STATE EMPLOYEE LAYOFFS.**

9.25 For the 2010 and 2011 biennium, in order to prevent increased unemployment and to
9.26 protect jobs, the legislature shall not mandate layoffs of state employees, including, but
9.27 not limited to, employees of the University of Minnesota.

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